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PEOPLE + STRATEGY

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TRANSFORMATION IN ACTION

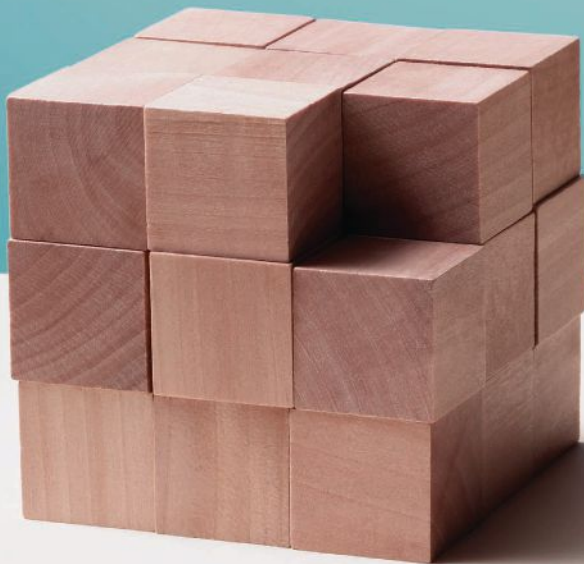
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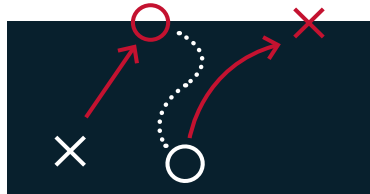


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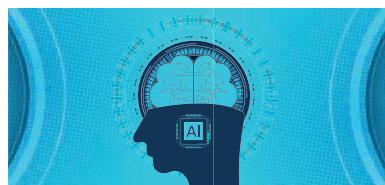


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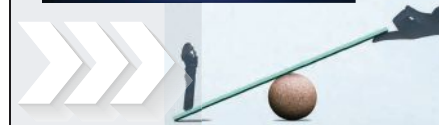
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Anchor HR at the Heart of Cultural Transformation

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When I think about what drives successful organizations today, one thing is clear: It's not just strategy, technology, or innovation alone—it's people. And the secret sauce that both connects people and unleashes their full potential is something intangible yet powerful: culture.

A company's culture isn't limited to what you see on the surface, such as perks or workplace aesthetics. It's the shared values, behaviors, and trust shaping how people interact, collaborate, and contribute to something bigger than themselves.

Over the course of my career, I've seen culture evolve from being a "nice-to-have" into a core differentiator for organizations aiming to not just survive but thrive. And the engine behind this shift? It's HR.

HR professionals and leaders are not just administrators or enforcers of policies, but real changemakers. They're shaping the future of work, fostering environments where people feel connected, valued, and empowered. Today, HR is a catalyst for cultural transformation, a role I believe has never been more crucial—or more personal.

I've seen firsthand how challenging cultural transformation can be. It's not something we see happen overnight, nor is it something simply dictated from the top. Sure, culture starts at the top, but it's lived at every level and is a force requiring everyone's involvement, from senior leadership to entry-level employees.

To reach this level of buy-in, you must

have cultural clarity, knowing who you are and why. And this starts with establishing believed values, the core of any strong culture. It's not enough to just state those values, we must live them. HR plays a crucial role in embedding these values in the DNA of an organization. By hiring people who align with the company's ethos and ensuring recognition and rewards reflect those values, HR makes it clear that the company's mission isn't just aspirational, it's actionable.

Because, at the end of the day, change is hard. Whether it's a shift in company direction, a merger, or even adapting to new technologies, these transitions can feel overwhelming. HR is the bridge helping people navigate change with empathy. I've seen how HR professionals can take complex, sometimes unsettling, changes and humanize them. By keeping communication clear, transparent, and compassionate, HR leaders help employees feel supported as they adapt to new ways of working.

I want to encourage my fellow HR leaders to embrace this responsibility. The work we do truly matters. It shapes lives, it builds communities, and it drives businesses forward. As we continue to navigate the complexities of the modern workforce, I urge you to lean into your role as a catalyst for cultural transformation. Let's continue to build cultures where people feel connected, valued, and inspired. After all, the true power of HR is not just informing policies but transforming lives. ■■



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President and CEO, SHRM



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Horacio Rozanski is the CEO of Booz Allen Hamilton. He began as a summer intern at the company and rose through the ranks to the top job.
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PROFILES *in* TRANSFORMATION

Three top leaders from the business and political worlds share their unique perspectives on cultural change, workforce innovation, and personal growth.

BY MOLLY COHEN

When we talk about transformation in the workforce, it all comes down to the secret sauce—the people. As part of this edition's focus on transformation, we're featuring Q&A discussions with three leaders who were recognized as 2024 winners of the SHRM Foundation's Tharseō Awards, which honor transformational leaders who have created a tangible impact on the global workforce.

Representing HR, business, and politics, these visionaries shared their unique perspectives on the evolving landscape of company culture, the workforce, and personal leadership. Their stories highlight the game-changing power of leadership and offer valuable lessons for anyone navigating the complexities of change.



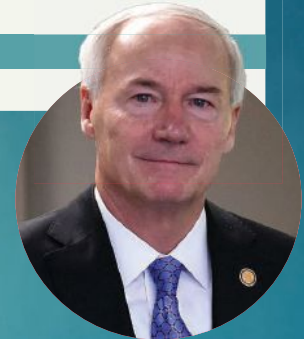
Transforming Your Culture

Kathleen Hogan,
CHRO at Microsoft



Transforming Yourself as a Leader

Horacio Rozanski,
CEO of Booz Allen Hamilton



Transforming the Workforce

Asa Hutchinson,
former governor of Arkansas

Transforming Your Culture

with Kathleen Hogan,
CHRO at Microsoft



As executive vice president and CHRO at Microsoft, Hogan helps direct the culture that attracts and inspires more than 220,000 global employees. Before becoming CHRO, Hogan served as the corporate vice president of Microsoft Services, a team dedicated to helping businesses maximize the value of their Microsoft investment. Prior to joining Microsoft in 2003, she was a partner at McKinsey & Company and a development manager at Oracle.

P+S: When you were brought on as CHRO, you were specifically tasked with leading the culture transformation at Microsoft. What was your impression on getting the ask?

HOGAN: I wasn't expecting the call at all. I was on the way to my sister's 50th birthday party and our CEO Satya Nadella called. I'll never forget that phone call because Colleen, my sister's daughter, was listening to "The Brady Bunch" in the backseat. I'm talking to Satya and he says, "Will you come help me? I really want to evolve our culture, and I'd love to partner with you on that."

That was the beginning of starting to think about culture transformation. I'd led our consulting organization, Microsoft Services, before I stepped into the role of HR, and Satya was on

the product side of it. We had worked together in that capacity, and I think we both believe that people are the secret sauce—their sense of thriving and having meaningful work. Being energized to do meaningful work was always really important to both of us.

As Satya stepped into the CEO role, he made that a first-class priority to work on. He always had a sense that how we do things would matter as much as what we do. The strategy would evolve, but the how we do things in service to our mission to empower others would be long-standing.

P+S: How has Microsoft gone about changing its culture and evolving with the times?

HOGAN: Our culture journey started with being super clear that culture mattered, and then, it was about nine months of us really investing in defining our "aspire to" culture. We met with a lot of different focus groups across the company. We really tried to tap into something that we thought would speak to everybody in terms of what we want to preserve about our culture, what we don't want to change, and what do we think is getting in the way of us continuing to succeed.

After nine months, we emerged, saying, "We don't want to change the fact that we take on big, bold ambitions." We didn't want to change our spirit of giving, but we wanted to evolve. Ultimately, we declared that we were going to move from a bunch of know-it-alls to a bunch of "learn-it-alls" and really focus on this concept of a growth mindset.

"Culture is the sum of everybody's behaviors over time. You've never arrived in your culture. This is our 'aspire to' culture, and we're constantly trying to close that gap versus asserting 'This is our culture' or 'We have perfection.' "

We then focused on three key pillars that we thought were going to be key to our culture: being customer-success-focused, increasing diversity and inclusivity—because we really believed that was going to help us make the best decisions—and being “one Microsoft.” Once we declared the culture, we have had many different levers that we pull to close what we say is the gap between our “aspire to” culture and everybody’s lived experience.

P+S: What are a few changes you made to close the gap to move closer to that “aspire to” culture of Microsoft?

HOGAN: One example of something that we changed was around a process we called “people reviews.” Leaders would come in and present their people agenda. But it often felt more like it was a criticism—often focused on why people weren’t better at a specific benchmark. It often made people feel defensive.

We changed the format to “talent talks.” That was symbolic to say that we’re going to talk about talent, and you may not have all the answers. This is about, collectively, how do we continue to invest in our talent? And we all have that shared goal.

Another symbolic change was that we used to only have maternity leave. In the spirit of being more inclusive, we added paternity leave to have both men and women navigate coming in and out of the workforce to try to level the playing field in that regard. We also added caregiver leave. We used to look at our benefits from a perhaps parent-centric lens. We still are very committed to families, but also expanded our benefits to include people that don’t have kids but have aging parents.

Another change we made was to share what we called our “inclusive behaviors.” These included things like not interrupting others in meetings. It seems obvious, but if you’re not somebody who gets in there or your style doesn’t play to that, then often your voice doesn’t get heard.

P+S: I’ve heard that only 15% of companies that set out to renovate their culture actually succeed. Why do you think it’s so rare for an organization to successfully go through a cultural transformation?

HOGAN: We definitely don’t think we’ve arrived. Culture is the sum of everybody’s behaviors over time. You’ve never arrived in your culture. This is our “aspire to” culture, and we’re constantly trying to close that gap versus asserting “This is our culture” or “We have perfection.” I think that kind of helped set the mindset that we’re always going to be working to improve and to earn that culture.

The CEO is a role model. If they have that growth mindset, that is absolutely a force multiplier. But it’s not just at the CEO level. In addition, you want to really unlock your leadership team, managers, and our employees. We’ve done a lot of things through hackathons, where great ideas bubble. The idea for

‘FAILURE IS ESSENTIAL TO MASTERY’

P+S: A growth mindset includes having the space to fail. Why is it so important to experience failure?

HOGAN: Failure is going to happen. But failure is essential to mastery. If you view failure in that way, it’s very empowering when you fail, as opposed to demoralizing. If you never take any risks, you’ll never fail, but then you’ll also never necessarily have a breakthrough. You want people to have a growth mindset, take risks, and succeed. But if somebody takes a risk and fails but gets you closer to the goal line because of that, how do you celebrate that?

We’ve certainly had our setbacks, but in those moments, our CEO [Satya Nadella] went and met with the team and said, “I stand with you. This is a failure, but let’s learn from this. Let’s figure out how we would not have this happen again and be better, stronger as a result.”

If you do that, then people will lean in and continue to take risks.

adding paternity leave came from a hackathon. There’s no one lever that’s going to get you to the culture. You have to be vigilant and earn it every day.

P+S: How does the CHRO’s relationship with the CEO affect the success of transformation?

HOGAN: That constant drumbeat and conviction from your CEO is important. And it’s helpful if the CEO is doing it because they have conviction about the culture, versus this is something that HR is suggesting they do. When you have that kind of partnership, it’s really invaluable to feel like the CEO has your back when you’re driving change.

I can’t understate how important that relationship is. But I would say it’s not just the CEO—it’s also with the senior leadership team (SLT). I think one of the things that’s been very helpful is that our SLT has really made the “people priorities” their priorities. The leadership team leaning in and saying “People is our priority” versus something for HR to do has been key to our people agenda and key to our culture transformation.



VIDEO: To see a video of Hogan discussing cultural transformation at Microsoft, go to shrm.org/en-transform-profile.



Transforming Yourself as a Leader

with Horacio Rozanski, chairman and CEO of Booz Allen Hamilton

Horacio Rozanski started with Booz Allen Hamilton in 1991 as a summer intern. After being hired full time as a strategy consultant, he rose through the ranks to eventually serve as chief personnel officer, chief strategy and talent officer, and then COO before being named CEO in 2015 and chairman of the board in 2024. During his more than 30-year career at Booz Allen, he's had to transform his leadership skills every step of the way.

P+S: When you were an intern at Booz Allen, did you ever think you'd be sitting where you are today as CEO and chairman? What was your professional journey?

ROZANSKI: Being a CEO was never my goal or my aspiration. People always ask me when I decided to be CEO of Booz Allen, and, jokingly, I say, "When they offered me the job." I've been on a journey to learn, to work with people, to do things that I care about. And I've been blessed to work in a place where that road, ultimately, led me to here. It was one of those cases where I didn't have a destination in mind, I had a journey in mind.

When I started at Booz Allen, I was on a work visa. If I lost my job, I lost my chance to stay here. For me, not progressing

to the next step meant more than just not progressing at Booz Allen but leaving the country. I was eager to get promoted because I wanted to be in the United States.

In one of my annual reviews, one of our most senior partners said, "Let the game come to you." I interpreted that as: I should focus on what I care about, which is learning. I've always been a very curious person. I took apart my parents' alarm clock because I wanted to see how it worked. I never was able to put it back together, so they weren't happy about that.

The funny thing is, when I started focusing on learning, not on getting promoted, I started getting promoted. The thing I love about this job is that no two days are the same, no two situations are the same, and I'm learning every day.

P+S: You made the jump from a "doer" in your strategy consultant role to a leader as chief personnel officer. What does it take to make a transition into leadership? What tips do you have?

ROZANSKI: If you are good at what you do, it's hard to let go and allow other people to do it. It is particularly hard to accept that if you surround yourself with great people, they're going to do things better than you and differently than you. The first part of the leadership journey is to allow for that and to figure out how to add value to brilliant people's thinking without telling them what to do. Honestly, I struggled with that.

The second thing is that as you start to get more responsibilities, you start to work across and with more people. I'd

"If you are good at what you do, it's hard to let go and allow other people to do it. ... The first part of the leadership journey is to allow for that and to figure out how to add value to brilliant people's thinking without telling them what to do."

always worked on relatively small teams of five to 20 people where you get to know everybody on a personal level. When you add a zero to those numbers, people don't know you as a person through everyday interactions. So, you have to develop a way that works for you to communicate what you care about—and your values and your priorities—in a more systematic way.

In my job now overseeing 35,000 people, there are people that will hear from me once a year. That's my little window of time for them to appreciate what's important, what I care about and what Booz Allen cares about, and what the right thing to do is. Being very deliberate about how you make that available to people as your responsibilities scale is a huge leadership challenge.

P+S: What were the pivotal moments along your leadership transformation journey?

ROZANSKI: There are a couple moments where the theoretical integrated with the practical.

Moment No. 1: I was brand new in my CPO role and was talking through a budget situation with the CFO. I thought he wanted to get deeper into the numbers and instead he pulled back from his chair and said, "What's the right thing to do here?"

I thought it was such a powerful question. It demonstrated to me that this company really was about doing the right thing. As one of my previous bosses said to me, "Permission to do the right thing is always granted."

"Trust is the basis for leadership and followership. When I started talking more openly about my thoughts, about my family, about myself, about my interests, it helped me connect on a different level with people. That's something I've continued with throughout my career."

Moment No. 2: I was part of a think tank on people issues, and there was a whole discussion about bringing your whole self to work. Because I'm an introvert, I realized how guarded I was about my personal life. I realized that if I opened up more and people got to know me more, I was giving them a chance to decide if they could trust me. Trust is the basis for leadership and followership. When I started talking more openly about my thoughts, about my family, about myself, about my interests, it helped me connect on a different level with people. That's something I've continued with throughout my career.

P+S: A big part of your leadership transformation has been around defining the company culture. Why do leaders need to invest so much time in building the company culture?

ROZANSKI: As Peter Drucker said, "Culture eats strategy for breakfast." It took me a while as a strategy consultant to accept that as an absolute truth. Culture is something that evolves. The corporate culture that you want to have is essential to the success of the company, to executing the strategy. But also, it's going to evolve. You have a choice of whether, as a leader, you try to shape and guide that evolution, or you ignore it and it just happens to you.

We're very proud of our culture at Booz Allen. It's a culture of values, collaboration, of doing the right thing, of working with clients and putting them first.

Every company has a culture, whether it's well defined or not, whether people can articulate it or not. As a leader, if you're not focused on the No. 1 element of success, the culture of the company, you're not doing your job and you're not going to be successful.

Companies that have huge innovation can go 10, 20, maybe 30 years without having to worry about the culture because they're just getting product out the door. But if you want to be around for 50 or 100-plus years and your role is being a leader where that happens, you have to be focused on culture every day.

ACCEPT THAT TECHNOLOGY ACCELERATION IS A CONSTANT

P+S: What tips do you have for leaders to keep up with technology?

ROZANSKI: First of all, accepting change as a constant is absolutely key. Then, accepting acceleration as a constant is also a key. In his book, *Thank You for Being Late*, Tom Friedman explained that if you were born in the 11th or 12th century, you wouldn't know the difference. Essentially, practices were identical for hundreds of years. The biggest technology innovation was the longbow. If you fast-forward to today, technology cycles last only one to two years. You have to constantly be on the lookout and bringing on people who understand those technologies. Also, you need to create a culture that values people reinventing themselves.



VIDEO: To see a video of Rozanski discussing leadership transformation, go to shrm.org/en-transform-profile.

Transforming the Workforce

with Asa Hutchinson, former governor of Arkansas



Asa Hutchinson was the governor of Arkansas from 2015 to 2023 and previously served in the U.S. House of Representatives and as director of the U.S. Drug Enforcement Administration. In 2024, he was a U.S. presidential candidate. Throughout his career, Hutchinson has been an advocate for economic development and transforming workplaces through increasing access to technology and training.

P+S: How has your upbringing in Arkansas shaped your views on job creation and labor issues?

HUTCHINSON: Growing up in an agricultural state like Arkansas, you had people working on the farm and then they would be working in a factory, as well. That’s how they made ends meet. My dad was a farmer. He needed a second job, and the closest one he could find was in Tulsa, Okla. Every Monday he would get up early, drive to Tulsa, spend the week there, and come back on Friday. That made me realize how important jobs in the community are. Job creation was an important part of my understanding of Arkansas.

“For decades, parents were told that if your son or daughter doesn’t go to college and get a four-year degree, they’re not going to be a success. We have to change the culture to make everyone understand that you can develop the skills in many different ways.”

I also wanted to bring industry to the state and grow high-paying jobs. That all starts with having the job skills in the workforce and, secondly, matching that with the industry and recruiting them to come into the state. Both of those were focuses of mine as governor.

P+S: What first sparked your passion for workforce training and development?

HUTCHINSON: Every prospect we met with about relocating or expanding their business to Arkansas asked me fundamental questions: “What are the skills of your workforce? If we expand or move our operations there, can you provide the workforce that we need?” That’s what created my passion for workforce training.

For decades, parents were told that if your son or daughter doesn’t go to college and get a four-year degree, they’re not going to be a success. We have to change the culture to make everyone understand that you can develop the skills in many different ways.

That’s why we started “Be Pro, Be Proud,” a marketing initiative of our Chamber of Commerce that was designed to showcase the opportunities for a great living and lifestyle with a skilled trade or industry. The Be Pro Mobile Workshop was a tractor-trailer unit filled with computerized equipment that would go to high schools to showcase different professional careers that students could pursue. That was an important part of growing the workforce in Arkansas.

P+S: What personal experiences shaped your perspective on the importance of vocational training and skills development?

HUTCHINSON: My understanding of the importance of computer skills training started with my service in Homeland Security. I saw what our computer scientists could do with data management, with analytics, and saw that those computer skills and software skills were essential to the security of our country, and I saw that as an opportunity for Arkansas.

We emphasized computer science training in our high schools. In 2015, we were the first state to mandate computer science be offered in every high school in Arkansas, and then we expanded that into the K-8 grades. We went from 1,100 students taking computer science to over 25,000.

P+S: You've been an advocate for modernizing education to prepare people for the future of work. What do you think is still missing in today's educational system?

HUTCHINSON: It's about affordability, access, and adaptability to the changing work environment. The challenge for our educational systems is the slowness to react to change. We've developed in education the industrial model of learning, where it's all in a block form. You've got 50 minutes and it's standardized. It's just like the assembly line. That's not how students learn today, and we need to adjust to how they learn, how fast they learn, and what they need to learn. We've got to be more nimble in education. It's a very slow process to change education to keep up with the workforce needs and the way students learn today.

P+S: Do people still need to get four-year degrees to get a good job in this country?

HUTCHINSON: Four-year degrees are important, but even those people going for a four-year degree may find that they need additional micro-credentialing that supplements their degree.

I'm a big supporter of four-year degree programs, and I want to make sure those are accessible and affordable. But at the same time, you can emphasize the importance of credentialing and the upskilling that is needed. When somebody is 10 years into the workforce and needs to upskill their workforce training to make them more marketable, it is a lifelong initiative that education needs to lay the foundation for.

P+S: Do lawmakers understand the importance of upskilling?

HUTCHINSON: I think they do, and they're very supportive of it. In Arkansas, it's illustrated by the fact that the Legislature is trying to use the lottery proceeds for workforce training. They've been instrumental in helping create the workforce training programs.

“The challenge for our educational systems is the slowness to react to change. We've developed in education the industrial model of learning, where it's all in a block form. You've got 50 minutes and it's standardized. It's just like the assembly line. That's not how students learn today, and we need to adjust to how they learn, how fast they learn, and what they need to learn.”

IF YOU WERE PRESIDENT TODAY ...

P+S: You ran for president in 2024. If you were president today, what two things would you do that would make the most difference to help the workforce?

HUTCHINSON: First, you want to create an environment where we can grow jobs in America. A growing economy is critical for our success and opportunities of the workforce. Having a climate of growth, that would create opportunities for businesses to advance and expand here in the U.S.

Second, it's about making sure the federal government is a good partner with the states in terms of workforce training. You want to lift some of the restrictions on the money that flows into education to make sure it can be adaptable to the needs of the workforce and properly invested into workforce training. I would have a nationwide initiative on computer science training. You've got to be careful that the federal government does not impose mandates and take away the state's role of education.



VIDEO: To see a video of Hutchinson discussing workforce transformation, go to shrm.org/en-transform-profile.

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The Future of Work: Where Are We Headed?

We asked each of our three profile contributors how they envision the future of work and what key trends will shape workplace culture over the next decade.

Positive Pivoters and Discerning Disruptors

KATHLEEN HOGAN: The ability for people to be positive pivoters to change and discerning disruptors is going to be really important. You may not be able to future-proof every single job because certain jobs might evolve. But if you're learning and willing to pivot, have that growth mindset, learn new skills, and collaborate, then we're confident you can continue to evolve with artificial intelligence and it can be a real benefit.

