

Honing HR Skills for Expanding Globalization

HR Symposium Panelists' Advice for Strategic Partnership: Add Value; Take Risks; Plan Well; Be Curious

SANTA CLARA, Calif.—May 14, 2008—Human resources leaders are staying in front of developing corporate strategies rather than getting pulled behind them, according to a panel of top HR executives who discussed their career stumbles and successes with globalization at the recent HR Symposium 2008 in Santa Clara.

“It’s important to be at the front of the pull versus in the back,” said panelist Jeannette Liebman, group vice president of Global Human Resources at Applied Materials, a 41-year-old company that employs about 14,500 people. Liebman’s staff assesses the company’s talent needs by keeping close tabs on the evolving business plans of executives. “We organize an HR structure that mimics the executive team,” she said. “We follow the operations structure so that there are clear partnerships, alignments and programs going forward.

Globalization “is a new world and it’s exciting,” she said.

This year’s HR Symposium conference theme: *Globalization: Today’s New Reality* drew hundreds of San Francisco Bay Area human resources professionals to the Santa Clara Convention Center on May 14. The agenda focused on how Silicon Valley HR leaders have tackled the realities of foreign offices, restructuring and expansions.

Liebman joined panelists Bill MacGowan, chief human resources officer and executive vice president of People and Places for Sun Microsystems Inc., Douglas J. Richards, vice president of Human Resources for SunPower Corp., and Edward Sweeney, senior vice president of Worldwide Human Resources at National Semiconductor. Spencer Clark, retired chief learning officer of Cadence Design Systems Inc. moderated the panel.

At Sun Microsystems, a 25-year-old company with offices in more than 100 countries, a workgroup is dedicated to forming a cohesive work location strategy for the company. Research and prompts to executives help shape a more successful business plan and avoid haphazard behavior