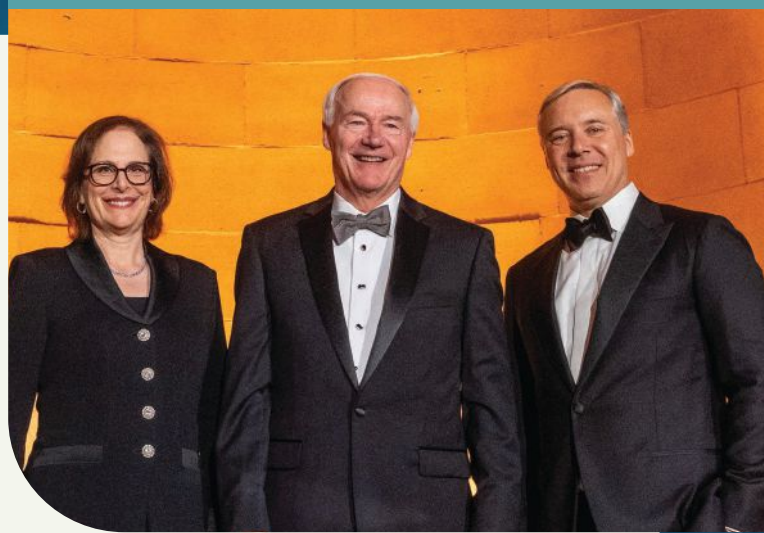
The other key trend is how AI is going to fundamentally change job roles. In some cases, it's going to amplify roles to have a lot more joy and less toil, where we can allow more time for creativity. But we also know it's going to put pressure on certain areas where we're going to have to think about how we reskill.

The last trend is that CHROs will have to continue to navigate the new discourse in the world and expectations from employees around which issues a company takes on and doesn't take on.

Geopolitics and the Need For Speed

HORACIO ROZANSKI: Geopolitics will shape the next decade and the future of work. Globalization is being rethought as we speak. What comes after AI is also beginning to be relevant. Any company that thinks they're immune to these things is vulnerable. We all need to educate ourselves and those around us so we can be successful together.

Reskilling is going to be extraordinarily important. We need the workplace to recognize that reality and to shape itself so that we don't lose great talent. We need to either help workers reinvent themselves or motivate them to do so.

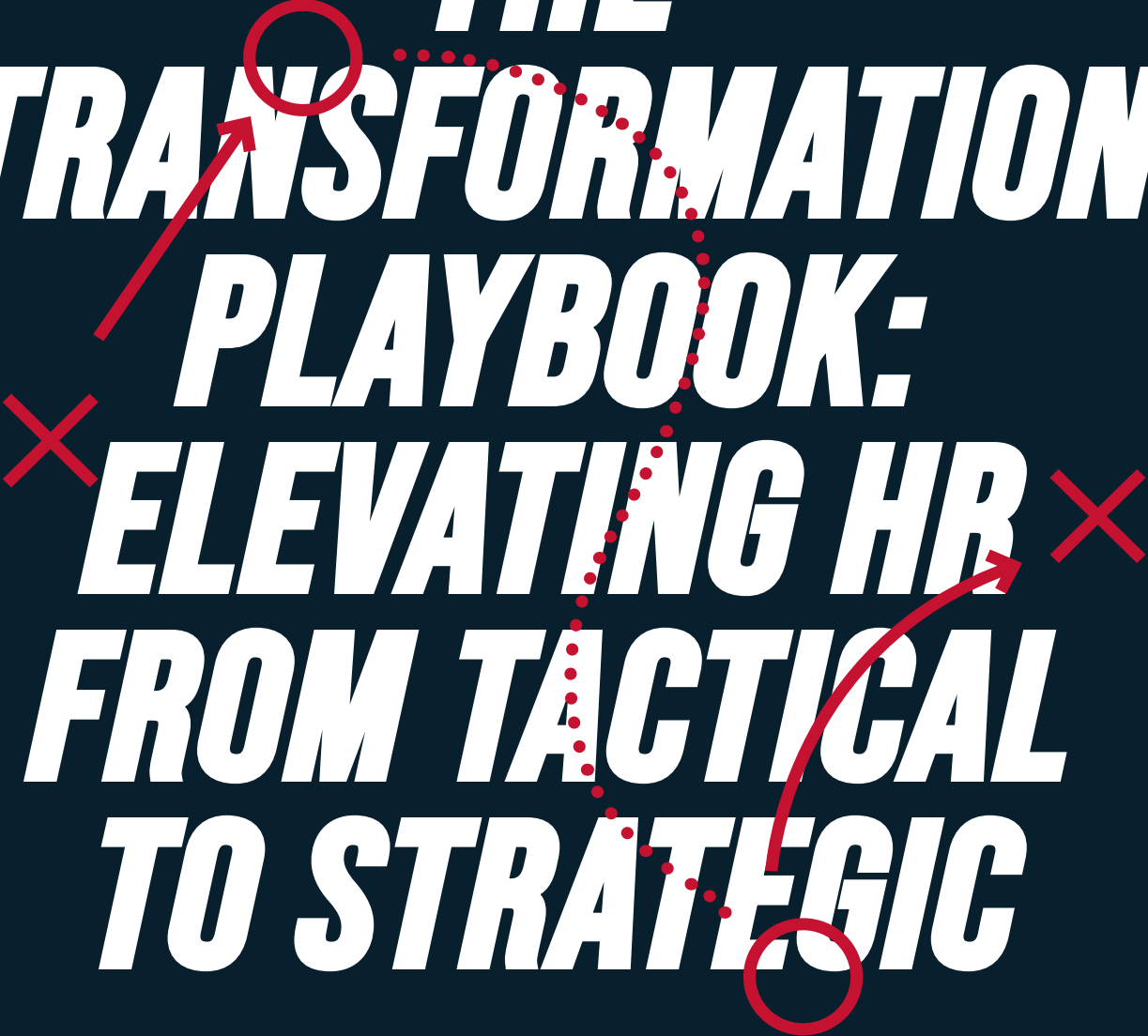


I've seen five big technological changes in my lifetime: the PC revolution, the rise of internet, big data, mobility, and now AI. Each one of those were seismic changes to the way people work and the way we get things done. You have to recognize that every company will succeed if they can move faster.

Reskilling and Workforce Training

ASA HUTCHINSON: The key for the future is understanding the skills needed are going to change. You've got to build an infrastructure for workforce training that is permanent, flexible, and meets the constantly changing needs of business. Right now, we're being competitive on manufacturing jobs, and right now, there's an initiative to return these manufacturing jobs from overseas.

You've got to keep up the skills for those in both manufacturing and knowledge-based industries, which is why computer science and workforce training centers are so important. 🧩



THE TRANSFORMATION PLAYBOOK: ELEVATING HR FROM TACTICAL TO STRATEGIC

**THE HR LEADER OF THE HOUSTON TEXANS SHARES A CAREER'S
WORTH OF GAME-CHANGING INSIGHTS ON CONVERTING HR
DEPARTMENTS FROM TASKMASTERS TO STRATEGIC PARTNERS.**

BY ANITA MARTIN



“FATE RARELY CALLS UPON US AT A MOMENT OF OUR CHOOSING.”

In the movie “Transformers: Revenge of the Fallen,” the human protagonist, Sam, is caught between two opposing sides and feels inadequate and overwhelmed. Optimus Prime, the leader of the Autobots, drops this famous line, telling Sam he must fight on because life’s most important moments typically occur when we least expect them and not on our own timeline.

In my case, when I chose HR more than 20 years ago, I had no idea my career would lead me down a path of specializing in change management that aligns HR transformations with organizational transformations. As the CHRO of the Houston Texans NFL organization, I am now in my fourth consecutive role of entering an organization at a moment of transformation.

In my first HR leadership role, I didn’t quite grasp the enormity of the expectations. I was simply asked to “make HR better.” By then—about 10 years into my HR career—I had sharpened my skill set to know what good HR should look like.

(I had lived through enough bad HR to know the difference.) My second role was an opportunity to establish the U.S. HR function of a global organization. Next, I worked within a different global organization under the mandate to upskill HR professionals toward the goal of “HR on Purpose.”

In these experiences, I learned how to systematically approach change management, especially with the HR professionals around me who weren’t initially on board and relied on the cringe-worthy “This is how we’ve always done it” mentality. (Yes, HR people say that, too!)

My current change-agent role is in an industry in which I had no experience (sports), and it marks my departure from a large, publicly owned corporation to a privately owned family business. Yes, an NFL team is about as “public” as you can get with sports being a universal unifier. But behind the scenes, the Texans’ organizational direction comes from a few key stakeholders.

Based on these collective experiences, here are a few of the lessons I’ve learned in leading HR transformations.



First, Understand the Organizational Strategy

Before you can start an HR department transformation, you must understand the overall organizational strategy. Is this HR transformation happening together with or independently of the organization? How does the organization view the HR function: as a *partner* to the business or as a *part of* the business?

It's important to understand how the HR department is viewed in your organization. If HR is seen solely as the administrative hire-and-fire department, any strategic changes in the HR department won't translate well across the entire organization. Others within the organization might not even know that change is happening or has happened.

Whether the HR transformation happens independently or along with organizationwide changes, its alignment with the organization's strategy and the role HR plays is vital. A strategic HR professional must be able to evaluate the business, understand its short- and long-term strategic goals, and identify the areas where HR has the biggest impact and adds the most value. Note that I didn't say "should" add value. If we've learned anything from the pandemic years, it's that HR does have value.

Align HR Strategy with That Big Vision

I am a firm believer that HR should have its own strategy. That strategy should align with the organization's strategy and articulate the role that HR plays in helping the organization achieve its short- and long-term goals.

If the organization is in growth mode and projected to grow revenue by 15% in three years, HR should have a people assessment and growth strategy that focuses on things such as taking skills assessments of current talent, identifying gaps,

and planning for the upskilling of current talent (or sourcing for external talent).

The HR strategy should reflect how HR wants to be perceived in the organization. It doesn't need to be overreaching or complicated, but it shouldn't be simplistic, either. When working toward moving the HR department from tactical to strategic, having an HR strategy as to how that will be accomplished goes a long way in establishing and creating new expectations for the organization.

The HR strategy is the starting point to undertaking a transformation. If you don't know where you're going, or why, you've lost the battle before it's begun.

Know Your Current Position on the Tactical vs. Strategic Spectrum

The terms "tactical" and "strategic" are very common in HR, and they mean different things in different organizations. Tactical HR is focused on shorter-term, immediate, and reactionary actions. There will always be hirings and terminations. And you can't predict which employee issues will arise, but you can predict when: literally all the time!

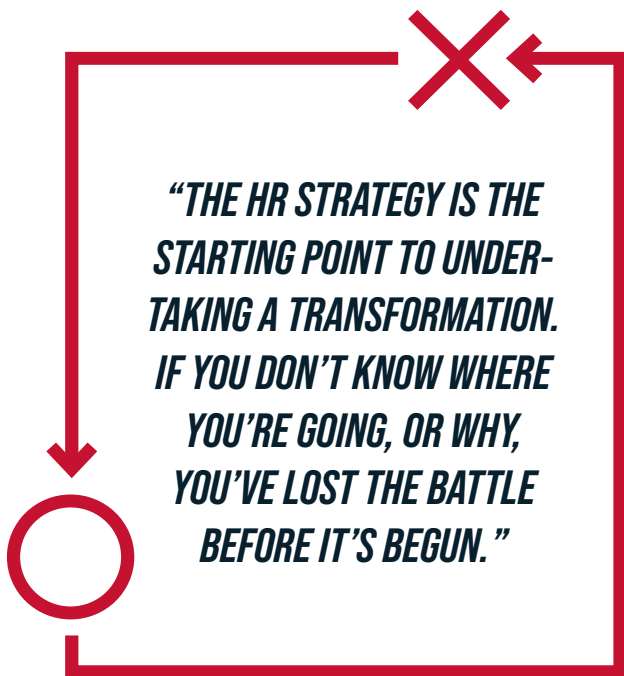
Strategic HR is focused on longer-term actions and requires you to be proactive. For example, it might look like being part of discussions during budget season to determine the new headcount needed, reviewing staff performance to identify high-potentials who are ready for training or promotion, and analyzing growth models to ensure people capacity for immediate and future needs.

Where is your HR department on the tactical versus strategic spectrum? It's critical to understand where your department currently sits as it relates to how much of its focus, mindset, and time is spent on tactical versus strategic duties.

In one organization where I previously worked, I was repeatedly told during the interview process that the HR team consisted of administrative, tactical professionals that had never been exposed to the strategic side of HR. After the first few months, I discovered that the team had, in fact, been performing strategic activities, but they just weren't equating those activities with strategy. (More on evaluation of the HR team later.)

Over the years, it has become clear to me that unless your HR department is within an organization that uses a shared service model, you cannot transform it from tactical to strategic completely. There will always be administrative tasks that must be performed, and the challenge is learning to balance those tasks with more strategic ones.

If the focus is to lean in to more strategic activities and your organization doesn't have a shared service model, look into ways to reduce the HR department's tactical focus. Can you hire executive and recruiting firms to source talent? Can you outsource payroll? Can you outsource employee relations issues to an employment lawyer or hire an in-house employment lawyer? All these actions require alignment with the organization's budget and how its leaders think the HR department will provide the most value.



“HR TEAMMATES WHO ARE RELUCTANT TO GET ON BOARD WITH TRANSFORMATION POSE THE GREATEST CHALLENGE. YOU CAN HAVE THE MOST HIGHLY SKILLED HR PROFESSIONALS ON YOUR TEAM, BUT IF THEY ARE UNWILLING TO EMBRACE CHANGE, IT IS COUNTERPRODUCTIVE TO WHAT YOU ARE TRYING TO ACCOMPLISH. YOU MUST GET YOUR OWN HOUSE IN ORDER.”

Adapt Your Processes and Policies for Change

Now comes the hard part. Once you understand the organizational strategy, establish the roots of an HR strategy, and determine the correct balance on the tactical-to-strategic scale, it's time to focus on the three P's of change. The first two P's—processes and policies—are controllable systematic changes. The third P—people in the HR department—not so much.

PROCESS CHANGE. Are your processes and policies set up for strategic success? An expansive assessment of the entire employee life cycle is critical.

Starting with the recruitment process, are you an organization that simply posts open positions and waits for candidates to apply? On a purely tactical level, this works. If you take a more strategic approach, recruitment should never be just about enticing someone to one role: It should be about enticing someone to the organization.

Your organization's career page should give potential new employees insight into the organization. It should showcase the culture, articulate the behaviors the organization expects from its employees, and highlight avenues for both horizontal and vertical career development and growth. If the website isn't capable of conveying this information, make sure the posting is. Tactical = advertise a job. Strategic = advertise a career.

This also plays into the strategic approach of career development and retention, both of which are HR value-adds to the organization. As you evaluate the employee life cycle, it's wise to conduct a thorough analysis of each process and its potential for a strategic adjustment, such as the outsourcing of recruiting or payroll to free up time to focus on strategic activities.

POLICY CHANGE. Internal policies are intrinsically linked to processes. If you are going to change processes to be more strategic, you must also change the policies governing those processes.

Keeping with the recruitment process, if the strategic focus is to advertise a career so that potential candidates can envision themselves being with your organization long term, are your policies set up to support the process? Is there a policy in place that determines how long someone must be in the organization or in a role before they can be promoted or apply for other positions? Does the organization offer tuition reimbursement

or career development opportunities internally or externally? You can't have a strategic, proactive approach that is limited by impractical tactical policies.

The Hardest Part: Bringing Transformation to Your HR Team

PEOPLE CHANGE. The most difficult—and most important—aspect of being a change agent and transforming HR departments from tactical to strategic is the people in the HR department. In each of my roles, I went into a new organization with no prior knowledge of the performance or capabilities of the inherited HR team. In addition to assessing the department from a broader organizational perspective, I had to assess whether we had the right people in the right positions to support the transformation.

Unless you are a department of one, the HR team must be aligned with the strategy and vision of the HR leader. How you formulate the vision depends on the circumstances. If you're undertaking an HR transformation in your current organization, involving the HR team will result in better buy-in. If, like me, you are going into a new organization, having

“RECRUITMENT SHOULD NEVER JUST BE ABOUT ENTICING SOMEONE TO ONE ROLE: IT SHOULD BE ABOUT ENTICING SOMEONE TO THE ORGANIZATION. ... TACTICAL = ADVERTISE A JOB. STRATEGIC = ADVERTISE A CAREER.”

'ON THE WALLS AND IN THE HALLS': HOW THE HOUSTON TEXANS REVAMPED THEIR COMPENSATION AND CULTURE

At the end of the 2020 NFL season, the Houston Texans faced tremendous change. Both the team president and the head of HR—each of whom had 20 years with the Texans—announced their retirements. The Texans' ownership took the opportunity to embark on an organizational transformation.

A new president was appointed, and a vice president of HR position was created to align with this transformation. Working with an outside consultant, the Texans spent lots of time asking ourselves hard questions about how we needed to evolve internally before we could evolve externally.

Nothing was off-limits. New leadership positions were created, and the rightsizing and downsizing of departments occurred. HR was tasked with presenting to employees a new people vision of the transformation—our “charge.” It was a complete overhaul of what the Texans' organization had experienced for 20 years.

During the process, we noted that many organizations had their mission and value statements “on the walls” but not necessarily seen “in the halls.” We refused to let that happen.

As a result, we decided it was essential to specifically define how teammates at every level of the organization were

expected to behave. The ownership and leadership teams created 15 “Texans Teammate Habits” that consisted of:

- **5 Everybody Habits:** Be dedicated to the team, be adaptable, have passion for the work, win with integrity, and own the outcome (*see full definitions at right*).
- **5 Manager Habits:** Develop a “get better” mindset, make informed decisions, develop talent, build relationships, and drive results.
- **5 Leadership Habits:** Inspire others, think strategically, lead change, identify talent, and be authentic.

Managers were expected to embody 10 habits, and leadership was expected to embody all 15 of the habits. The entire organization helped develop the measurements of success for each of the 15 habits. Teammates had input on what it meant to exceed, meet, or need improvement for each habit. It was a scale from bottom to top.

Adherence to the Habits = 40% of Bonus

Along with these new expectations of behavior came a new compensation element. Previously, bonus payments (outside of commission-based roles) were discretionary. Employees received no concrete and consistent guidance on who received a bonus—or why or how much. The compensation

a vision loosely formulated might be a better route. The vision should be broad and overarching enough that it could be implemented into any organization while allowing for adjustments to be made as you acclimate to the organization and its HR team.

As the HR leader, you have the responsibility to determine if your team is capable and willing to support a transformation. The two are not mutually exclusive. The team may have the capability and not the willingness, or they may have the willingness and not the capability. The latter scenario is an easier challenge to tackle.

HR teammates who are willing to embrace the change but don't necessarily have the needed skill sets—such as critical thinking, business acumen, and organizational presence—can be coached and mentored. However, if they have these skills but are unwilling to look at things differently or understand

the need for the transformation, that's a major challenge. If you can't get HR people on board with change, how can you expect to influence the organization as a whole?

When evaluating whether the HR team has the necessary skills, it's important to thoroughly understand what each team member does and if their activities are tactical or strategic in nature. As I previously mentioned, one team I inherited had no idea that some of their responsibilities and tasks were strategic in nature until I conducted a job analysis.

Part of this was because the correct HR language was not being used. Terms such as “organizational development,” “career path,” and “succession planning” were not part of their everyday vocabulary. Words matter. For example, the HR generalists in that company were involved in meetings during which their opinions on headcount and performance were taken into consideration. They didn't associate that responsibility with

process was all over the board and did not present a structure of fairness and equity.

This changed as every teammate in the organization now became eligible for a bonus, with the percentage of bonus to be determined by the role. The bonus amount would be determined based on an overall evaluation score. Teammates would be evaluated on how well they were meeting functional goals as well as adhering to the habits.

After much discussion, it was decided that functional goals would account for 60% of the overall score and habits would account for 40%. This sent a clear message to teammates that it was important to meet their functional and work-related goals, but it was also essential how they behaved in meeting those goals.

By aligning performance and behavior with total rewards, the Texans created a high-performance culture that encourages teammates to work hard to achieve results and treat each other with respect and professionalism in the process.

—Anita Martin

THE TEXANS' 5 'EVERYBODY' HABITS

Behaviors on which all Houston Texans' employees are rated, which affects their annual bonus potential.

BE DEDICATED TO THE TEAM. Motivate others and bring team members together to achieve collaborative results; actively share information and be willing to listen and learn; act in the best interests of the team and the organization.

BE ADAPTABLE. Effectively adjust to changes in work processes and environment; alter behavior to align with evolving situations; seek creative solutions; treat change as an opportunity for learning and growth.

HAVE PASSION FOR THE WORK. Believe one's work makes a real difference; align day-to-day actions to longer-term goals and strategies; commit to one's goals and inspire others to achieve their goals.

WIN WITH INTEGRITY. Act in an honest, fair, and ethical manner; show consistence in words and actions; follow through on promises and commitments.

OWN THE OUTCOME. Demonstrate accountability; refuse to deflect issues or undesired outcomes to others; make no excuses; lead with solutions.

being part of strategic organizational development or career development: They just looked at it as part of their job.

HR teammates who are reluctant to get on board with transformation pose the greatest challenge. You can have the most highly skilled HR professionals on your team, but if they are unwilling to embrace change, it is counterproductive to what you are trying to accomplish. You must get your own house in order.

In a previous role, I encountered a situation in which some long-tenured HR professionals who knew I was coming in to bring change somehow didn't think change was going to happen for (or to) them. They expected the organization to change around them, but they didn't expect that they would need to change, too. I was able to move the work forward once I prioritized making difficult decisions and having difficult conversations with those teammates.

Change Matters

At the beginning of this article, I mentioned that the "Transformers" character Sam was caught between two opposing sides. In HR transformations, you will always run up against opposition to change. Prioritize the voices that matter, not the voices that are loudest—even within your own HR team.

I've come to realize that an HR transformation reaches far beyond me. It's about the organization, the people who show up to work every day, and the difference we make in their lives and the lives of their families. I don't advocate making change for the sake of change; I advocate making change because change matters. 🦱

ANITA MARTIN is the vice president of HR and leader for diversity and inclusion functions for the Houston Texans.

The NEW AGE *of* WORKFORCE PLANNING

How CHROs are transforming their talent forecasting strategies to ensure they have the right employees with the right skills for the AI revolution.

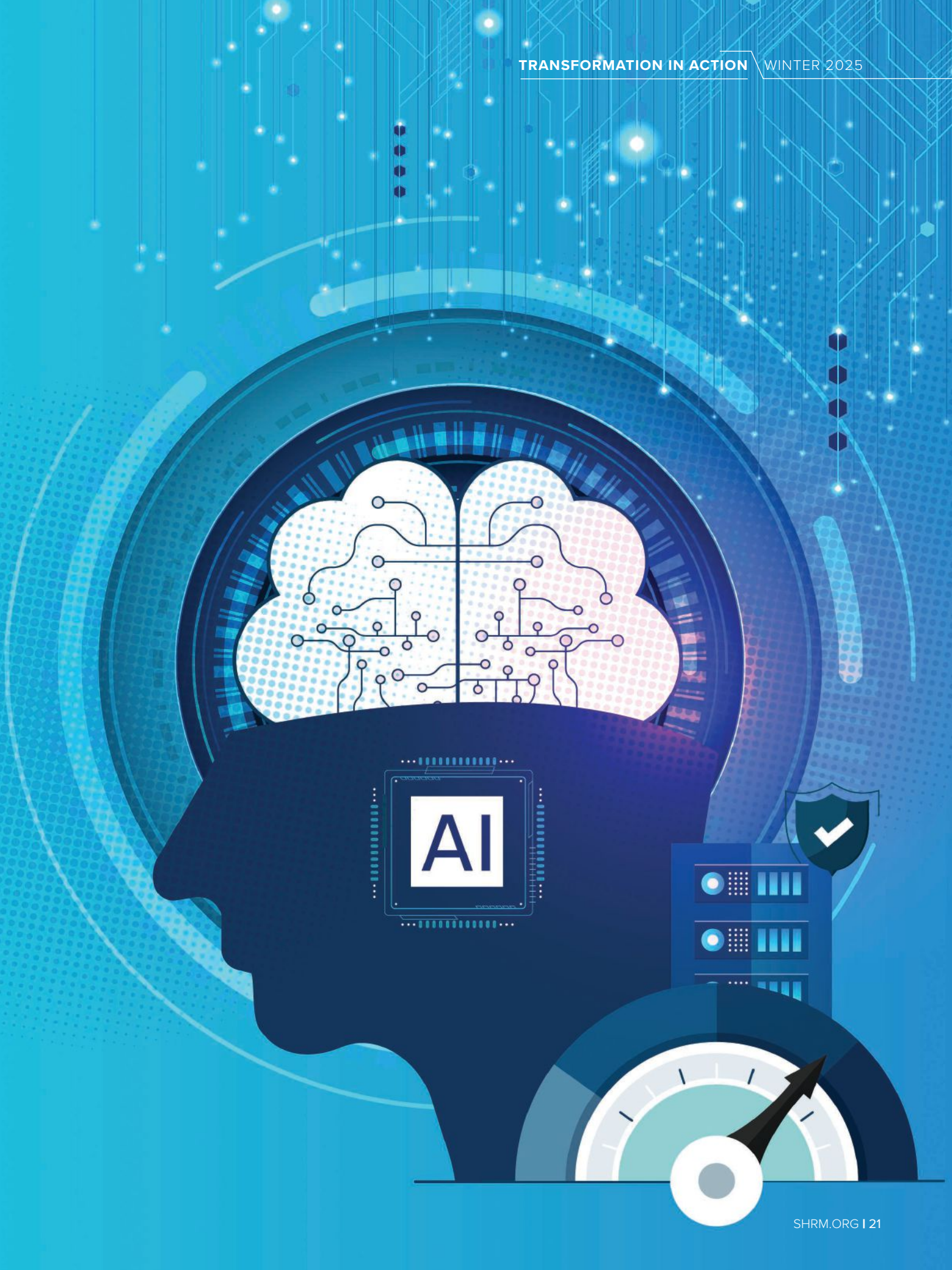
BY DAVE ZIELINSKI

Like nearly every other CHRO, Kathleen Pearson faced a daunting workforce planning challenge in helping her organization respond to the explosion in generative artificial intelligence (GenAI). Pearson, CHRO of the global law firm McDermott Will & Emery based in Los Angeles, needed to ensure that the firm had the right skills and talent in place across diverse job roles to master AI tools such as ChatGPT, Microsoft Copilot, and other applications that were reshaping the nature of work at her 3,000-employee company.

Employees in finance, marketing, and HR needed far different AI skills than the attorneys, who faced steep ethical and legal risks in using the technology to practice law. Pearson also had to

answer the “build, buy, or borrow” question in determining whether to close certain AI skill gaps by reskilling existing employees, recruiting full-time talent, or hiring contract workers.

“AI has been a big game changer in the legal space, and we had to look at closing skill gaps through multiple lenses,” Pearson said. “We started by assessing how AI would both help and create challenges relative to the short- and long-term strategic goals of our firm. We then examined the critical areas where AI would have most impact in our workforce segments, recognizing that not everyone in the firm would have the same need and level of skill to master each AI tool we might deploy.”



For example, the firm’s attorneys needed to learn AI for tasks such as drafting contracts, conducting legal research, and reviewing documents. Support staff needed to use AI primarily to create new efficiencies in their work. The HR team—and Pearson herself—needed to learn how to create new chatbots that would coach the law firm’s staff in tasks like writing effective ChatGPT prompts and providing career advice to Generation Z employees.

“It required us to do internal capability mapping and create skills inventories for different departments in our firm,” Pearson said. “For us, that begins with a basic question: We ask all employees to define where they are in their own AI journey. Are they a newbie, a novice, or a maestro? Their answers help us start to broadly create training programs around self-reported skill sets and the specific AI tools people may be using in their roles.”

Talent Implications of an Evolving Technology

Workforce planning in the midst of the AI revolution requires that CHROs both acquire new capabilities and lean on the existing expertise that helped them navigate other recent disruptions to the workplace.

Experts say HR executives need to stay current on how AI tools are evolving, collaborate with internal and external subject matter experts to understand how AI will reshape both technical and nontechnical job roles, and assess how accelerating use of the technology will impact headcount needs in short- and long-term scenarios.

The new reality is that the task of identifying which specific AI skills are needed for which job roles—and striking the right

balance between AI use and human capital in the workforce—requires CHROs to develop a stronger partnership with both chief information officers (CIOs) and business leaders overseeing functions where AI use cases are expanding.

IT has historically “owned” technical and digital skills in organizations, but AI affects just as many nontechnical positions—such as those in marketing, customer service, finance, and HR—as it does technical ones (e.g., software engineers and cybersecurity specialists). Experts say that widespread impact should elevate the role of CHROs and chief learning officers in reskilling and recruiting talent for the AI age.

Adapting to ‘Agentic AI’

The challenge is compounded by the rapid evolution of AI, making workforce planning around the technology a moving target. The half-life of many AI skills is shrinking, meaning they are relevant for shorter periods of time. For example, industry analysts say a disruptive new “third wave” of AI is poised to go mainstream in 2025, impacting not only how CHROs provide workforce plans for the broader organization but also how they staff and develop their own HR functions.

Called agentic AI, the technology features AI agents that are far more autonomous than today’s chatbots. They’ll have the ability to conduct multistep, complex operational processes in response to a single human request.

CHROs and talent leaders factoring AI into workforce planning will need new approaches, including more nimble learning strategies. But the fundamentals of the approach still apply, said Emily Rose McRae, a senior director analyst at Gartner who advises CHROs on the future of work. She said CHROs should ask the same questions of AI that they would of any new technology that’s broadly disrupting their organizations.

“How are we planning to use the technology to reach our strategic goals, and if we want to get the most from our technology investments, how should we change our job roles and workflows?” McRae said. “What doesn’t work is purchasing a license to access a new global AI technology without first having clear-cut use cases for it and failing to make adjustments to roles, workflows, and employee learning strategies.”

For example, McRae said she commonly hears this concern from many CHROs she advises: “They say employees aren’t using the generative AI tools the organization purchased, and they want to know how to develop their skills so they will,” she said. “In other cases, CHROs say workers are using the tools, but the organization isn’t getting the productivity improvements it expected.”

Assessing AI’s Role in Job Redesign

Some CHROs begin the workforce planning process by collaborating with functional business leaders and IT executives to conduct a job task analysis that assesses where traditional AI, GenAI, or agentic AI tools might be introduced to enhance the productivity, efficiency, or performance of job roles across the organization—and how introducing AI would impact learning or recruiting needs.



“We ask all employees to define where they are in their own AI journey. Are they a newbie, a novice, or a maestro? Their answers help us start to broadly create training programs around self-reported skill sets and the specific AI tools people may be using in their roles.”

—KATHLEEN PEARSON, CHRO OF GLOBAL LAW FIRM MCDERMOTT WILL & EMERY

USING AI TO IDENTIFY AND CLOSE SKILLS GAPS

Among organizations that used AI to support HR-related activities in 2024 ...



19%

... leveraged AI to upskill or reskill their workforce.



12%

... leveraged AI to identify skills gaps within the organization.



9%

... leveraged AI to anticipate changing talent needs.

Source: 2024 Talent Trends: Artificial Intelligence in HR, SHRM Thought Leadership.

McRae gave the example of an organization that implemented a GenAI tool to improve junior software engineers' efficiency in creating first drafts of new computer code. Use of the technology resulted in a workflow change that now has senior software engineers reviewing those code drafts in a quality assurance role.

"You would want those junior engineers to receive training in prompt engineering for the specific GenAI tool they're using," McRae said. "You wouldn't need the senior engineers to have the same training, but maybe some guidance or refresher training around quality assurance."

Rather than opting to conduct a formal job task analysis, some CHROs are playing a different but equally valuable role in preparing their organizations for the impacts of AI, McRae said.

"What these CHROs are doing is proactively providing guidance to business leaders on how to have conversations with their people about AI and helping them think through the talent implications of introducing the technology," she said.

Jill Goldstein, global managing partner for talent transformation at IBM Consulting, said she encourages CHROs to engage with business leaders to help plan for the job redesign, workflow adjustments, or reskilling often needed to support AI implementations in their functions.

"For example, AI might be able to automate 40% to 50% of an accountant's role today, but that accountant also may need to be reskilled to help train the digital assistant or bot taking over that work to function the way it needs to and to oversee its output," Goldstein said. "CHROs can work proactively with CFOs to plan for that reskilling."

Answering the Human Capital Question

One factor that can't be overlooked when conducting AI-related workforce planning is the human capital that will still be needed even as AI takes over more of employees' repetitive or lower-level

job tasks. GenAI projects, for example, often require a level of human labor that surprises some business leaders.

"There will always be a need for humans in the loop and, in many cases, a very skilled human conducting reviews, edits, and improvements of things like outputs from GenAI," McRae said.

A 2024 SHRM study found 3 in 4 HR professionals agreed that advancements in AI will increase the importance of human intelligence in the workplace over the next five years. And a recent



"What doesn't work is purchasing a license to access a new global AI technology without first having clear-cut use cases for it and failing to make adjustments to roles, workflows, and employee learning strategies."

—EMILY ROSE MCRAE, SENIOR DIRECTOR ANALYST AT GARTNER

The CHROs' New Tools for Workforce Planning: Skills Ontologies and Labor Market Software

To help plan for the short-term and long-term effects of AI on organizations, more CHROs are turning to technologies such as skills ontologies and labor market intelligence software.

Skills ontologies are structured frameworks that categorize an organization's skills and their relationships with all the different roles in the organization. They are dynamic databases that adapt as skills and roles constantly evolve. They're valuable for identifying skills gaps, recommending related skills, and supporting employee development.

Skills ontologies offered by HR technology vendors enable CHROs to automate the collecting, organizing, and updating of employee skills in their organizations, allowing for easier and faster identification of key AI skills gaps in the workforce. The ontologies also use AI to "infer" skills that employees may possess—extracting the skills from learning courses, projects completed, or job descriptions—but haven't listed in their online skill profiles.

Labor market intelligence software aggregates external data from sources including job boards, government databases, and social media to give CHROs insight into factors such as supply and demand of talent in different geographies, the current skills of their top competitors, trending skills in their industry, and salary benchmarking data. Among the providers of these solutions are

Lightcast, TalentNeuron, Cornerstone's SkyHive, Claro, and Draup.

"Workforce planning relies in part on understanding the market availability of certain skills, and skills ontologies combined with labor market insights make it easier for CHROs to get a broader understanding of AI skills available to them both internally and externally," said Helen Poitevin, a distinguished vice president analyst in Gartner's HR practice.

But technology is no cure-all for AI-related workplace planning challenges.

In a 2024 Gartner research report, Poitevin and fellow analysts found that no single technology can manage strategic workforce planning end to end yet. But talent management leaders can use a combination of technology solutions toward this goal. Those elements include managing workforce segments, modeling business scenarios and generating forecasts, identifying workforce skills gaps, importing and exporting data, and enabling collaboration and analytics.

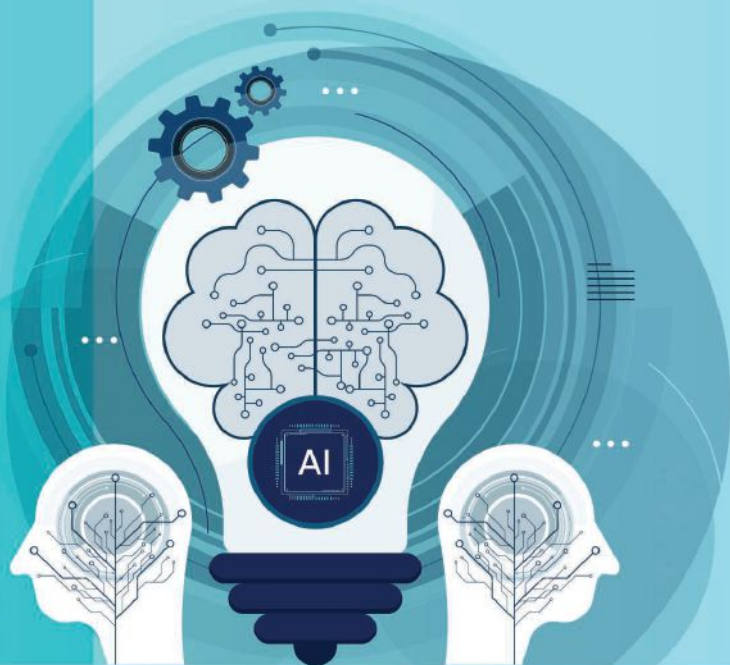
While skills ontologies provide advantages over legacy manual approaches, the Gartner report also found that skills data often is too granular and networked to fit into traditional relationship databases. Plus, some CHROs still have to augment their vendors' ontologies with data from business operations and knowledge bases.

The benefits of the two technologies, however, are significant enough that many HR executives rely on them for workforce planning and employee reskilling initiatives.

Ralph Wiechers, executive vice president of HR for the DHL Group, uses a technology platform from provider Cornerstone to automate the cataloging and updating of employees' skill sets in his organization, which Wiechers said helps identify key AI skills gaps that exist.

"The platform categorizes the skills for us, ensuring we can match employee capabilities to future AI-driven initiatives and determine where more upskilling may be needed to fill any AI talent gaps," Wiechers said.

Although the system has only been rolled out to 60% of DHL, Wiechers said 300,000 employee skills have already been added to the platform, including those directly tied to AI fluency. —D.Z.



study from Gartner also highlighted the need for ongoing human oversight and support for AI tools once they're implemented.

In the Gartner study, executives of marketing technology companies were asked how much the introduction of GenAI had impacted their investments in both marketing labor and marketing technology. Only 10% said it had decreased their investment in labor.

"Survey respondents said AI wasn't resulting in a need for less headcount, but it was providing advantages like enabling them to scale better," McRae said.

Experts say workforce planning also should account for how AI will impact not only employee and team workflows but also workloads. McRae gave the example of an organization that recently implemented an AI tool to automate responses to the requests for proposal (RFPs) it receives. What the company didn't consider in its initial planning was what the success of that AI tool might mean for the team responsible for onboarding and servicing new clients.

"If the AI led to a higher volume of new clients coming in, they might need fewer people writing responses to RFPs but more to conduct client service," McRae said. "One solution was to consider asking some employees writing proposals to move into client service. Those currently writing responses also might have to conduct more review and quality assurance of the AI's output."

Making the 'Build, Buy, or Borrow' Decision

CHROs also face the decision of how to close AI skills gaps: with the "build" approach of reskilling existing employees, the "buy" tactic of recruiting new full-time talent, or the "borrow" strategy of hiring contract workers.

Because buying often proves more expensive and challenging—given the still-limited AI talent pools in many areas—most CHROs instead choose to equip their employees with new AI skills. Such reskilling, while not inexpensive, also can have the additional benefit of increasing workers' loyalty and retention.

But exceptions remain for certain pivotal job roles. Pearson said her law firm opted for the "buy" approach in hiring a new director of AI innovation to guide the organization's implementation of AI across functions.

"We brought in a thought leader who has deep AI skills within the legal world," Pearson said. "He works alongside me in HR as we build training capabilities, helping to pinpoint exactly what AI skills we need and planning for our workforce of the future."

Carissa Kilgour, a principal at Deloitte Consulting who leads the firm's GenAI workforce strategies group, said part of that process should include examining job roles and activities that have a high degree of potential disruption from tools like GenAI. For example, a company with a need to recruit a large number of data analysts in the near term should weigh whether a "buy" or "borrow" strategy is the right approach.

"If that organization is adopting GenAI, the right move might be to hire more contingent workers instead of full-time labor because the AI use may result in less need for human analyst capability in the future," Kilgour said. "If the technology and the



"Employees will only lean in to AI if they understand how it will be used within the context of their own jobs. There needs to be a corporate commitment to transparency about why, when, and how AI will be used in the organization and how it may change the nature of jobs."

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

skills needed for it are changing regularly and a company always wants top-of-the-market skills for it, they may want the flexibility of hiring best-in-class labor at the time they need it."

Best Practices in AI Learning Strategies

Given that most CHROs opt for the "build" approach, experts say it's vital they choose the right learning and development strategies for the workforce. But that path also can be strewn with pitfalls and missed opportunities.

An obvious problem is that some organizations provide little to no training or guidance to employees after introducing AI tools. A recent Gallup survey found that only 6% of employees feel very comfortable using AI in their roles and that between 2023 and 2024, the number of workers saying they felt very prepared to work with AI in their job roles dropped by six percentage points.

Because most organizational roles will require some degree of AI literacy, McRae suggested CHROs ensure that an annually updated "AI basics" training course is delivered to the entire workforce that describes how different types of AI work, the tools' risks, how the company builds in quality assurance for AI outputs, and the organization's philosophy on the technology's use.

But unlike some experts, McRae recommended against training the general employee population in prompt engineering, the skill essential to mastering GenAI tools like ChatGPT, Google's Gemini, or Microsoft Copilot.

"The learning science literature shows training is most effective when it's delivered closest to when employees will use newly

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learned skills on the job,” McRae said. “I recommend to CHROs they don’t teach prompt engineering until they have clear use cases and to avoid preparing employees generally for something they won’t use immediately because it will be a waste of resources. Teach prompt engineering only when GenAI becomes a regular part of employees’ workflows.”

McRae also suggested CHROs take a page from cybersecurity training that uses unannounced tests to assess whether employees can detect phishing attempts—efforts where hackers try to lure them into clicking on malicious links in emails.

“I think every organization should develop a form of ‘information skepticism’ training around tools like GenAI,” McRae said. “GenAI models will ‘hallucinate’ and produce false or inaccurate information. You can’t fully train that out of them. We need our workforces to be able to identify signs of potential hallucination and know the next steps to take if they spot that problem. Creating phishing-like tests for GenAI would help companies check to see if employees are reporting hallucinations.”

Goldstein of IBM Consulting said CHROs also should encourage and support a learning culture where “failing fast” with AI tools and quickly applying lessons learned is celebrated.

“When it comes to AI, employees have to learn by doing and applying the skills in real-world scenarios,” Goldstein said. “That means giving them a safe space and enough time to play with AI tools. They need to be able to understand how the technology can be used to redefine or reshape their roles in a meaningful way.”

Pearson follows such a learning approach in her law firm, enabling employees to learn in a hands-on, engaging way from their peers and experienced AI users in the firm.

“We held an AI ‘prompt-a-thon’ learning event for our marketing, HR, and business development teams, and we’re continuing to roll that out for other teams,” Pearson said. “We create small teams within business units and say, ‘Here’s how the GenAI tool works, here’s how to create good prompts, go use the tool for an hour on one of biggest problems or challenges you can find in your function.’ We found when we use a team-based learning approach, people are less hesitant to use the technology and more likely to identify better use cases.”

As part of an AI learning strategy, Karen Consentino, chief people officer for Barge Design Solutions in Nashville, partnered with nearby Vanderbilt University to better understand how AI and large language models (LLMs) can be used to improve the productivity and efficiency of job roles across her company.

Consentino and her team also created a process through which engineering and architectural specialists can share their more advanced AI skills and transferable best practices with functions such as business services.

“It’s important for organizations to build that interconnectivity between work groups for learning around AI,” Consentino



said. “It fosters a more collaborative dynamic. We also encourage and help our leadership regularly assess how AI can best be used in the day-to-day work of employees, and we have an innovation group that partners with our respective disciplines on how AI can be applied in their departments.”

Transparency Is Key to Success

Experts say strategic workforce planning tied to AI also needs to factor in one additional element that, if overlooked, can undermine the time and resources funneled into the exercise. Organizations need to ensure there is transparency from the executive team about how the company intends to deploy AI and its philosophy around use of the technology.

Despite research showing AI is more likely to augment than replace most jobs, employees still have fears the technology will place them in the ranks of the unemployed—or, short of that, may transform their jobs in ways that make the roles unrecognizable.

“Employees will only lean in to AI if they understand how it will be used within the context of their own jobs,” Goldstein said. “There needs to be a corporate commitment to transparency about why, when, and how AI will be used in the organization and how it may change the nature of jobs.” ■■

DAVE ZIELINSKI is a Minneapolis-based business journalist who covers the impact of emerging technologies on the workplace. He is the lead technology writer for SHRM’s *HR Quarterly*.

A smiling man with dark hair, wearing a dark blue suit jacket over a white collared shirt, stands against a teal background. The background features a grid of dark blue rounded squares and several light blue circles of varying sizes. The man's hands are clasped in front of him.

EMBRACING A TRANSFORMATION MINDSET

*7 Strategies to
Empower Transformations
that Start from Within*

SHRM's chief transformation officer—a leader in change initiatives at Target and PwC—shares his insights on how to successfully launch and lead both digital and organizationwide transformational campaigns.

BY ANDY BILADEAU

The world is changing around your organization. You've heard it all before. *Artificial intelligence is disrupting our industry. Demographic changes are upending our talent pipeline. The economic outlook is uncertain. The political outlook is volatile. We need to act.*

That's all true. You do need to act. But with so many variables in play, you may be tempted to focus on the externalities of change rather than the internal resources at hand for addressing the challenges ahead.

You can't stop disruption from happening. But you can control how you respond to disruptive forces—and how your organization rises to meet them.

Embarking on a journey of organizational transformation will require significant mindset shifts. The old saying is true: "What got you here won't get you there." Before you can transform an organization to unlock new capacity, you must transform your thinking to create new capability.

Here are seven strategies to help build a transformational mindset in yourself and your workforce and then to take the steps to lead that transformation in your organization.

1

Discover Your Starting Line

Both media and shareholders love to celebrate overnight success stories of massive organizational change and the leaders who made it all possible. But the outside world rarely sees the work that went into the shift. Large-scale internal change is messy and difficult. You can't fast-track radical change using a SWOT analysis or borrowing tactics from other successful organizations.

The truth is, your organization is not Apple, and it is not Netflix. In fact, many of the brands we aspire to be like achieved their successes by ignoring their competitors and operating in a way only they could. Their road map won't work for you. The best leaders recognize that their organization's transformation must be rooted in their values and culture. Transformation starts with understanding who you really are as an organization. That work demands introspection, commitment, and honesty.

Start with your guiding principles, the ideals that determine how the rest of your systems and talent strategies come to life. They are a living set of values that will take on new forms as your company grows, contracts, and morphs through change. Defining your corporate guiding principles can be a painful process, but it will clarify what the organization prioritizes, what talent to recruit for, and what "good" looks like.

You may not see immediate return on laying this groundwork; transformations take time. But you will see the payoff when you are forced to make hard choices or you encounter headwinds. If you've borrowed your culture and values from outside, they won't hold up under scrutiny when they're necessary in challenging times. Nor will they operate as force multipliers when your recipe for success begins taking off.



"If you've borrowed your culture and values from outside, they won't hold up under scrutiny when they're necessary in challenging times. Nor will they operate as force multipliers when your recipe for success begins taking off."

Example: Future-proofing the Target way. Between 2017 and 2019, Target Inc. invested heavily in shifting toward becoming a purpose-driven organization. The company wove its purpose into strategic planning, interviewing, onboarding, talent development, succession planning, and operational workflows.

Target's emphasis on anchoring the company to a common purpose paid dividends when the pandemic hit in 2020. In the following years, employees were ready to respond to tumultuous times. From the leadership team to front-line employees, the message was clear: Never has there been a time more important to live the company's purpose of bringing families joy in everyday life.

During the pandemic, Target launched drive-up services, accelerated last-mile delivery, and reinvented its in-store operating model, all while constantly implementing changing health and safety requirements.

A common purpose and established context allowed Target to activate these ideas to market faster than competitors. The work the company did in the years prior to the pandemic laid the groundwork for a united, committed workforce to navigate the largest retail disruption in history. That's what future-proofing looks like.

2

Focus on What's Not Changing

We don't know how AI or a declining birth rate will impact the economy, business models, or the workforce in five years. That said, certain universal market truths aren't going away anytime soon. In five years, customers will still want their products and services delivered faster, in a more personalized way, and

“Accept that we can no longer map change as simply a ‘current state to future state’ exercise. You will be in perpetual adaptation mode from now on, so solidifying your internal foundation is critical.”

in their medium of choice. You can confidently plan your transformation on those principles today, and you’ll be able to say the same in 2030.

Some organizations will chase after new technologies to try to stay ahead of those rising customer expectations. But investing in internal capabilities like customer-centricity and change agility will serve you far more effectively over the long haul.

Establishing your transformation foundation on core, evergreen capabilities aligned to a common purpose directly shapes how you design your processes, systems, and workforce. A well-grounded foundation allows you to continuously respond as technology trends come and go (think: NFTs or the metaverse) while being ready to adopt the forces that are here to stay.

Accept that we can no longer map change as simply a “current state to future state” exercise. You will be in perpetual adaptation mode from now on, so solidifying your internal foundation is critical. Having a clearly defined starting position allows you to assess the impact of changes in the marketplace and to chart a new course forward that aligns with your capabilities.

If you go back to interviews of Jeff Bezos from the early days of Amazon, you can hear his emphasis on customer obsession driving its business decisions. Over the past 30 years, Amazon pursued customer preferences above all else, and its relentless pursuit of customer ease and convenience has fueled innovation, growth, and ubiquity.

3

Create Shared Priorities

To lead a transformation, you have to build agility into the organization’s DNA while retaining the ability to effectively set priorities from the top down. Be prepared to live in a world of imperfection as you try to strike this balance.

Setting top-down priorities begins by helping everybody in the organization understand how their work is aligned with the strategy. For instance, at SHRM we are an audience-centric organization, which means every employee should understand how their work serves one of our strategic audiences. Establishing this shared understanding is both an exercise in employee engagement and an opportunity to check for strategic align-

ment. The more consistent you are with creating this alignment, the more easily you can pivot within that framework when needed.

Identify the organization’s core focus areas once you have a shared sense of purpose. What are the things your organization has to get right to flourish? What are the aspects of the business that would be most affected by a sudden shift in the business landscape? You need to pay particular attention to the part of the organization where those risks and benefits overlap. Many strategy sessions are devoted to defining what offerings are moated or un-moated. Don’t forget to spend time on the offerings that are “in the moat,” meaning those where competitors are making light inroads, and how your priorities account for the potential disruption.

Keep in mind, this process isn’t about prioritizing some teams over others. Instead, you recognize that some parts of the organization need additional agility to perform at their best, while others need a high degree of predictability to achieve efficiency.

From an HR perspective, the talent systems need to reinforce the space for both models and their relative importance. For example, your performance management process should flex to emphasize innovation and transformation while also accounting for the subject matter experts internally who are driving efficiency and consistency.

4

Make Decisions that Matter

Few choices are easy or obvious when you live in a state of dynamic tension between present and future. You’re driven by a breakneck sense of urgency, but virtually all your options rely on incomplete data. Having a framework for stepping back, scoping the problem, understanding your options, and choosing can allow you to emphasize decision quality even in a distracting environment.

When faced with a difficult decision:

Start by assessing its long-term impact—what I call the “materiality” of the choice. Some calls have a long half-life if you get them wrong. You won’t get every choice right, but you want to spend more time on the ones with longer-term implications.

Give yourself adequate headspace to process decisions that could change the entire trajectory of your organization. To give you an idea of how these types of decisions play out, imagine a golf club striking a golf ball. The slight difference of a few degrees in the angle of a club hitting the ball results in 10 yards of difference to the left or right where the ball lands in the fairway.

Next, think about the inherent velocity behind a project. Are you building on existing work? Or is this a new direction, or even a reversal? What cultural or logistical obstacles stand in the way? Are you being clear-eyed about what the change requires? In some cases, leaders perceive their value to be the introduction of new ideas. But piling on “innovation” without giving existing projects a chance to breathe a little bit ends up paralyzing the strategic road map.

Then, consider your organization’s capacity. Every project you greenlight adds to employees’ workload. Overcommitting to too many initiatives spreads them thin and stalls progress. But under-assigning typically results in spending too much time seeking perfection. There are also “fishbowl projects” where the “fish” grows in direction proportion to the space provided. Give the team six months and the project takes six months, but give them three months and the project takes three months. Over time, you’ll gain an innate sense for the amount of slack within the organization.

Be realistic about how long a project will take, in the context of the larger work the organization is doing. Are there competing priorities? Are teams experiencing change fatigue? Assign deadlines that take these factors into account but still push the team to execute with a sense of urgency.

Factor all of this in to your decision-making: When you choose to deploy resources against your transformation, keep an eye on all of these variables. We often say our employees are our most valuable asset, but truly, their time is the most precious resource we have—use it wisely.

Considering these variables will increase the quality of your decisions while calibrating expectations. Having a sense of which decisions matter the most helps you allocate resources and prioritize projects that serve the organization as it heads in a new direction.

5

Know the Power of ‘No’

Too many organizations confuse productivity with agility. In other words, agility isn’t executing the same things faster. Agile organizations create a shared understanding of priorities, which generates more consistent decision-making, which in turn produces deeper alignment.

Increased productivity is a natural byproduct of agility, not the end goal. Simply pushing more tasks through the same system will yield short-term gains, but burn out the teams in the long run. You’re not hurrying; you’re creating more direct routes.

Equally important in the equation will be the resilience to make necessary trade-off decisions as your transformation unfolds. Projects will fail, outcomes will fall short of expectations, market demand will shift. Are you equipped to accept these realities and immediately move forward with your urgency and vision undiminished? Your teams are watching you carefully, maybe most carefully, in these moments. How your leadership team operates through setbacks sets the tone for the organization more than how you celebrate the wins. Swiftly navigating failures with directness and rationality signals to teams how long-term transformation outweighs carrying forward projects simply because they’re on the road map or have budget.

In consulting, you sometimes hear the phrase “zombie projects” as a way to describe transformations that have lost the plot. Teams are carrying on with the work without recalling the broader purpose of why they’re marching toward deliverables and deadlines. To help avoid these scenarios as you’re leading a transformation portfolio, be mindful of places where ego could be a roadblock to shuttering a project. Perhaps teams have grown attached to a project and overestimated its importance. Or maybe there’s reservation to sunset a project that a senior leader initiated. Those are understandable feelings, but they can be misplaced.

Reframe the end of a project as an opportunity to redirect energy in new ways rather than the loss of imagined territory. Capture the moment as an example of courage and intellectual honesty to accept that an idea didn’t pan out as expected. Ultimately, consistent assessment and refinement of transformation will outperform brute force.



“You won’t get every choice right, but you want to spend more time on the ones with longer-term implications. Give yourself adequate headspace to process decisions that could change the entire trajectory of your organization.”

BALANCING INNOVATION AND RUNNING YOUR BUSINESS

Where You Spend Your Time Is Where You're Headed

During a transformation, teams can grow overwhelmed trying to find time for testing new ideas while still operating the ongoing needs of their business. Balancing innovation with the constraints of the present creates competing demands for time, attention, and bandwidth. Transformations require a systematic approach for working through present and future needs simultaneously.

Consider an organization seeking to elevate its digital customer experience through new technologies. The internal resources required to define the new user experience, functionalities, and system support requirements will be the same resources supporting ongoing week-to-week releases for their current tech stack. How will you prioritize their work and activities?

Enter the matrix. To achieve this balance, organize resource allocation through a matrixed lens that overlays process, technology, and talent against improvement, optimization, and innovation. This approach reveals where you are over-investing or under-investing.

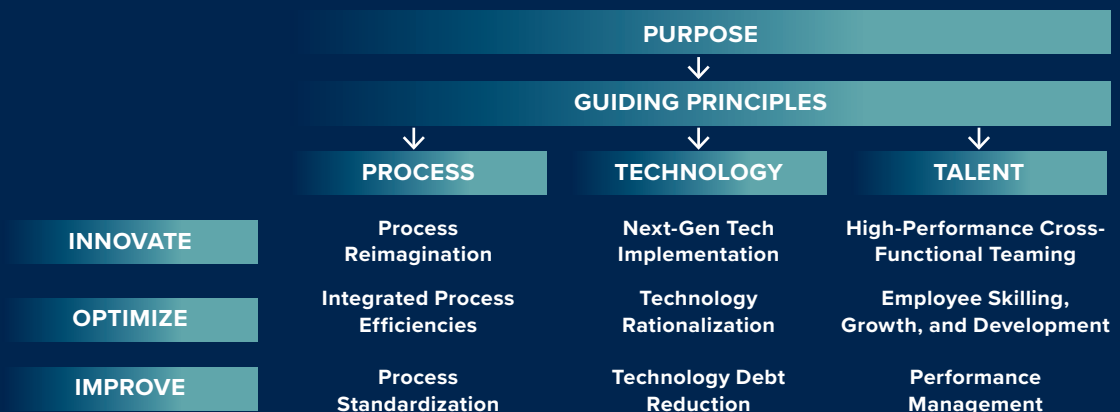
Consider the framework in this table and how the needs of your organization may be distributed. First, choose a time horizon for how far down the road you want to plan, and then dis-

tribute allocations of your organization's time by percentage across the nine boxes based on the size, scope, and scale of your transformation. The sum of all the boxes should add up to 100.

All elements in this chart need to be consistently moving forward. However, the distance, rate, and duration of progress may look different for each.

Let's go back to our example of the organization elevating its digital customer experience. Looking across the "Improve" row, the foundation of standardized process, reducing technology debt, and ensuring consistent expectations for employees are precursors for optimization. However, depending on the state of these activities, they may be able to make minor adjustments to move up the grid, or perhaps their biggest opportunities lie in simplification and standardization.

Establishing the guiding principles of the transformation gives context and clarity to how you're spending your time. Consider how teams' time is spent and whether that allocation is calibrated with the ambitions and timeline of your transformation. If there's a lack of alignment, you may need to find areas to deprioritize to create capacity for the necessary changes ahead.



6

Add Test-and-Learn Flexibility into Your Plan

Long-range planning can be seductive. A cleanly laid-out five-year road map provides the illusion of accuracy or even perfection because it's built on the assumption that everything will work as planned. As a leader or strategist, we can fall in love with our solutions when, in our mind, all the pieces fit logically together.

While it's difficult to hold tightly as a concept, changing the plan along the way is the entire point of your transformation. We are in the business of improvisation rather than scripted and rehearsed performances.

As your plan unfolds, framing both your breakthroughs and setbacks through the lens of enabling your guiding principles gives context for employees as they adjust and reprioritize. Along the way, you'll find that some employees leave the organization because they prefer a slower pace of change—or perhaps some crave moving faster. You should see those choices as data points for how clear you've made your guiding principles. In other words, the speed of change within the organization is one of the best filters for “fit.”

During the pandemic, we watched legions of employees leave their large organizations to join young startups, in part because they wanted to move faster and shorten the distance between their actions and the company direction. In many ways, the trend revealed the underlying demand from employees to rapidly grow and develop faster than their companies were allowing them.

7

Tie Training and Upskilling to Transformation

Supporting an organizational transformation requires you to also support *personal* transformations to ensure that your workforce is growing as fast or faster than the world outside your walls.

Whether your company is rolling out reimagined processes, next-generation technologies, future-proofing organizational capabilities, or all three, the opportunity to build new, highly marketable skills and capabilities is front and center. Yet, organizations often struggle with upskilling and reskilling initiatives.

The issue isn't with workers' appetites for personal development opportunities. Check your most recent employee engagement survey and your recent exit interview data. Undoubtedly, you'll see “career growth and development” as a top request in both places.

Both organizations and employees seem to want workers to have access to development opportunities. Where's the disconnect? The issue is that businesses don't frame these opportuni-

ties in a way that allows workers to see how transformation-related development benefits them.

Historically, corporate training was based on seminars and other forms of passive learning. There was rarely a connection between the material being presented and the tasks workers needed to accomplish. Modern workers want active learning experiences that are often not even products of your training team. In a thriving learning culture, managers are presenting day-to-day assignments as skill-building moments rather than simply delegated tasks. Embedding a growth mindset shifts the emphasis from “learning in the flow of work” to “work in the flow of learning.”

The takeaway is to ensure that you are providing learning experiences as quickly as your company wants to grow. Your pace of change is directly related to how fast your employees can develop new skills to drive your transformation.

Successful startups are often great at matching their organizational needs to employees' need for growth. A small company doesn't have the luxury of workforce demand planning because it's making decisions weekly that could change the success or failure of the organization. In that environment, team members quickly decide to acquire new skills and improve execution because they can see how new skills help both the worker and the organization grow.

In those smaller environments, hiding from the work is not an option. Everything rests on activating talent in a way in which a small number of individuals need to push harder for business development, build deeper relationships with customers, and know their product intimately. They do all of this like payroll depends on it, because it does. If you have ever worked at a small company, you likely look back and wonder how you did it all—while knowing you could never develop so many skills so rapidly in a larger organization.

Unlocking Human Potential

The most exciting part of a job like mine is helping organizations achieve their full potential. Regardless of the size or industry of the companies we help, all transformations require leaders who are willing and able to step back from old practices, think critically and analytically about their organization's future, and understand how to allocate resources in a way that truly propels their organization forward.

But in the rush to embrace new processes and ways of thinking, we must remember that technology is only as good as what it enables. As leaders, we must prioritize atoms over pixels and people over tools. When we're willing to do that, we can achieve incredible results. 🚀

ANDY BILADEAU is the chief transformation officer at SHRM. He previously served as the director of talent development at Target Corporation and was a founding member of the Josh Bersin Company. He began his career at PwC, where he led global transformation initiatives for Fortune 500 clients and founded PwC's Learning Solutions consulting practice.

What's the Biggest Transformation You've Made in Your Professional Life?

In the journey of professional growth, certain transformations stand out as pivotal—changes that redefine not just careers but also lives. These moments of reinvention often mark the turning points that lead to enhanced leadership and personal growth.

As part of this issue's focus on transformation, we asked four accomplished HR executives this question: **Reflecting on your career, what's one transformation you made in your professional life that made the most impact on your career or life?**



A Break for Balance: Hitting the 'Pause' Button Can Spark a Reset

Sheri Bronstein

CHRO AT BANK OF AMERICA

I was the head of HR for Bank of America's global markets and banking lines of business during a period when my two children were fairly young. By 2015, I recognized that after 15 years, I needed a break to spend time with my family and recharge.

I opted to take a step away from work for a few months, which was a little unheard-of in our industry at that time. While I had leadership's support, I knew the perception of such a decision presented risk. During my time off, our CEO called to say that when I was ready to return, he wanted me to take on the CHRO role.

For me, the experience [of stepping away] was life-changing. Hard work and grit are still deeply important values that I value in myself and others. But people can't keep going on and up without, at times, having a brief pause to stop and reflect.

In my role as CHRO, our team was proud to oversee the development and launch of our global sabbatical program. It allows teammates to take four to six weeks away from work after 15 or more years of service. They choose to do a variety of things with their time: volunteer, connect with family, travel, start a new hobby, or just rest. They return to work refreshed and ready to continue their career with us—a win-win.



Shedding the Mask: How a Decision to Be Authentic Created a Ripple Effect

Susie Jamerson

CHIEF PEOPLE OFFICER AT ADVENTHEALTH

For the first 15-plus years of my career, I put a lot of energy into "playing the perfect role" in every interaction. I wanted to follow the rules, fit in, and have it all together.

Then, one day, I had a professional awakening. I realized I wasn't fully showing up authentically me and, therefore, not bringing my best self into the workplace. I was playing it safe to fit in, but I wasn't showing my colleagues my heart and soul. I decided to step into this space of authenticity and transparency. I shared my vulnerabilities and showed up more authentically.

That honesty and humility ended up creating a safe space for others to show up more real themselves. It created a deeper bond with my colleagues, and it inspired others to shed layers of themselves so they could bring their best self to work, as well.

This awakening was the most transformative moment in my career. It empowered me to be a better leader, a better colleague, and to become a catalyst that inspired change in others. I believe it is critical to remain professional, diplomatic, and kind in all interactions, but we can do that while showing up as a real human and sharing our soul with others.



The Courage to Ask: Don't Fear Stating Your Career Goals

Heather Jones

**VICE PRESIDENT OF HUMAN RESOURCES AT
KELVION FOR THE AMERICAS REGION**

During a pivotal career conversation about my advancement, my manager told me I would need to become an HR business partner [HRBP] first if I wanted to become an HR vice president one day. At the time, I was working in talent management—a field I loved—but I had aspirations of eventually leading my own team. After receiving this feedback, I set a professional goal for myself, but I was hesitant to share it with others.

About six months later, I found myself in a one-on-one meeting with my CHRO and she mentioned struggling to fill an HRBP position. I casually shared that I'd someday like to become an HRBP. She paused for a moment, looked at me, and told me I should apply. I remember laughing in surprise. I was new to the organization, and the last thing I wanted was to seem “too ambitious.”

We briefly discussed my career goals, and she again encouraged me to apply. That unplanned conversation about my aspirations completely shifted the course of my career. And yes, I got the job.

As my career progressed, I moved into leadership roles, and I stopped worrying about being perceived as too ambitious. At every step, I made it a personal mission to mentor, coach, and sponsor others' careers. Today, as VP of HR, my focus is on shaping strong organizational cultures and empowering employees to succeed.

My journey has taught me the importance of being bold, of not being afraid of sharing my ideas, and advocating for myself. After all, I have never had an issue advocating for my team. I learned that sharing my goals and asking for what I want was the first step in creating a community of support.



The 10% Rule: Stepping Outside Your Comfort Zone to Build Skills, Resilience

Jinah Chernivec

**CHIEF HUMAN RESOURCES AND RISK OFFICER
AT GOODWILL-EASTER SEALS MINNESOTA**

Early in my career, a mentor shared a simple but profound piece of advice: To grow as a leader, you must consistently push yourself to do something at least 10% outside your comfort zone.

At the time, this advice seemed straightforward, yet it has become the foundation for some of the most impactful transformations in my professional and personal life. By embracing discomfort and taking on challenges that I initially hesitated to face, I developed the resilience, confidence, and leadership skills that propelled my career.

One pivotal moment came when I was offered the chance to lead a high-stakes project with significant visibility. Initially, I was intimidated. I doubted whether I had the expertise or the presence to lead such an initiative. However, recalling my mentor's advice, I immersed myself in the role, asking questions, seeking feedback, and committing to showing up fully engaged every day.

The experience was transformative. Not only did I successfully deliver the project, I also discovered my ability to inspire and guide a team through complex challenges. This success fueled my confidence to take on increasingly ambitious roles, such as leading cross-functional collaborative teams.

I have applied this advice to foster growth in my personal life pursuing challenges that push both my mind and body beyond what I once thought possible, including running marathons and hiking mountains. Beyond physical challenges, I've also embraced opportunities for personal and community growth by serving on boards and volunteering in community projects. These endeavors have not only expanded my skill set but also deepened my resilience, broadened my perspective, and enriched my sense of purpose.



2025 POLICY OUTLOOK

ADDRESSING MODERN WORKFORCE CHALLENGES

A new political landscape ushers in both opportunities and risks for shaping the future of work on issues such as AI, skills gaps, outdated labor laws, and more.

The greatest challenges facing many U.S. businesses today are the shared issues that no company or industry can address alone. Issues such as talent shortages and artificial intelligence require comprehensive solutions from policymakers, but an active business community must help inform those solutions. This year presents significant opportunities for business leaders and policymakers alike to shape the U.S. workforce for decades to come.

In 2025, Republicans now control both chambers of Congress and the White House for the first time since 2019. Businesses should expect the second Trump administration to bring a host of policy changes that will impact U.S. workplaces.

“The 2024 election was a pivotal moment for the business community and will have a lasting impact on our nation,” said SHRM President and Chief Executive Officer Johnny C. Taylor, Jr., SHRM-SCP.

The next several years will present numerous opportunities for federal policymakers to help U.S. organizations thrive. President Donald Trump is expected to relax or eliminate some regulations issued during the Biden administration, while court challenges could weaken or overturn others.

At the same time, policymakers may introduce new standards in emerging areas, such as AI in the workplace. HR executives and other business leaders must be engaged with the policymaking process and be aware of the changes to ensure compliance and protect their organizations’ interests.

“HR departments need to brace for a year of adaptation and innovation that new political leadership will bring,” said Emily M. Dickens, J.D., SHRM chief of staff, head of government affairs, and corporate secretary.

Key Workplace Challenges That Need Policy Solutions

SHRM believes that to address the key challenges facing work, workers, and the workplace, it's essential for all stakeholders to have a seat at the table and for all perspectives to be considered. To improve U.S. competitiveness and boost the labor market, policymakers must address near-, medium-, and long-term needs, which will require bipartisan collaboration.

Additionally, the business community must advocate for policies that offer the incentives and flexibility needed to deliver robust, comprehensive benefits to recruit and retain a talented workforce. SHRM is ready to work with policymakers and the business community to navigate policy shifts and emerging issues in the years ahead.

Closing the Workforce Participation Gap in the AI Era

U.S. businesses cannot access the talent they require to fulfill *current* needs, much less future talent needs. This trend is due to several factors, including shifting skill needs, retiring Baby Boomers, declining birth rates, and the workforce participation gap, characterized by disparities in employment rates between different groups.

The workforce participation gap is a complex issue with many causes, including inadequate access to educational and learning opportunities tailored to businesses' shifting skill needs. New technologies such as AI require workers to learn new skills to make the most of these tools. The demand for AI literacy and skills will only grow as more businesses integrate AI into their workflows.

SHRM's 2024 *AI in the Workplace* research found that 83% of HR leaders saw upskilling as essential in an AI-driven job market, and 82% said the success of AI use depends on the user's proficiency with the technology. Many workers will be able to look to their employers for essential training on AI tools, but people outside the current workforce may be left behind if they cannot receive the training they need.

In an evolving business landscape, the workforce participation gap will only widen without creating broader access to learning new skills, which requires collaboration between the government and the private sector. As a result, the U.S. could see a return to policies proposed during Trump's first term to expand apprenticeship programs and short-term career training initiatives.

Professional development opportunities can lead to a future-proof workforce and keep organizations ahead of emerging business trends. Closing the workforce participation gap will require workplace laws and policies that allow organizations to shape strategies that advance the recruitment and retention of top talent.

To close the skills gap and enhance economic well-being, employers and public policy must support skill-based hiring, reskilling and upskilling workers, inclusion and diversity initiatives, and opportunities to support education and training efforts, including tapping into nontraditional talent pools.

Shaping the Future of Work

The workplace of the future will be very different from the one we know today. Unfolding social, political, economic, and technological trends will shape virtually every aspect of the workplace in the years ahead. Now is the time for employers to prepare for the coming shifts in the world of work. Expect remote work and the gig economy to play a significant role in how work will be done, who will be doing it, and from where.

SHRM has been at the forefront of guiding policymakers and the business community in understanding and adapting to the future of work, projecting how the workplace will evolve in the years ahead. Preparing for the future of work is critical, regardless of industry or business size, because decisions made today will have profound implications, particularly in these areas:

AI and job displacement. With the rapid adoption of AI and automation in the workplace, the fear among workers of AI displacement looms. The nation needs policies to ensure responsible AI implementation and to help workers thrive, innovate, and compete.

AI is an augmentative tool that can create new opportunities and capabilities for workers. SHRM recognizes that to see



“HR departments need to brace for a year of adaptation and innovation that new political leadership will bring.”

—EMILY M. DICKENS, J.D.,
SHRM CHIEF OF STAFF, HEAD
OF GOVERNMENT AFFAIRS, AND
CORPORATE SECRETARY

a true return on investment, AI must be paired with human intelligence as AI transforms jobs and creates roles emphasizing human skills, such as creativity and critical thinking.

Alongside responsible AI adoption and concentrated efforts to upskill and reskill, policymakers should support initiatives that encourage the adoption of AI to enhance recruitment, learning and development, and performance management to ensure that organizations can meet the complex demands of the modern workplace.

SHRM supports a federal AI standard to address the inconsistencies created by the patchwork of state and local regulations. Such a standard should aim to prevent unlawful bias and promote responsible AI use, while also educating stakeholders on AI's benefits and risks.

Caregiver policies. Additionally, providing benefits to help alleviate pressures felt by workers with caregiving responsibilities will be essential to accommodate the growing needs of “sandwich generation” workers—specifically, those caring for an aging parent while also raising children. Research from the Rosalynn Carter Institute for Caregivers found that as many as 1 in 5 full-time workers juggle work and caregiving responsibilities. Those responsibilities can extend to children, parents, other family members, and friends.

Flexibility. Over the past five years, flexible work benefits have fundamentally redefined the workplace, with organizations increasingly committing to hybrid work opportunities. The SHRM 2024 Employee Benefits Survey found that leave benefits are tied with retirement benefits as the second most important to employers (81%), behind only health-related benefits. Flexible working benefits are fourth (70%).

Inclusion and diversity. Creating truly inclusive workplaces is about removing arbitrary barriers to entry for your organization. That is why SHRM is committed to advancing policies that create inclusive workplaces and offers a comprehensive suite of resources and tools to help HR professionals build inclusive workplaces and develop diverse talent pipelines.

This year presents significant opportunities for business leaders and policymakers alike to shape the U.S. workforce for decades to come.

The workplace of the future will be very different from the one we know today. Unfolding social, political, economic, and technological trends will shape virtually every aspect of the workplace in the years ahead. Now is the time for employers to prepare for the coming shifts in the world of work.

Modernizing Workplace Policies: 3 Key Laws for Congress to Update

Federal law is not keeping pace with organizations that must invest in their workforces to meet modern workplace needs. Rapid technological, global, and societal changes demand an agile legal framework. However, due to congressional inaction, there has been an overreliance on regulatory bodies, leading to confusion with each new administration's regulatory agenda.

Lack of federal legislative action has pushed important workplace issues to either federal regulatory or judicial bodies or to the states, leading to a patchwork of laws and compliance challenges for employers.

Additionally, the U.S. Supreme Court's 2024 decision in *Loper Bright Enterprises v. Raimondo*, which overturned the long-standing Chevron doctrine, will continue to impact the authority of regulatory bodies in interpreting ambiguous statutes.

“As we look to 2025, the regulatory environment will likely be characterized by cautious rulemaking and increased judicial scrutiny,” said Dickens.

Now more than ever, it's critical for Congress to pass bipartisan legislation that ensures clarity and consistency in workplace laws. SHRM is committed to advising policymakers and supporting members in this evolving regulatory environment. For the 119th Congress, SHRM's legislative priorities focus on three of the most influential and impactful laws affecting workplaces:

The Fair Labor Standards Act (FLSA)

The FLSA has been the foundation of U.S. labor law since its passage in 1938. It establishes a minimum wage, overtime pay, and other employee protections. However, the FLSA has

KEY POLICY AREAS THAT COULD SEE ACTION IN 2025

Shifts in government policy could affect HR departments in several key areas this year, including:



Artificial Intelligence

With states and local governments already taking steps to regulate AI, the federal approach advocated by the Trump administration will be crucial in setting a unified framework that will have a wide-ranging impact in the workplace.

During President Donald Trump's previous term, he signed an executive order urging the federal government to use trustworthy AI systems. He also recognized AI's potential to increase productivity, create new industries, and maintain the U.S.'s technological edge.

Inclusion and Diversity

Trump is expected to revisit federal I&D programs in light of recent Supreme Court rulings. His approach will likely discourage federal support for any employment action motivated (positively or negatively) by characteristics such as race or sex.

As employers implement I&D initiatives to enhance productivity, boost their bottom line, and meet compliance obligations, they should consider enacting policies that are inclusive of underrepresented workers. HR departments must remain agile and ready to adapt their policies to align with new laws, regulations, and expectations.


Caregivers in the Workplace

Caregiving challenges place a significant strain on both workers and employers, as more employees these days are balancing work with their responsibilities for children, older adults, and family members with disabilities. SHRM research showed that 80% of working caregivers expect their caregiving to be long term.

Due to insufficient support, 28% of caregivers have reduced their work hours, 21% have reduced their workload, and 14% have changed jobs for more flexibility in the past year. The Council on Aging reported that employees lose up to \$3 trillion annually in wages and benefits due to their caregiving needs, while employers face \$17 billion to \$33 billion in losses due to related absenteeism and turnover.

These circumstances should drive policies that support caregiving through tax incentives, employer-sponsored benefits, job training, and immigration reform to expand the caregiver workforce.





Lack of federal legislative action has pushed important workplace issues to either federal regulatory or judicial bodies or to the states, leading to a patchwork of laws and compliance challenges for employers.

not been adequately updated to meet the needs of the modern workplace, and many of its provisions are now outdated, inflexible, or inadequate.

Any FLSA legislative update should address critical issues, such as increasing worker flexibility, defining worker classifications, and concisely outlining employment relationships. Congress must pass legislation that supports organizations to offer skills development, increase workplace flexibility, and develop talent pipelines. All of this would benefit employers, workers, and the economy.

The Family and Medical Leave Act (FMLA)

As the cornerstone of federal leave in the U.S., the FMLA provides eligible employees with up to 12 weeks of unpaid, job-protected leave. However, the FMLA's application in the modern world has become unclear due to the significant shifts in the paid and unpaid leave landscapes, federal accommodations, worker classifications, and the overall culture of work in the 32 years since it became law.

Federal legislation and regulatory updates should clarify employee and employer rights and responsibilities, better align the FMLA with other leave and accommodation laws, expand the scope of qualifying events and covered family members, and seek to reduce administrative burdens. The 119th Congress has a responsibility to revise the FMLA to meet the current and future needs of work, workers, and workplaces.

The Immigration and Nationality Act

This comprehensive U.S. immigration statute needs updating because the entire culture of work has shifted drastically since the last major amendment more than 30 years ago.

The workplace immigration system should stop hindering the ability of U.S. workplaces to remain competitive and thrive. The federal government should work in tandem with employers to address the needs and shortcomings of the workplace immigration system, including investing in the overall immigration infrastructure and streamlining the adjudication of work authorization documents.

The Trump administration is expected to emphasize domestic workforce development while expressing openness to merit-based immigration plans and work authorization (i.e., green cards) for noncitizens who have graduated from college. However, Trump will likely prioritize border security, and this green-card proposal would only apply to the most thoroughly vetted candidates.

Federal policymakers must collaborate to modernize the outdated immigration system and advance commonsense policies that remove arbitrary barriers, allowing U.S. companies to access educated and legally authorized workers.

Opportunity for 2025

SHRM's workplace advocacy recognizes the crucial role of all policymakers across the global, federal, state, local levels in shaping workplace policies, and it reflects our commitment to engaging at every stage and level of policymaking.

This year, federal policymakers have the opportunity to work together, display civility, and create policies that make for a better workplace.

As the new administration lays out its policy priorities and new leadership emerges in regulatory bodies and Congress, SHRM is committed to engaging with policymakers to help shape effective workplace policies. ■■





RISE OF THE HUMANS

**Creating a People-First
Strategy to Leverage
GenAI 2.0**

Microsoft UK's former chief envisioning officer lays out a human-centered approach for CHROs to integrate the next phase of generative AI. The goal: Elevate human work rather than replace it.

BY DAVE COPLIN

If you really want to scare someone about the kind of future our increasing reliance on technology will bring, you don't need to paint dystopian sci-fi pictures of an unending battle between humans and machines, robot uprisings, or AI Armageddon. You simply need to utter these six little words that strike fear into the hearts of even the most digitally engaged person: "unexpected item in the bagging area." Even typing it here sends shivers down my spine.

I find it amusing that a tool once hailed as a revolution in customer service is now being quietly phased out by the same retailers that heralded its introduction. Far from the utopian retail experience we were promised, these machines are, at best, awkward and obtuse. At their worst, they're maddeningly frustrating, leaving you running out of the store teary-eyed after spending 10 exasperating minutes playing bagging area Hokey Pokey.

I won't be sad to see self-checkouts go. But before they do, we need to recognize that they offer a crucial lesson we're going to need as we navigate a future filled with generative artificial intelligence (GenAI) and other transformational technologies. The self-checkout isn't just a flawed piece of technology, it's a symptom of a broader issue—technology being implemented to replace human experience rather than elevate it.

Unlike my self-checkout example, GenAI is a human-centered technology, and this is where HR's role becomes crucial. The real impact of AI isn't in the tools themselves, but in how we empower our workforce to leverage them for greater value. HR must lead this transformation by focusing on reskilling, fostering adaptability, and integrating GenAI in ways that elevate rather than replace human work. By doing so, HR can ensure that AI enhances the employee experience and strengthens their organization's core values.

Unlocking GenAI's Power: The Prime Opportunities

In all of the client work I do, it is becoming increasingly obvious to me that GenAI offers businesses immense value across four key areas—productivity, insight, innovation, and quality. With each of these areas, GenAI brings a dramatic shift in both the skills and mindset required to properly take advantage of them. Let's briefly look at each of these opportunities in detail before exploring the changes they will drive in the work our people do and the skills they will require to do it.

In a world empowered by GenAI, it is crucial that we resist the temptation to accept the algorithm's first answer as final. ... GenAI offers immense potential, but we'll need to cultivate a culture where people don't become overreliant on automated outputs.

The employees who thrive in this new environment ... are agile, resilient, and eager to learn. HR leaders have a crucial role in cultivating adaptability, resilience, and continuous learning, which are key qualities workforces will need to thrive in a future shaped by AI.

Productivity

Many in my industry believe that, thanks to GenAI, we will soon be able to automate up to 70% of the work we currently do. However, these productivity benefits will come with a price, which will center on what we choose to do with the time that is saved. I call this the opportunity cost of automation, and I remain convinced it will be one of the key measures by which any organization's future success will be judged. More on this later.

Insight and Discovery

Imagine if your employees could talk to the company's data to discover how to deliver more value in their roles. What if you could ask your own questions of the data to gain insight into how to grow the business? GenAI makes this possible today. And when you start to do this, you'll realize it's like having your own personal spotlight to illuminate the needle hidden in any haystack.

Innovation

GenAI enables nontechnical people to create solutions that will solve the business problems that they are uniquely placed to see. They can simply describe what they want to do—either by text or voice—and the AI can create solutions, analyze data, develop applications, or even generate code to solve business problems.

Quality

Curiously, one of the least mentioned benefits that will come from a business empowered by GenAI is how the technology can improve work quality. We are quick to think about all the ways this technology can replace human effort, but what sits alongside this is all the ways it can elevate and enhance human effort.

Navigating the Transformation: 4 Key Challenges

The real challenge we're going to face is not just adapting our businesses to these opportunities, but also doing it quickly enough to support every aspect of our operations, particularly our people. We are simply not prepared for the pace of this transformation, and HR teams need to drive the initiatives

that will build resilience, adaptability, and readiness within our workforce.

The four key areas of opportunity outlined here will require equivalent significant shifts in how we operate. And it's essential for HR to take the lead in ensuring our people are equipped with the skills, mindset, and environment needed to adapt, helping them thrive in this transformed work environment.

To better understand these shifts, let's dive into the challenges (and resulting opportunities) they present and explore how HR can take the lead in guiding the workforce through this transformation.

1. Taking the Robot Out of the Human

The current AI narrative too often slips into a dystopian story of humans versus machines, in which robots steal our jobs and algorithms take over the world. The truth is that the opportunity isn't to replace humans with robots but to take the robots out of the human—removing repetitive, monotonous tasks so we can focus on adding real value.

The people who will help us transition to this new world are those who can quickly identify tasks better suited to machines and let the machines take over. This mindset shift must be ongoing. We need to constantly ask, “What am I doing today that I shouldn't be doing tomorrow?”

The employees who thrive in this new environment are not bound by rigid processes or fixed skills. They are agile, resilient, and eager to learn. HR leaders have a crucial role in cultivating adaptability, resilience, and continuous learning, which are key qualities workforces will need to thrive in a future shaped by AI.

2. From a Knowledge Economy to a Wisdom Economy

Perhaps the biggest shift we've seen in organizations this past decade is the transition from a knowledge economy to a wisdom economy. It's no longer just about knowing facts, it's about making sense of information, applying perspective, and using judgment to create value. With the right skills, GenAI empowers people to learn new things quickly and apply them effectively, driving success in ways that were previously out of reach.

This balance between knowledge and wisdom will be an ongoing challenge for HR to lead, highlighting a “chicken

or egg” dilemma: We need talent with enough knowledge to know what is right or wrong, but not so much that they are unable to adapt to new ways of solving problems with these new tools.

I worry that many businesses are going to struggle to create a pipeline of talent when algorithms handle much of the foundational work. Who provides mentorship at junior levels when AI takes over these tasks? It will fall to HR to determine how to cultivate future talent as traditional pathways for skill development evolve.

3. Big Data's Big Secrets

An overused phrase in business says that data is the fuel of the future. As tired as this cliché may be, it remains important because it highlights that the data we use to train our algorithms is just as crucial as the algorithms themselves.

However, the problem is that data is generated by human beings (or at least specified by humans). And, as humans, we all suffer from conscious and unconscious biases that shape how we interpret and interact with the world around us. These biases inevitably find their way into the data, polluting the answers provided by the algorithms.

To fully realize the potential of these technologies, we must identify, eradicate, and prevent the propagation of bias in our algorithmic tools and the data that powers them. HR has a vital role to play here—not only in ensuring that diverse teams are in place to minimize bias, but also in leading proactive initiatives that foster an inclusive culture and establish practices that mitigate bias throughout the organization.

4. Accountability for Every Outcome

In a world empowered by GenAI, it is crucial that we resist the temptation to accept the algorithm's first answer as final. Instead, we need to apply due diligence, critical thinking, and even human intuition before deciding how to use that answer to determine the best course of action.

To illustrate this, do an image search for the word “Frankenstein.” You'll be greeted with dozens of images of Frankenstein's monster, not Dr. Frankenstein himself. Using a probabilistic determination based on flawed data, the algorithm gives an answer it thinks is correct, but human wisdom is required to reveal the inaccuracy.

Many businesses are going to struggle to create a pipeline of talent when algorithms handle much of the foundational work. Who provides mentorship at junior levels when AI takes over these tasks? It will fall to HR to determine how to cultivate future talent as traditional pathways for skill development evolve.

Case Study 1: Using Saved Hours to Deliver Human Value

It's amazing to have access to a technology that can automate so many complex tasks, but the true benefit of generative artificial intelligence (GenAI) may actually be found in how employees choose to spend the time that they save.

There are many examples of how automation can create meaningful change. One of my favorites comes from the health care industry. During my time at Microsoft, we worked with a hospital in the U.K. where an oncologist used machine learning—specifically, machine vision—to analyze MRI scans for brain tumors. A process that normally took around five hours per patient was reduced to just 30 minutes, and it was completed with greater accuracy than the human-powered equivalent.

However, the genius of this story lies not in the increased efficiency or accuracy of the technology, but in how the oncologist chose to use her saved time. Instead of processing more patients, she invested that time in delivering more value—spending additional time with her patients and offering support during a difficult moment.

This, to me, is the key lesson of GenAI: Our success will be defined not by how much we automate, but by how we choose to use the time saved to create greater value.

Now, imagine the same scenario with your customer data, budget forecasts, or employee engagement scores. The responsibility is the same: What steps will you take to ensure accountability and confidence in the answer before acting on it?

For HR leaders, this approach to accountability is going to be critical. GenAI offers immense potential, but we'll need to cultivate a culture where people don't become overreliant on automated outputs.

How HR Can Best Leverage GenAI 2.0

The opportunities presented by the second iteration of GenAI are not just immense—they are inescapable. Rather than addressing each change in isolation, success requires us to understand the broader transformation necessary for achieving the organization's goals and creating real value.

The shifts we've discussed make it imperative that HR executives lead this evolution by focusing on three foundational areas, which are crucial to fully leveraging the opportunities GenAI brings:

Transform Workflows by Embracing Saved Time

It's incredible to have access to a technology that can automate complex tasks, such as writing your job descriptions, screening candidates, and suggesting strategic responses to employee engagement surveys. But the real opportunity lies not in the automation, but in what you choose to do with the time saved. *[See example in Case Study 1.]*

For HR leaders, the key takeaway from examples like these is the importance of focusing on how automation can enhance, rather than replace, the human aspects of work. HR leaders must guide employees to use these newfound efficiencies to improve the quality of their interactions, support, and overall contributions to the organization.

Think Outside-In: Focus on Outcomes, Not Process

For decades, organizations have focused on efficiency as the key to managing costs and driving growth. But in doing so, they've often prioritized process over outcomes, valuing speed and cost reduction at the expense of real effectiveness. This fixation on efficiency has left us stuck in outdated ways of working—ways that may no longer make sense in the GenAI age.

The real opportunity now lies in effectiveness. Think outside-in, starting with the outcomes you want to achieve and working backward. For HR leaders, that means reimagining how to design work itself, focusing on what truly drives employee engagement, productivity, and growth. By shifting the focus from “How quickly and cheaply can we do it?” to “What is worth doing?” we can escape the legacy of processes designed for a different time.

Swedish furniture titan Ikea offers a compelling example of prioritizing “what is worth doing” over mere cost and speed. When Ikea automated its call centers, it faced the choice of whether to release those employees or find new roles for them within the organization. They chose the latter,

retraining thousands of former call center staff as in-store design advisors. By redeploying those employees to help customers plan and personalize their spaces, Ikea not only retained valuable workers but enhanced its in-store experience.

This decision reflects an outcome-centered mindset, showing that with AI, success isn't about cutting corners. Instead, it's about elevating human contributions to create more meaningful value for both customers and the business.

Create a Culture That Celebrates Change and Resilience

Throughout my 30 years of helping organizations prepare for the future of work enabled by new technologies, I've never faced more uncertainty than right now about the direction we might take. In the past, we would identify our strategic direction, define the tools to deliver it, and likely stay on the same path for years. Today, while we still need to set a strategic direction, rapid technological advancements can force a change in course within months, if not days—and then change again just as quickly.

To navigate this ever-shifting landscape, we must ensure the entire organization moves forward together. The organizations that thrive will be those that create a culture embracing behavioral change, equipping employees with the mental agility and psychological safety needed to be resilient and adaptable every day.

I've seen this type of shift to resiliency successfully play out in several organizations, including during my time at Microsoft. [See example in Case Study 2.]

HR as the Navigators of Transformation

Whether HR leaders are reskilling the workforce, fostering adaptability, or promoting accountability and inclusivity, they are at the forefront of GenAI's transformation of the workplace. The recurring theme is clear: We must use technology to elevate human capability rather than replace it. GenAI provides an unprecedented opportunity to enhance the human experience in the workplace, enabling our people to focus on creativity, empathy, and complex problem-solving while leaving repetitive tasks to technology.

This concept is what I call the "Rise of the Humans," and I firmly believe this is the only path that will lead us to our collective success.

In the future, I'm striving for us to not be held hostage by "unexpected items in the bagging area," because there will be no technological constraints that detract from the true value of human experiences. If we've done our job, technology will be woven seamlessly into our lives, elevating the human experience rather than replacing it with clunky, maddeningly unintuitive processes.

HR's role will be to ensure that technology becomes a tool for empowerment, not a barrier. This involves driving reskilling initiatives, creating a culture that values continuous learning, and ensuring that people remain accountable for their actions even as AI takes on more tasks. By fostering

Case Study 2: How Microsoft Inspired a Growth Mindset

The pace of change—in business and technology—is faster than ever. Organizations will set themselves up for success by embracing that change and encouraging their employees to change along with it. I've seen this happen firsthand. I was there at Microsoft when Satya Nadella stepped in as CEO, and the transformation he led was profound.

At that time, Microsoft was at a crossroads, shifting away from the Steve Ballmer sales-first approach, when we were increasingly struggling to compete with the likes of "newcomers" like Google, to Nadella's ambitious vision for the cloud and artificial intelligence. But what really struck me was how HR led the change that unified all of us under a shared purpose.

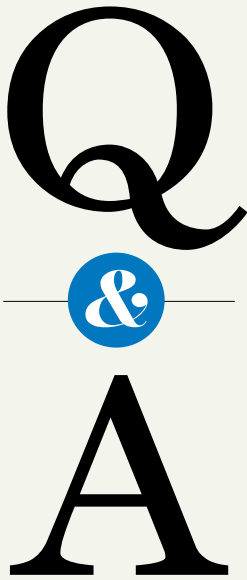
Through the growth mindset initiative, HR encouraged every employee to embrace challenges as learning opportunities, fostering a culture of resilience and openness that broke away from the rigid ways of the past.

This initiative didn't just align us with Nadella's vision, it gave us the adaptability and shared focus we needed to succeed. It was this cultural shift, championed by HR, that laid the foundation for Microsoft's resurgence and relevance in a rapidly evolving tech landscape.

an environment in which people are encouraged to grow and thrive alongside AI, HR can help create an organization where human potential is maximized, not marginalized. HR must be the cornerstone of ensuring that their organization's most crucial resource—its people—is empowered to adapt, grow, and continue delivering success in an ever-changing world. ■■



DAVE COPLIN has worked with or for the world's largest technology companies for over 30 years. Formerly Microsoft UK's chief envisioning officer, he now provides strategic advice to individuals and organizations on the adoption of transformational technology.



John Ferguson

is senior vice president and CHRO at NASCAR, where he provides strategic leadership to support employees across more than 20 offices and race-track locations. He previously served in senior HR roles at Monumental Sports & Entertainment and Hyatt. As part of the Strategic CHRO interview series on LinkedIn, Ferguson sat down with The ExCo Group CEO David Reimer and Managing Director Adam Bryant to discuss Ferguson’s career path and his outlook on leadership, culture, and hiring.



Shifting Gears: How NASCAR’s CHRO Manages the Accelerating Changes in Talent and Leadership

REIMER: What issues are top of mind for you as you look over the horizon?

FERGUSON: One is the shifting generational mix in the workforce today. We have Millennials, Gen X, Baby Boomers, and now, with Gen Z coming into the workplace, we have to change our perspective on what tenure means. We often talk in HR about wanting people to stay at our companies forever. But for Gen Z, that is not how they’re going to show up, and you started to see that with Millennials.

For example, Millennials are probably on the high end, and they may stay at a company longer than five years. But for Gen Z, they’re coming in for three to five years before they move on. So,

you have to look at your organization through the lens of what it means to people in this context. We want to be a great place to work, and we also want to be a great place to be from.

If we’re a great place to work while you’re here for several years, then we’ve helped you add to your toolkit. You helped us increase our competitive advantage and grow our revenue. At the same time, there may come a point when people are ready to try something different and move on.

That shouldn’t be seen as bad because if you are a great place to work, you should naturally be a great place to be from. That means we were able to be a springboard for your career. So, people leaving is not, by definition, a bad thing, because they also might come back later and provide additional value

because of what they’ve learned at other organizations.

BRYANT: The CHRO role has become so much more central to organizations in recent years, but



“Organizations often talk about their core principles, but the real test is whether you stay anchored to them when things get tense or do you drift away from them?”

the challenges you face have grown exponentially. What is it about your background or wiring that helps you navigate this difficult landscape?

FERGUSON: I learned the power of observation from a young age. It's a lesson that my mom taught me early on. I remember one moment when I was going to a really fancy dinner for the first time. There was all this silverware in front of me, and I wasn't sure what to do. She said, "Whenever you're in a situation and you're unfamiliar with the norms or traditions, sit back and observe. Look to your left, look to your right, and observe."

That's something I've carried with me throughout my career—the importance of sitting back and observing. Because there's always something to be learned when you're in a listening and open posture. That also teaches you the skill of how to read a room.

REIMER: Were you in leadership roles from a young age?

FERGUSON: I was always involved in student council, starting in elementary school. Quick story: I was the homeroom representative in second grade, but I didn't get that role in third grade. It was a popularity contest, and someone else won. But I was determined to still contribute in some way.

So, I asked myself: What if I could represent one of the classes that didn't have a representative? And that was our differently abled classmates. So, I went to the administrators and asked, "Could I represent them?" And they said, "Sure." So, I did that, and I would often visit their class and get their input or share updates with them. I just had a persistent desire to help others from a young age.

BRYANT: What is your framework for thinking about culture, especially given all the pressures on organizations from the world at large these days?

FERGUSON: It's important for organizations to really be mindful of their mission, their values, and what they are saying about their culture—and making sure those words are aligned with how they're showing up day to day. Organizations often talk about their core principles, but the real test is whether you stay anchored to them when things get tense or do you drift away from them?

If we said, "This is who we are," are we always showing up as we said we would? And if we're not, I'm going to always ask whether we should consider shifting our core principles. And that's OK, because people evolve and situations change. But let's make sure that we are describing accurately who we are today. There shouldn't be any contradictions.

REIMER: When you coach and mentor executives, what advice do you often share?

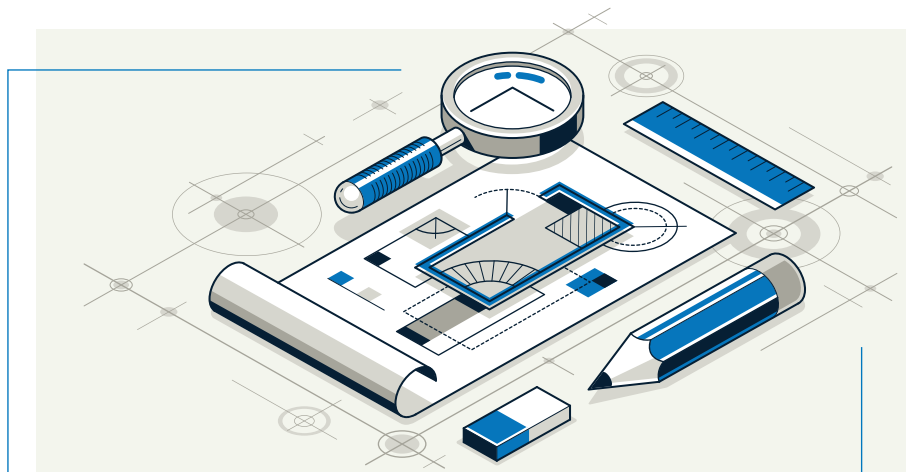
FERGUSON: When I look at the opportunities for most leadership teams, it's often the ability to be more authentic and transparent. Someone shared the metaphor with

me that people will often say in a meeting, "What's on the right hand?" And then he would ask people, "OK, what is the left hand saying?" Those are the kinds of things that are often said after the meeting, but it could possibly be the solution we need.

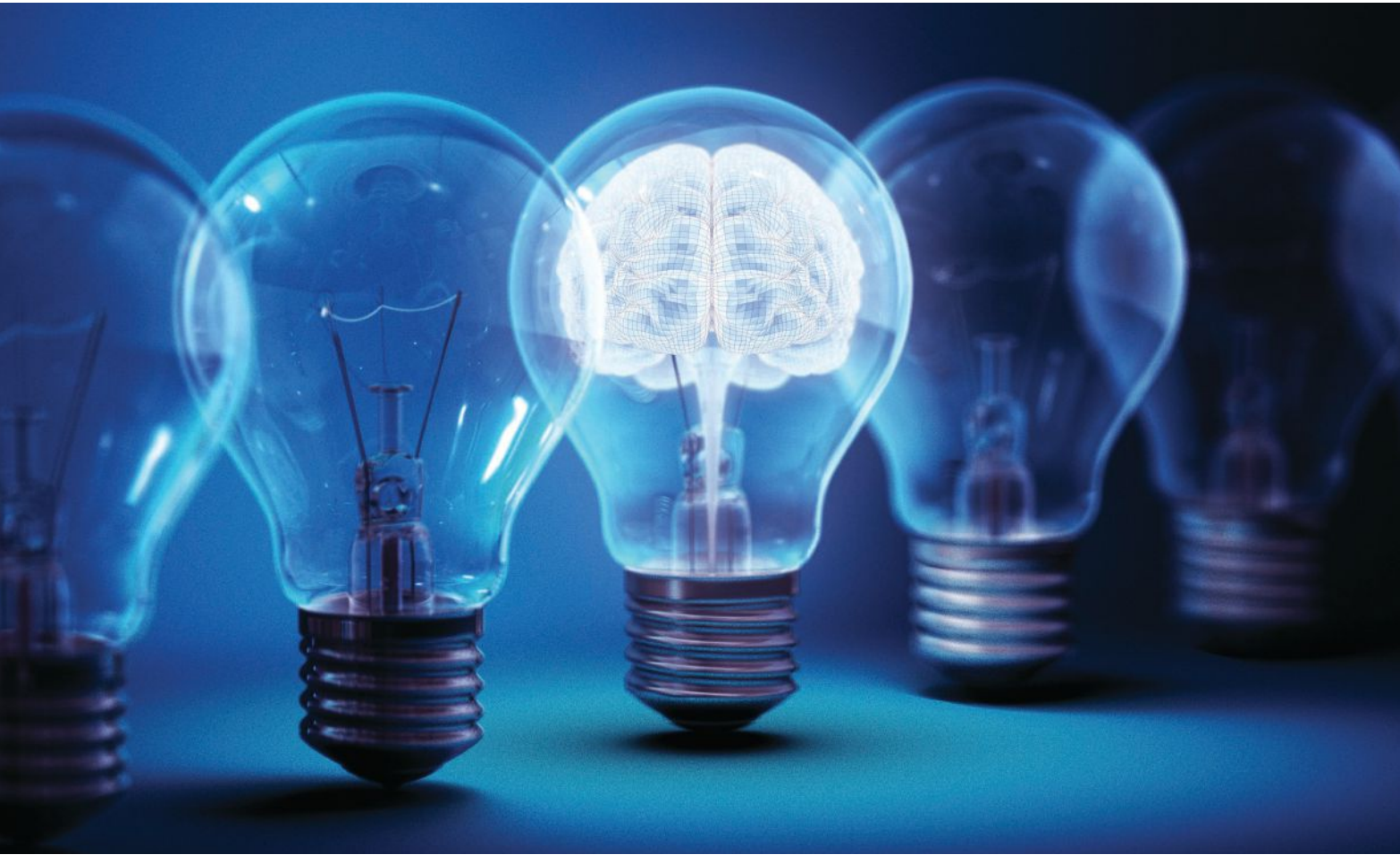
So, I try to figure out ways in which I can tap into that "left hand," because that's often where the root causes and solutions are. Sometimes, people don't want to be the one to speak up, even though everyone might have a similar gut reaction to something. So, I've taken the approach of trying to be strategic and managing one-on-ones with my peers to understand what's important to them. I often give that same advice to others.

BRYANT: How do you hire? What are your best job interview questions?

FERGUSON: One is: Tell me something about you that's not on your resume. I also like to ask people what wakes them up in the morning. I want to understand their "North Star"—what motivates them and gets them excited about the day. ■■



"We have to change our perspective on what tenure means. ... We want to be a great place to work, and we also want to be a great place to be from."



The Innovator's Advantage: How to Unlock Employees' Entrepreneurial Spirit

BY JEFF DYER, ALYSSA LIANG, MARKUS BAER, ZACHARIAH RODGERS, AND BRAD WINN

In today's fast-paced business environment, organizations need entrepreneurial employees who challenge the status quo and take the initiative to drive innovation.

So why do entrepreneurial employees often find themselves overlooked or even penalized for challenging the status quo? More importantly, how can executives and HR leaders create envi-

ronments where entrepreneurial spirit is not only encouraged but also protected and nurtured?

Disruptive but Essential

Let us begin by addressing the first question. While many organizations proudly emphasize innovation and entrepreneurship in their mission statements, the reality is that the very act of doing

something new can often trigger feelings of instability and uncertainty. Indeed, research shows that entrepreneurial employees are frequently perceived as difficult, antisocial rule breakers.

This perception of entrepreneurial employees as being disruptive or refusing to conform contradicts the expectations of many corporate environments, which tend to favor cautious, predictable, and



Being associated with a successful internal project or venture may be the one thing that can help employees stand out from the crowd.

rule-following leaders. Given this reality, those with entrepreneurial drive may feel compelled to hide their talents or pursue their ideas independently.

However, here is an interesting twist: An academic study (conducted by this article's authors) of approximately 650 employees at Fortune 500 companies, *The Career Benefits of Entrepreneurial Behaviors for Employees*, found that people who demonstrated entrepreneurial behaviors—including questioning, observing, networking, and experimenting—and successfully launched internal ventures were more likely to receive promotions. And, in larger companies, they were also more likely to receive higher pay.

What set these entrepreneurial employees apart was their ability to not only generate innovative ideas but also transform those ideas into tangible business ventures on behalf of their organizations. By doing so, they sent a compelling signal about their leadership potential to their supervisors. This is because initiating new ventures requires a higher level of commitment, competence, and strategic thinking than merely having a novel idea.

Shantanu Narayan, CEO of Adobe, articulated this viewpoint during an interview we conducted with him:

“There is an element of entrepreneurship that is absolutely key to leadership success. ... I think all of the great products we've developed as being characterized by somebody who is incredibly passionate about that idea. ... You have to learn how to deal with uncertainty. You have to recruit talent to

your team. You have to solve hard problems. I'm not saying that being a corporate entrepreneur is a necessary condition for success at Adobe. But it is extremely valuable.”

To further test this argument, we conducted a controlled experiment. We invited 186 individuals with extensive experience in personnel management (and an average of 17.6 years of work experience) to decide which of two candidates to promote. The candidates were identical in every dimension, with one exception: One candidate had initiated an internal project or venture. The results corroborated our hypothesis: Employees with experience in corporate venture creation were perceived to possess significantly greater leadership potential than those without such experience, leading to a much higher likelihood of promotion.

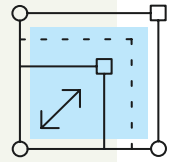
For employees, the implication of our research is clear: Be the founder of something, whether it is a new project or a new venture. At innovative companies such as Amazon, helping to create a new venture can fast-track your success.

When Amazon CEO Andy Jassy was head of Amazon Web Services, he helped lead the initial team that explored the web services opportunity and developed Amazon's “working backwards” process. In similar fashion, Charlie Ward, now a vice president of technology at Amazon, offered the initial suggestion for Amazon Prime when he was still an engineer. Being associated with a successful internal project or venture may be the one thing that can help employees stand out from the crowd.

Do Innovative People Make the Best Leaders?

Our research findings carry two important implications for top management teams and HR leaders.

First, they present an effective method for identifying leadership potential within organizations. Predicting an employee's ability to succeed as a future leader sometimes feels like a low-probability game of chance. Managers and HR professionals often rely on past-



WHEN IT COMES TO ENCOURAGING INNOVATION, ORG SIZE MATTERS

The benefits of corporate entrepreneurship don't play out the same way in all companies. In larger organizations, where it's easy for employees' day-to-day activities to go unnoticed, the impact of new venture creation is even more pronounced. It's a way for high-potential employees to raise their hands and say, “Notice me—I'm ready to lead.”

Smaller organizations, where everyone's contributions are more visible, may see fewer direct financial rewards from internal ventures. Instead, promotions may be the outcome because smaller companies often reward success with career growth rather than hefty bonuses.

HR leaders need to understand how organizational size influences the signaling power of new venture creation. In large corporations, the focus should be on making these entrepreneurial achievements as visible as possible. In smaller companies, tying promotions directly to entrepreneurial activities can provide the incentive employees need to take risks and innovate.

performance to predict future leadership effectiveness. Yet, in a study of nearly 2,000 employees who were identified as having high potential based on typical metrics of past performance (i.e., being in the top 5% of performers), nearly 50% of those people were rated below average in leadership effectiveness based on feedback reports (Zenger and Folkman, 2017).



By giving employees a clear process for translating their entrepreneurial efforts into concrete projects, HR can promote a culture where innovation and venture creation are both encouraged and achievable.

According to the study, general measures of past performance are not sufficient to predict future leadership success. This underscores the fact that past job performance may not always serve as a reliable indicator of underlying leadership qualities.

Our research offered an alternative to relying solely on historical performance metrics. HR leaders can enhance their promotion screening processes by considering candidates' experience in corporate entrepreneurship. Employees who successfully launch internal ventures demonstrate their value in ways that extend beyond conventional performance metrics, showcasing their initiative, vision, and leadership capabilities that are crucial for shaping the company's future.

Second, our research indicated that merely paying lip service to innovation and entrepreneurship is not enough. To truly harness the talents of entrepreneurial employees, organizations must create a supportive ecosystem that not only encourages innovation but also empowers employees to take ownership of their ideas and see them through to fruition.

Such an environment will benefit both entrepreneurial employees by advancing their careers and the organizations themselves by giving them a competitive edge and long-term sustainability.

6 Ways to Build a Pipeline of Innovation

Given the impact of innovation skills on career success, how can HR leaders take full advantage of corporate entrepreneurship to build a high-octane talent pipeline? Here is your playbook:

1

Train for Entrepreneurial Behaviors

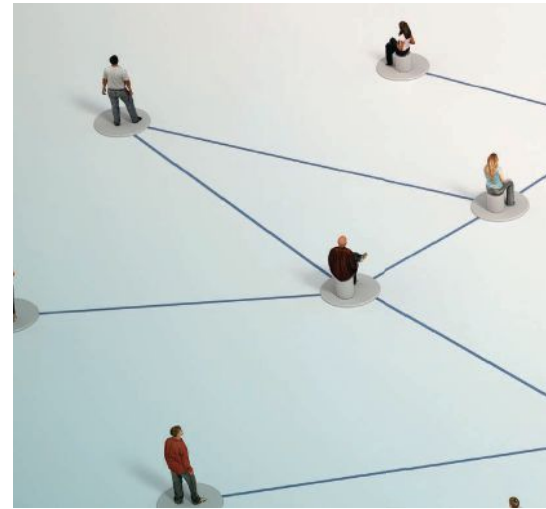
Innovation is not just a random spark of genius, it is a skill that can be developed. In the bestselling book, *The Innovator's DNA: Mastering the Five Skills of Disruptive Innovators* (Harvard Business Review Press, 2011), Jeff Dyer, Hal Gregersen, and Clayton M. Christensen identified key skills that distinguish innovative entrepreneurs and executives from ordinary managers. Building on their work, HR leaders can implement programs designed to teach employees these entrepreneurial skills: questioning, observing, networking, and experimenting.

Training programs that focus on developing and encouraging these behaviors help build a foundation for internal innovation and empower employees to take ownership of their ideas.

2

Create a Framework for Internal Venture Creation

HR should establish formal mechanisms for employees to pitch, develop, and implement new ventures. For example, Amazon has its well-known "working backwards" process, while Nike has a dedicated space known as the "Innovation Kitchen," where teams are encour-



aged to experiment and develop new products and technologies.

By giving employees a clear process for translating their entrepreneurial efforts into concrete projects, HR can promote a culture where innovation and venture creation are both encouraged and achievable.

3

Recognize and Reward Internal Entrepreneurship

To reinforce the value of entrepreneurial efforts, HR must design recognition and reward systems that align with new venture creation. These should go beyond financial incentives and spotlight successful intrapreneurs through internal communications, provide them with additional professional development opportunities, and fast-track them for promotions.

For instance, Intuit has an Innovation Catalyst program that trains employees to become champions of innovation within their teams. Employees who successfully



"There is an element of entrepreneurship that is absolutely key to leadership success. ... I'm not saying that being a corporate entrepreneur is a necessary condition for success at Adobe. But it is extremely valuable."

—SHANTANU NARAYEN, CEO OF ADOBE



implement innovative ideas receive formal recognition, such as the Scott Cook Innovation Award (named for Intuit’s co-founder) or opportunities for career advancement. This approach not only incentivizes employees to pursue entrepreneurial activities but also signals to the entire organization that innovation is a valued pathway to leadership.

4

Champion Cross-Functional Networking

One of the most critical components of entrepreneurial success is the ability to build diverse networks. HR can facilitate cross-functional networking by organizing workshops, networking events, and collaboration platforms to focus on innovation.

For instance, Deloitte’s Greenhouse locations invite clients and their teams to participate in workshops, bringing together stakeholders from various functions to address specific challenges. By connecting employees with peers from different departments, industries, and external experts, HR creates a fertile environment for idea exchange and innovation.

5

Differentiate Talent Management in Large Organizations

In large companies, where the sheer scale can make it difficult for managers to observe individual contributions, HR can use new venture creation as a key

indicator of leadership potential.

By tracking employees who successfully initiate and manage new projects and ventures, HR leaders can more accurately identify high-potential candidates for leadership roles. This is particularly important given that traditional performance metrics may not fully capture an employee’s capacity for strategic thinking and risk management.

6

Address the Negative Image and Risks

It is equally important to acknowledge the risks and potential downsides faced by entrepreneurial employees.

Those who challenge established norms or experiment with new ideas may sometimes be seen as rebels, nonconformists, rule breakers, or uncoachable players. HR must take a proactive role in mitigating these perceptions by educating managers about the value of entrepreneurial activity and establishing policies that support constructive feedback and failure as an important part of being a learning organization.

Build a Culture That Fuels and Supports Innovation

Our findings provide an important road map for how executives can leverage corporate entrepreneurship to drive both company growth and employee career success. Encouraging employees to engage in entrepreneurial behaviors,

such as questioning, observing, networking, and experimenting, is crucial. However, to fully realize the benefits of these activities, leaders must provide structures that allow employees to turn their innovative thinking into actionable projects, new programs, or internal corporate ventures

Moreover, leaders should recognize that the signaling effect of new venture creation can be especially powerful in larger organizations, where it can serve as a key indicator of an employee’s leadership potential.

In essence, corporate entrepreneurship is not just about driving new business growth, it’s about building a dynamic workforce equipped to navigate and lead in a rapidly evolving marketplace. By nurturing a culture that values entrepreneurial behaviors and supports and even rewards new venture creation, executives can position their organizations for sustained innovation and their employees for long-term career success. This is likely to pay off, especially in the long term, as employees are less likely to leave to start their own ventures. ■■



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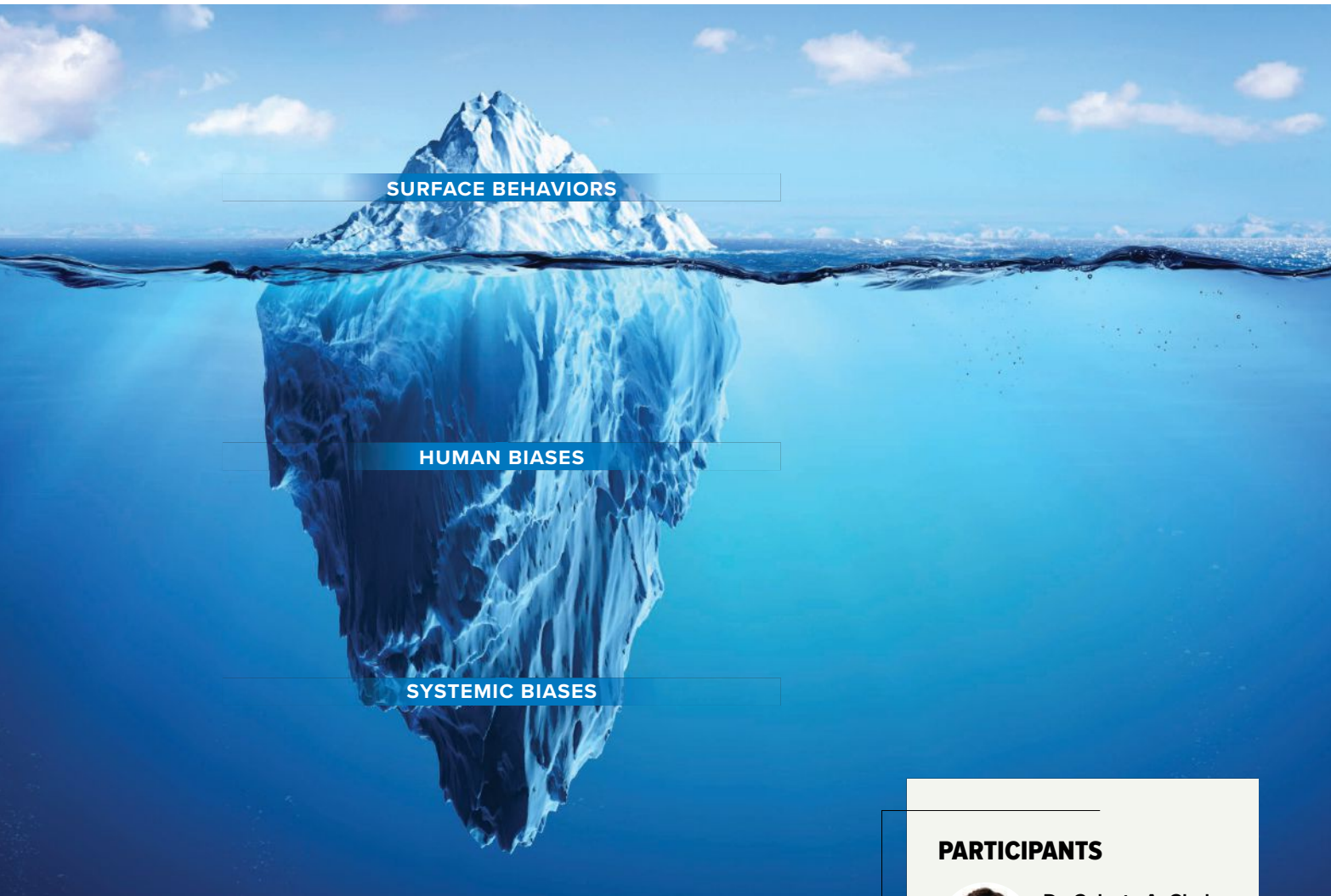
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Micro-Moments: Unmasking Bias at Work

As executives and board members, we've all been guilty of overlooking micro-moments at work that are rooted in unconscious bias. These moments may seem small when looked at as one-offs, but their frequency and normalcy can create potential landmines. Dawn Zier joined two experienced board members to discuss why and how leaders should be intentional in stopping such behavior in its tracks.

PARTICIPANTS



Dr. Celeste A. Clark, board member at Wells Fargo, Hain Celestial Group, Prestige Consumer Healthcare, and Darling Ingredients

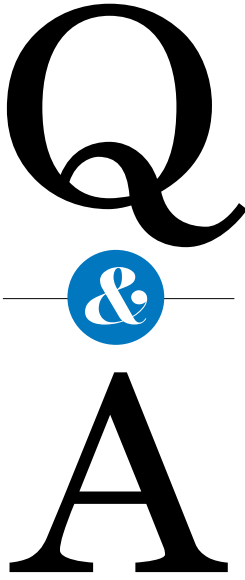


Lori Tauber Marcus, board member at Fresh Del Monte Produce, 24 Hour Fitness, and Primo Water Corporation

MODERATOR



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



DAWN ZIER: Lori, in the book you co-authored, *You Should Smile More* (City Point Press, 2022), you share that microaggressions are much more prevalent than one might think. They happen at all levels of corporate America, including the boardroom. Can you elaborate?

LORI TAUBER MARCUS: We've all been guilty of committing these microaggressions and micro-moments. For the most part, we're unaware that we're doing them, as they're part of our unconscious bias. They're small things, seemingly inconsequential, but they add up. In our book, we shed light on some of the more common microaggressions that we have all witnessed and how to address them.

For example, "Who's the new girl?" The notion of calling women "girls" in the workplace reduces them. You would never say, "Oh, we just hired a new boy out of Yale." Yet, we hear women referred to as girls all the time. No one's waking up in the morning saying, "I'm going to hold women back at work by calling them 'girls.'" It's unintentional, but language matters.

Another one of my favorites, which is actually the title of our book, is, "You should smile more." I've seen

comments like these end up in women's performance appraisals. I've also heard the other side: "You should smile less." This goes hand in hand with comments along the lines of "She's too emotional" or "She's too sensitive." Marry these up with the cousin of those comments like, "He's a great guy." All these statements are nonspecific, lazy language. But the implication is understood. Overly generalized comments create a headwind in one case and a tailwind in the other.

Here's an example we've all observed in the boardroom. We call it "Great idea, Greg." Let's say Tammy makes a point during the meeting and the conversation quickly moves on. A couple of minutes later, Greg says a version of the same idea. Everyone jumps on it and says, "Great idea, Greg!"

No one is actively planning to talk over Tammy's idea and give credit to Greg, but it happens all the time. We encourage anyone that observes these micro-moments to politely acknowledge Tammy and bring her back into the conversation.

Then there's "Dad of the Year." In this case, Susie has to leave work early to take her kids to the doctor, resulting in her missing an important meeting. The unspoken question is: Can she juggle motherhood and her career? But when a father leaves early to take the kids to the doctor, he's viewed as Dad of the Year.

In all these examples, we're talking about well-intentioned people of all genders. But you can see unconscious gender bias woven throughout all of these scenarios.

DR. CELESTE A. CLARK: I think it's so important to acknowledge that microaggressions are not just gender-related. We often see micro-moments tied to race, ethnicity, sexual orientation, and physical appearance.

ZIER: I agree. As the CEO of a weight loss company, I tried to bring awareness to the negative bias that overweight and obese people face. I once had a CHRO of a large company tell me that if two equally qualified people were applying for the same

job, he would hire the thinner candidate. I also have heard snickered comments about what receptionists should and should not look like. And perhaps there is no better example than the requirements that flight attendants had to adhere to, including weekly weigh-ins. Thankfully, that's a thing of the past.

CLARK: One of my least favorite microaggressions is "The Training Wheels." This is when you get promoted into a role, but instead of getting full responsibility for the role, you have to crawl before you walk. It's only after you demonstrate you can crawl that you get a bit more leeway until you earn the right to full accountability. I've observed that this spoon-feeding of responsibility happens more to women. The intent is to help set the individual up to succeed as opposed to fail. But in doing so, our credentials that clearly state we're able to do that role are undermined.

Then there's the "Outside-Inside Syndrome." This is where you have the role as the title, but information is withheld from you as part of that



"The language of the boardroom is male. It is concise, unflowery, and spoken in bullet points. It is also highly effective.

This is a lesson every woman should embrace as an executive or as a director. ... People hear you better when you speak with brevity and in sound bites."

—DAWN ZIER

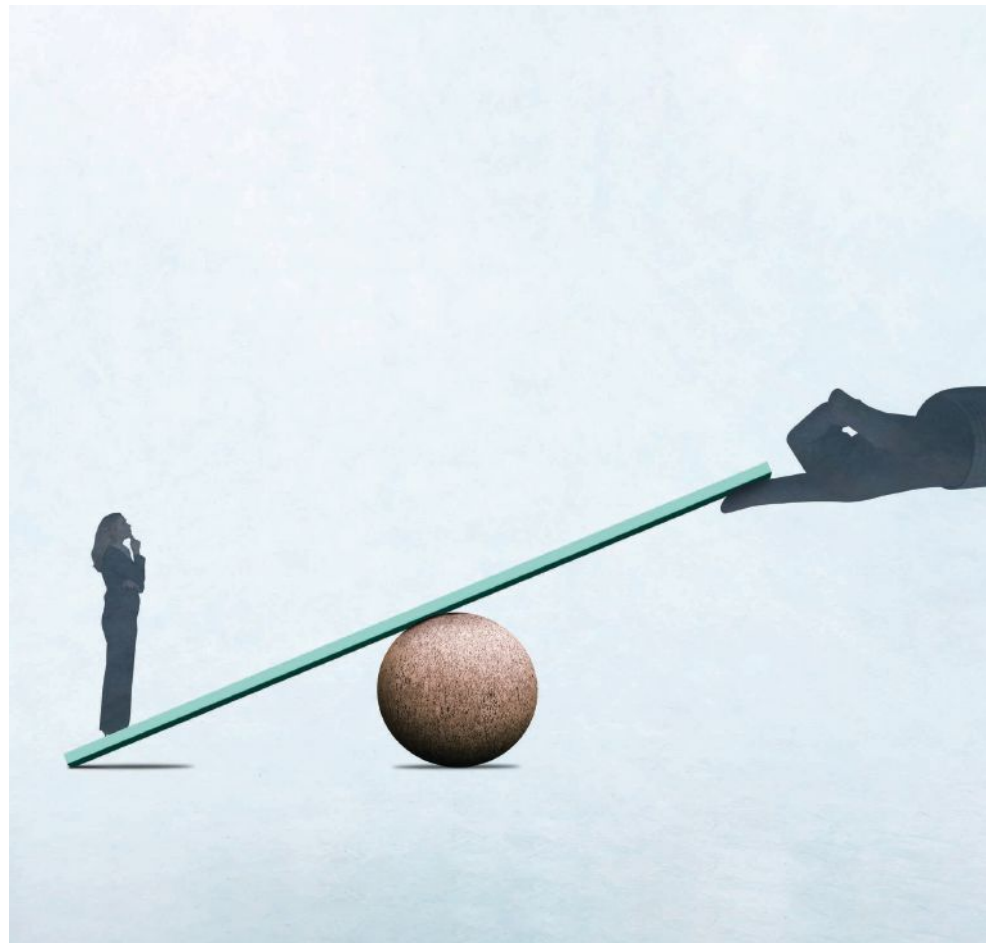


position. This results in it taking you longer to get your sea legs because you have to learn the inside baseball. This is an overt microaggression.

A similar example is “The Work-Around.” This happens when you are in a position of authority, but you have subordinates or colleagues that—instead of trusting your agency for a decision—will go around you to get opinions from other people on what they think should happen.

ZIER: I’ve personally experienced the two scenarios you just outlined. It happened when I got placed in a role that the person who now was reporting to me thought he should have gotten. He actually told his team not to give me any information that I asked for and also told them not to meet with me. That created a very awkward situation for all involved. He also often went around me, going directly to the CEO for decisions that really were mine to make. CEOs should not tolerate this type of behavior, as it can undermine productivity and create cultural distress.

Another example a colleague shared with me that created an unintended micro-moment was “The Golf Outing.” This was a team-building activity for the executive leadership team, which was largely [composed] of men who golfed and women who did not. Feedback after the event was mixed. Instead of bonding as equals, some of the female leaders felt they were unintentionally put in a subordinate position as the men took on the role of instructors. We have to carefully think about the impact on all when it comes to activities that could be viewed as gendered. Imagine the reaction if a female CEO



took her predominantly male leadership team out for a spa day consisting of manis, facials, and massages.

One of the most head-scratching micro-moments I experienced was when I was at a CEO leadership summit. It started out as a very positive, feel-good experience of people standing up and thanking someone else in the room for something positive they had done. It quickly took a weird turn toward the end when the CEO asked all the women in the room to stand up. He proceeded

to thank us for all our hard work and impact, acknowledging that we as females had a lot to juggle on both the professional and home fronts. The men all clapped for us, and we just stood there in shock. Well intended, perhaps, but tone-deaf.

MARCUS: Again, what we observe in this example is positive intent but how it lands really matters. Impact trumps intent. I can imagine that the CEO thought he was being gracious and



“It’s important for the CEO to set up opportunities, both formal and informal, for the board to engage with employees, especially at levels immediately below the C-suite. I call this ‘kicking the tires’ to get a real sense of the corporate culture.”

—DR. CELESTE A. CLARK



inclusive, but the result was what we call “othering.” Instead of making the women feel like they were part of the group, it separated them out as others.

ZIER: One of my frustrations is the disservice that I often see women doing to themselves. Sometimes, it’s rooted in mindset differences. Sometimes, it’s how we present ourselves. And often, it’s a failure to leap. What have you observed?

MARCUS: Women apply for 20% fewer jobs than men do. As women, we likely have all experienced bouts of imposter syndrome. We question whether we are truly qualified and ready when an opportunity presents itself. We analyze and are self-critical. We don’t apply unless we can check most of the boxes.

Men come at it from a different angle. They often consider themselves ready for a role if they fulfill 50% of the qualifications and assume they’ll learn the rest on the job. There’s a chapter in our book where we tell women to “Be Like Bill.” Jump right in and figure it out as you go. You do not need to know everything on day one.

CLARK: I think it’s also important to note that there is often an unhealthy competitiveness between women. We don’t always support and lift each other up. It’s interesting that when you ask women who their mentors are, very few have female mentors or sponsors. In this day and age, that’s really sad. There should be a sense of pride that a female is in an authority position to mentor and an acknowledgment that our mentoring came from someone who worked extremely hard to get this role and knows the importance of reaching back to help others.

ZIER: The language of the boardroom is male. It is concise, unflowery, and spoken in bullet points. It is also highly effective. This is a lesson every woman should embrace as an executive or as a director.

Early on in my CEO tenure, my coach told me that I had a lot of words



THE NAME GAME: SUBTLE FORMS OF UNCONSCIOUS BIAS

Definitions of some workplace microaggressions cited in this article:

THE TRAINING WHEELS: When a qualified person (often a woman) gets promoted into a role but has to demonstrate additional competency before being given full responsibility.

THE WORK-AROUND: When a person is put in a position of authority, but subordinates or colleagues go around them instead of trusting their decisions.

“GREAT IDEA, GREG”: When an employee (often a woman) makes a point in a meeting and then, a couple minutes later, a colleague (usually a man) says a version of the same idea and hears a hearty, “Great idea, Greg!”

OUTSIDE-INSIDE SYNDROME: When a person has the job title, but information is withheld from them as part of that position, forcing them to spend time playing office politics.

DAD OF THE YEAR: When a woman gets side glances for leaving work early to take her child to the doctor, but a man is viewed as Dad of the Year for taking time to handle child-related issues.

THE GOLF OUTING: When team-building activities favor one group over the other. These events often put men in the role of instructors and women in the role of subordinates.

OTHERING: When one group is called out and made to feel separated from the rest.

EXCUSING THE BRILLIANT JERK: When excuses are made for someone who exhibits toxic behavior and erodes the organization’s culture because that person delivers strong results.

that I needed to get out. He would say, “Why does it take you a hundred words just to tell me the sky is blue?”

Being concise and to the point was something that I practiced until

I mastered it. No one wants someone filibustering in the boardroom. Time is precious. People hear you better when you speak with brevity and in sound bites.



IS YOUR ORGANIZATION STRUGGLING TO FIND THE RIGHT CANDIDATES?

Over 90% of HR professionals say that skills-first strategies are valuable for employee development, yet candidates with a degree are still twice as likely to be deemed “highly qualified” as those without one.*

Don't miss SHRM Talent 2025, the perfect opportunity to bridge the gap between agreement and action on skills-first talent development. Hear from industry experts and gain the knowledge, tech insights, and support your organization needs to more effectively evaluate a person's ability to thrive in a job.

*Source: SHRM Foundation, *Making the Case for Skills-First Hiring*, 2023.



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“As goes the CEO, so goes the culture. When you bring in a new CEO or you’re looking at succession planning, you have to look at things beyond performance. You need to look for red flags, such as Glassdoor ratings, above-average employee turnover, and a performance-at-all-cost mentality. ... If you just look at the ‘what’ and overlook the ‘how,’ don’t be surprised when the culture takes a turn.”

—LORI TAUBER MARCUS



ZIER: One of our roles as directors is to provide oversight to help prevent the company from becoming an unwanted headline in *The Wall Street Journal*. What do you think your role as a director is for ensuring that microaggression is not impacting the overall culture of the company?

CLARK: Every board needs to give attention and focus to the culture of the organization. The amount of time that boards spend on this has increased since the pandemic. Directors should be looking at culture surveys and pulse-check surveys, studying patterns, and [examining] positive and negative shifts.

It’s important for the CEO to set up opportunities, both formal and informal, for the board to engage with employees, especially at levels immediately below the C-suite. I call this “kicking the tires” to get a real sense of the corporate culture. Finally, directors should be asking probing questions around behaviors and gaps when the CEO talks through their talent review and succession plans with the compensation committee or full board.

MARCUS: The most important thing a board does is to hire and fire the CEO. As goes the CEO, so goes the culture. When you bring in a new CEO or you’re looking at succession planning, you have to look at things beyond performance. You need to look for red flags, such as Glassdoor ratings, above-average employee turnover, and a performance-at-all-cost mentality.

When reference checking, don’t forget to get input from individuals that worked for them, along with peers. If you just look at the “what” and overlook the “how,” don’t be surprised when the culture takes a turn a number of years down the road.

I also sit on compensation committees, and I make sure that we look at pay equity studies and not just intentions around pay.

ZIER: Going back to your point, Lori, of looking beyond performance, I’ve too often witnessed CEOs and C-suite executives giving unacceptable latitude to those high-performers that always deliver results but at a steep cost to culture. I call this “excusing the brilliant jerk.” Usually, this is someone the leader strongly relies on. And while acknowledging that there is collateral damage that often appears in the form of HR complaints or higher turnover, the leader is reluctant to make a personnel change, believing the individual is indispensable and “fixable.”

As a director, I have no tolerance for excusing any form of toxic behavior due to the corporate risks it creates, the negative impact on team productivity and culture, and the credibility hit it brings to those leaders who fail to act.

ZIER: Over the last five years, inclusion and diversity has been an initiative, to varying degrees, on almost every company’s agenda. Now, we are seeing some pushback. Do you think these initiatives are about to take a step backwards?

MARCUS: When I read about companies that are walking away from diversity initiatives, I wonder if they ever really understood the value of them in the first place. These were the companies that added chief diversity officers just because it was in vogue, but they failed to put in place clear mandates that tied directly back to a business rationale. If we look at the performance of a lot of these companies, it’s unlikely that they’re top-tier.

This is also why culture matters. Culture and diversity initiatives are not about trying to make people feel better. Diversity of thought driven by different backgrounds and experiences results in teams that challenge each other to think differently and do more. From a business mindset, culture matters, because when employees are more engaged and feel valued, the company performs better. At the end of the day, it’s quite capitalistic.

CLARK: Diversity and inclusion simply make good business sense. It is not a flavor of the month nor the year. These should be fundamental principles that create a learning and productive work environment where employees are engaged and deliver results. I suspect that given the recent Supreme Court ruling, companies that are truly committed will not retract from their commitment. Rather, what is likely to change is the narrative and the way we talk about the issue.

My hope is that these programs will not only remain intact, but that companies will lean in and be diligent about making sure we have environments where all people feel they belong, can contribute, and can bring their whole selves to work. ■■

From Alignment to Integration

Perspectives on HR Strategy from Executives and Workers

Having a clearly defined HR strategy is essential for aligning your HR activities with your organization’s overall goals to enhance employee performance and drive business success.

To assess the current state of HR strategy—and its organizational impact—SHRM Thought Leadership surveyed 830 U.S. workers in non-HR fields, 320 HR executives, and 64 non-HR executives in October 2024. The research explored the alignment and integration of HR strategy within the business, the importance of full integration for profitability, and the challenges that employers face.

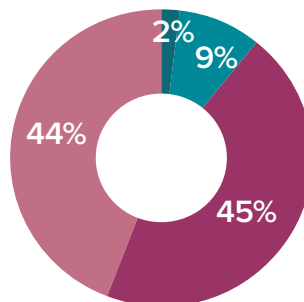


IS HR STRATEGY ALIGNED WITH OVERALL BUSINESS GOALS?

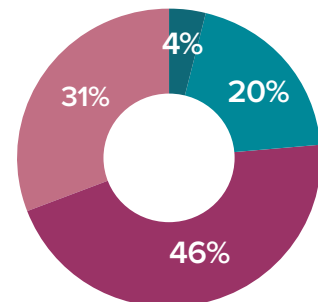
A majority of both HR and non-HR executives agreed that the HR strategy at their organization is either “mostly” or “completely” aligned with their organization’s overall business goals. However, non-HR executives were more likely to report the strategy as being “completely aligned.” This may reflect HR executives’ more critical self-assessment or a less nuanced understanding of HR strategy among non-HR leaders.

To what extent do you believe your HR strategy is aligned with your organization’s overall business goals?

Non-HR executives



HR executives

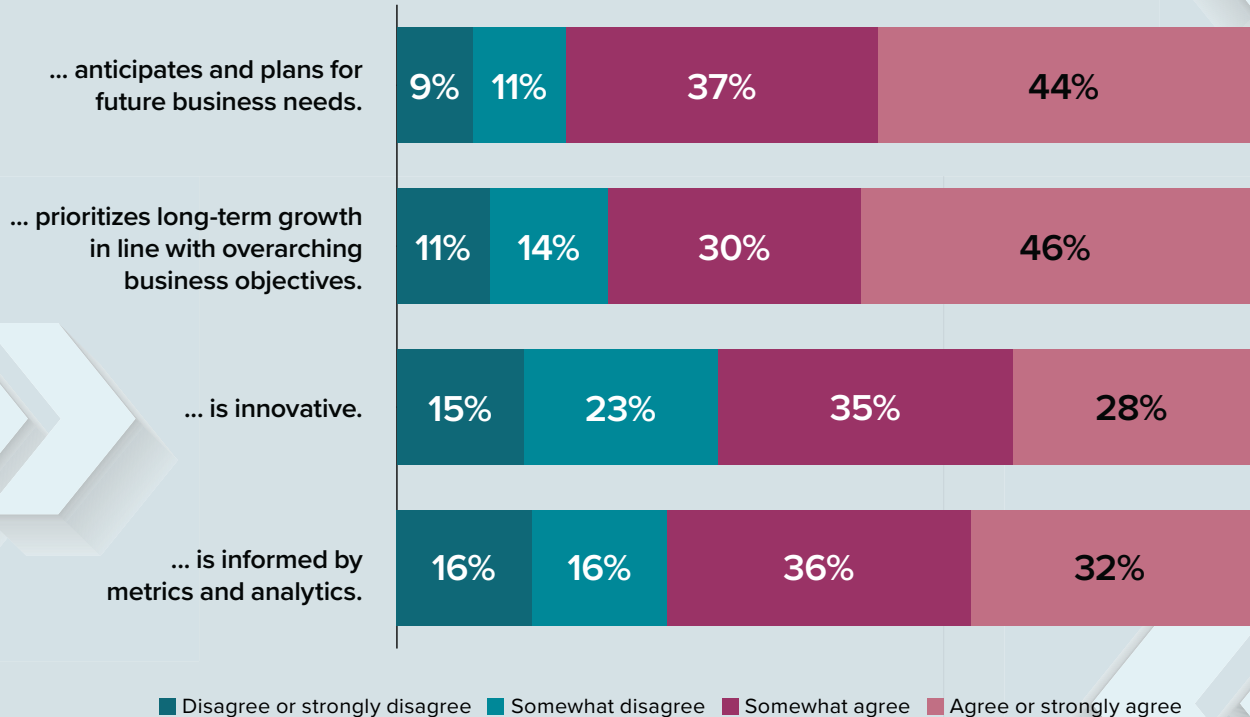


■ Not aligned ■ Somewhat aligned ■ Mostly aligned ■ Completely aligned

WHAT IS THE STATE OF HR STRATEGY?

When HR executives were asked to define their HR strategy, they were more likely to describe it as forward-thinking and growth-focused. However, more than one-third of HR executives don't believe their HR strategy is innovative, and nearly 1 in 3 said their strategy is not informed by metrics or analytics.

My organization's current HR strategy ...



DOES YOUR HR STRATEGY GO BEYOND ALIGNMENT TO INTEGRATION?

A fully integrated HR strategy goes beyond alignment. Alignment ensures that HR initiatives are connected to overall business goals; integration refers to a cohesive approach in which all HR functions are interconnected and seamlessly embedded into the organization's broader business strategy and operations.

Fewer than 1 in 5 HR executives

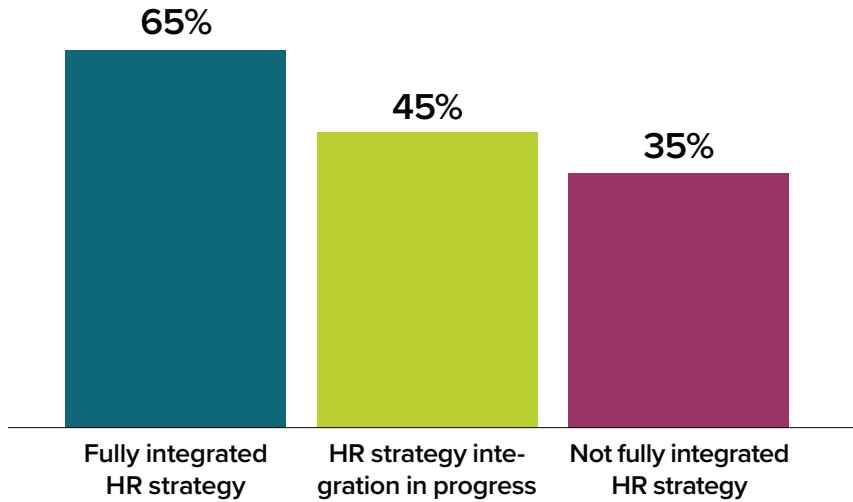
18%

reported having a fully integrated HR strategy in their organization.

IS A FULLY INTEGRATED HR STRATEGY ESSENTIAL FOR BUSINESS SUCCESS?

HR executives with a fully integrated HR strategy were more likely to anticipate profit growth at their organization over the next six months.

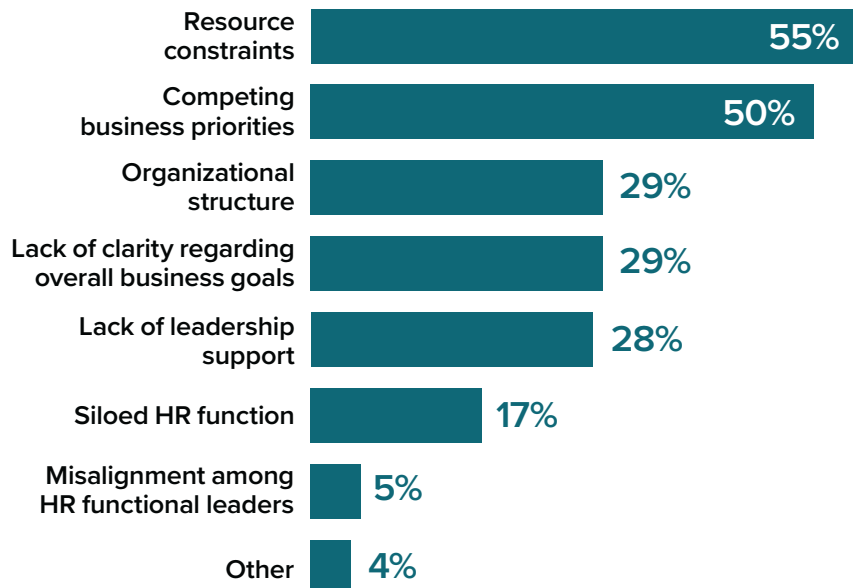
Percent of HR executives anticipating profit growth in the next six months.



WHAT BARRIERS PREVENT A FULLY INTEGRATED HR STRATEGY?

HR executives said that resource constraints and competing business priorities are the top hurdles they face in creating a fully integrated HR strategy.

What barriers, if any, limit your ability to develop a fully integrated HR strategy?



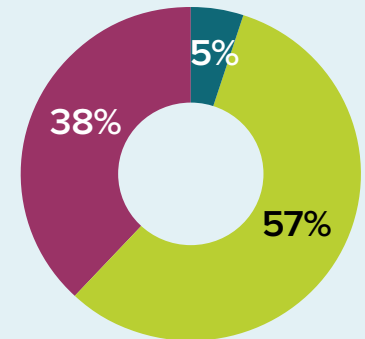
Note: Respondents could select multiple barriers (total respondents: 264).

ARE WORKERS AWARE OF THEIR ORGANIZATION'S HR STRATEGY?

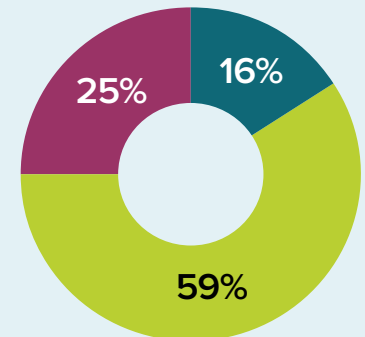
When U.S. workers were asked about strategy in their organization, they were more knowledgeable about their organization's overall strategy and objectives than the strategy of their organization's HR department.

How knowledgeable are you about your ...

... organization's overall strategy and objectives?



... organization's HR strategy?



Legend:
 ■ Not knowledgeable at all
 ■ Slightly/moderately knowledgeable
 ■ Very/extremely knowledgeable

MESSAGE FROM THE RESEARCHERS

Strengthening the CEO-CHRO Partnership: A Critical Step in Transforming HR Strategy

What percentage of your organization’s HR functions are truly embedded into your broader business strategy? If the answer is anything less than full integration, critical opportunities are slipping through the cracks.

HR’s role in today’s business environment isn’t just to align with the broader organization, it’s to be inextricably intertwined with its goals and operations. And yet, only 18% of HR executives reported having achieved full integration of the HR strategy in their organization (see page 61).

The first step toward bridging the gap between missed potential and realized opportunity is the partnership between the CEO and CHRO.

A majority of CEOs are involved in HR strategy. According to a SHRM survey of 320 HR executives, 60% of CEOs either lead or are actively involved in HR strategy development. However, 23% of CEOs provide only minimal oversight of HR strategy, and 6% of CEOs are not involved at all (see chart at right).

When the CEO only maintains general awareness or is uninvolved, only 10% of HR strategies reach full integration. However, when the CEO plays a supporting, active, or leading role, that percentage doubles to 20%.

This isn’t coincidental. Executives have the unique capability to drive alignment across functions, unlock resources, and tackle organizational barriers head-on. Collaboration between CEOs and CHROs won’t guarantee success, but it does significantly increase the likelihood of developing a fully integrated HR strategy.

3 Ways to Build Up the CEO-CHRO Connection

Here are three strategies to strengthen the essential partnership between CEOs and CHROs and create alignment that drives results.

1. Prioritize Bi-Directional Collaboration

An effective CEO-CHRO partnership requires an ongoing dialogue that puts HR at the heart of business discussions. CEOs should view HR as a strategic partner capable of delivering business impact, not just a function that handles compliance and hiring.

Bi-directional collaboration means the CHRO is fully informed about the company’s goals, challenges, and priorities while the CEO gains insights into workforce trends, talent development strategies, and employee sentiment. Create a cadence for this collaboration—quarterly planning sessions, monthly strategy syncs, and real-time check-ins for making key decisions.

2. Navigate Barriers Together

Resource constraints remain one of the biggest hurdles to successful HR strategy integration (see chart, page 62). To overcome this, CEOs and CHROs need to align early about budget priorities and advocate for the investments that HR needs to succeed.

Additionally, CEOs can use their influence to mitigate competing priorities. At the same time, CHROs must rise to the challenge by presenting compelling cases for their resource needs and priorities, driven by return on investment.

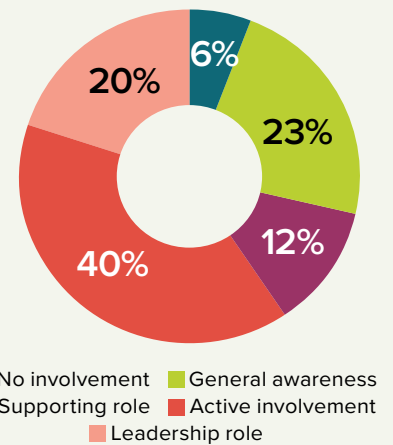
3. Keep HR Strategy Business-Centric

One of the biggest culprits of HR strategy failure is misalignment with the business’s overarching goals. For an HR strategy to truly be integrated, it needs to seamlessly fit into the broader business strategy. CEOs must hold their CHROs accountable to ensure that every HR initiative supports key business objectives.

CHROs, in turn, must proactively connect their HR strategy to bottom-line impact.

THE ROLE OF CEOs IN HR STRATEGY

How HR executives describe the role that their organization’s CEO plays in the development and implementation of its HR strategy.



Why This Partnership Matters More Than Ever

Building a fully integrated HR strategy isn’t merely an HR initiative, it’s a companywide endeavor that requires intentional companywide collaboration and aligned leadership. The transformation starts with a meaningful conversation between the CEO and CHRO. When these two leaders actively partner, a fully integrated HR strategy becomes more attainable. This partnership drives alignment with business goals, removes barriers to implementation, and establishes a cohesive framework in which all HR functions operate seamlessly across the enterprise. It’s time to move beyond simple HR “alignment” and embrace true integration—because the impact on business success is undeniable. ■■



RAGAN DECKER, PH.D., is the manager of EN/ES Research at SHRM.



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

Find new and previous episodes at **SHRM.org/ENpodcast**.



Wendy Miller

CHIEF PEOPLE OFFICER AT MCKINSEY & COMPANY

Schedule Regular Feedback, Don't Wait for Things to Break

“**O**ur teams set up one-on-one conversations with one another so that you can give feedback, have check-ins, and create the cadence where you can tackle problems.

“Feedback is how we grow. The more organizations can do to create a cadence where that is natural and just part of the vocabulary and part of the way you work, you take some of the emotion out of it. You make it so that you're not coming together for feedback only when something's not working, but you also have the opportunity to give the developmental feedback and the strengths-based feedback when things are working well.”



DeRetta Rhodes

CHIEF CULTURE OFFICER AT THE ATLANTA BRAVES

Use Your Voice and Encourage Others to Do the Same

“**O**ne of the things I did not use a lot of early in my career was my voice. I didn't understand the power of my voice. And so now, we try to ensure that we create an environment where people are able to use their voice.

“In 2020, we started a project we called Voices to make sure we were hearing from our staff. We created a platform for individuals to come in, have conversations, participate in different types of groups, and speak very freely about their concerns, whether it was about things going on with them or whether it was about the organization.”



Christine Mixan

TALENT PLANNING LEAD AT GENERAL MOTORS

Support Leaders Through Transitions with Coaching

“**T**he good news for HR professionals is that you don't need to be a professional coach to offer transition coaching for leaders within your organization.

“In world-class organizations, coaching is part of a systems approach to leadership development, and it should be one important ingredient in the recipe for leadership success. ... Development takes a village. So, the more support the leader gets during a transition, the more successful the transition is likely going to be.”



Paul Johnson

VICE PRESIDENT OF PEOPLE & CULTURE AT SEATTLE SYMPHONY

Go Beyond ADA Limits to Support Neurodiversity

“**S**ometimes, as employers, we want [neurodivergent employees] to come in with notes from their doctors or we request that they have a lot of validation for whatever it is they need. Understandably, sometimes you do need that, particularly if it’s a costly accommodation that you’ll have to implement. But if it’s something you can do simply as an employer and you don’t really require a note from a doctor, then I say just do it.

“Really listen and be open to what employees need to be successful. It’s probably the most common-sense thing to do.”



Nathalie Grenache

SENIOR VICE PRESIDENT OF PEOPLE & CULTURE AT SANOFI

Embrace Internal Gig Work to Broaden Team Skills

“**A**t Sanofi, we created gigs in which people can actually have a new experience while they stay in their current job. Let’s say I have a project in diversity and inclusion, and someone in marketing would be interested and bring some input. So, they would actually apply to the gig and spend two hours per week for six months working on the project with the people and culture team.

“This really helps people to understand the organization, understand what [other roles] are out there, and has leaders embrace and know different talent.”



Camille Chang Gilmore

VICE PRESIDENT OF HR AT BOSTON SCIENTIFIC

Focus on Tone, Tenor, and Timing in Communication

“**W**hat I’ve learned about successful leadership is that you must recognize your tone, your tenor, and your timing in all things.

“It’s important as a leader to recognize that you have to be cognizant of how and when you communicate, because what I’ve learned over time is that feelings aren’t facts. You do have to make sure people understand what the facts are that drive decisions. They may not agree, but they can respect the decision and then help the organization move forward.”



Lars Minns

CHRO,
MERCEDES-BENZ, NORTH AMERICA
ATLANTA

PHOTOGRAPHY BY KAYLINN GILSTRAP

Before being named the CHRO at Mercedes-Benz, North America in 2018, Lars Minns worked for three years as the company's head of HR operations and talent acquisition. Prior to that, he spent 10 years with Home Depot in various HR leadership roles.

What brought you to the field of HR?

MINNS: I think I pulled myself into the field. I had visions of moving in the direction of economics and finance or into sports psychology. This felt like the best fit. It's been fascinating; [HR is] a true study of art and science.

I love the integration of people and business. People are really the heartbeat of any business. And while some businesses are born on great engineering concepts or innovation, it's usually great minds and great individuals that have brought them to the table. The second part is that HR is ever-changing. It's been exciting the last 20-plus years.

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

MINNS: Previously, I led the rollout of a competency framework in my former company for our supply chain division. We built an assessment tool that married both leadership competencies and employees' operational performance. The initiative really proved to me the sheer importance of sticking with something and having incremental gains. You can extract value out of the incremental gains as much as with one robust strategy.

Presently, at Mercedes, we overhauled our overall job architecture. We were operating in a primitive way of doing things, which really

set up the notion of having one foot in the present and one in the future. Now, with some upcoming technological implementations, our backbone is firmly set. It was a multiyear process that now gives us a unique opportunity to rebuild the compensation structure.

How would you describe your leadership style and philosophy?

MINNS: I believe in the power of working harder on yourself than you do on your job. Finding unique ways to continue my development process has been big. I can derive confidence knowing that it's less about what I do and more about how I grow.

Do you use certain practices for self-development?

MINNS: I believe in the power of stoicism. I believe in the power of listening, even if the message takes awhile to resonate with you. We often talk about accountability, but I think it's less about accountability and more about responsibility.

There's a level of ownership that you need to have. I think people appreciate it when someone is willing to take ownership, even when it's not their fault. Also, I am constantly asking myself the tough question: Am I better today than I was yesterday?

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

MINNS: I think what's important is how the macroeconomic and socioeconomic things happening on the outside are infiltrating or impacting things on the inside.

Also, the power of analytics and how intelligent technology is used. Obviously, the world of AI and how we utilize it will change the CHRO role. But more importantly, how we squeeze more juice out of it in a thoughtful way will be very important.

Finally, it's important to have the willingness to see the HR organization as a true business enabler or even a business function, as opposed to a support function.

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

MINNS: There are two of them. First, understand how the cash register rings. Every company is based on profit and loss. To the extent that I can understand that is directly proportional to how valuable I might be to the organization.

Two, don't be afraid to use your common sense. Many different decisions cross my desk, and I can pull any amount of analytics. But at the end of the day, sometimes the thing I'm left with is practicality. I'm just left with the prospect of using my common sense, and that's been huge.

It's important sometimes to take a step back and ask: Are we overshooting what we should be really looking at? Maybe the best adage is: "Don't build a rocket ship to get to the corner market." ■

Understanding Differences

How breaking routines and embracing the unfamiliar can transform your perspective and help bridge divides.

BY RHONDA MORRIS



Over my 32-year career, I have moved many times to cities including St. Louis, Los Angeles, Boston, Salt Lake City, and London. Those experiences have shaped who I am, how I think, and how I relate to others, especially people with whom I have differences.

I grew up and currently live in Oakland, Calif., which routinely makes the top 10 list of America's most racially diverse big cities. Living in a place filled with people from various ethnic, religious, economic, and other backgrounds has also made me comfortable among "differences"—at least that's what I've long told myself.

But, if I'm being brutally honest, my tolerance for some differences has waned after spending so much time in the well-worn paths of my daily existence. I find comfort in following routines, having predictable patterns, and being around people who think and live like me.

My work travel includes flying almost exclusively on the same airline, staying in the same hotels, and ordering the same food in the same restaurants. I have old-school habits, including traveling with hard-copy reading material—newspapers, magazines, books—and I use printed boarding passes as bookmarks. I tell myself that these routines ease the wear and tear of my frequent business travel.

In recent months, though, my travel routines were disrupted, some by choice and some not. I flew on different airlines to new locations, including in and out

of small, regional U.S. airports. I had to navigate new airline apps and orient myself to new hotels and restaurants. To be clear, I am not looking for sympathy. These are minor inconveniences in the grand scheme of things, but I also know my fellow road warriors can relate. New things consume energy that we need for our hectic jobs.

But these "inconveniences" also led to delightful new experiences—including an early morning beach walk in Naples, Fla., where I collected colorful seashells that now have a home in a jar on my desk. Another time, I listened to a Chevron earnings call with headphones while walking around a hotel garden in Pasadena, Calif.

Between business trips, I visited one of my best friends in Torch Lake, Mich. It was my first time there, and her home is a long drive from everything, including many of the modern conveniences of daily life. I set aside my electronic devices to soak up the beauty and peace.



The traditional labels we use to categorize people fall short in capturing the richness and nuances of their lived experiences.

We sailed. We woke up early to watch the sunrise over Torch Lake. I attended my first "Flannel Festival." There were fewer of my usual markers of diversity. I could count on one hand all the Black people I saw that entire weekend. The differences I experienced and saw were ... different for me. They nudged me to reflect on sources of peace, connections, and ways to understand different experiences and lifestyles.

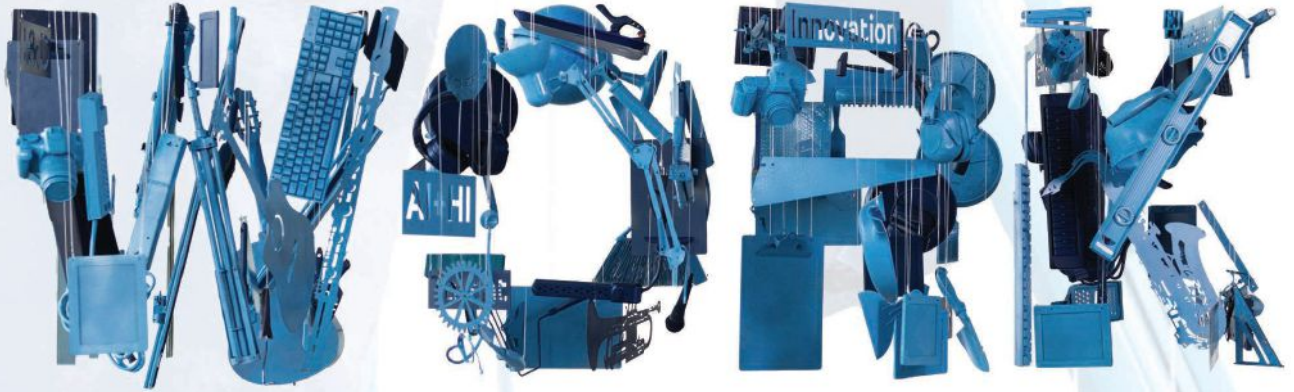
The break from my usual travel routines provided a powerful reminder of the work we do as HR leaders. The traditional labels we use to categorize people fall short in capturing the richness and nuances of their lived experiences.

There are deep divisions in the world, and the us-versus-them dynamic of tribalism is strengthening. It is more important than ever that we always create safe environments where we can learn from and understand our differences. The benefits and challenges of embracing and executing common corporate goals with a team of people who have a host of differences outweigh the risks of silence.

Last year was a year of division. But I am optimistic we can start a new chapter by learning and working to understand our differences better. Maybe I'll see you at a Flannel Festival somewhere. ■■

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

IF IT'S A



THING, IT'S A



THING



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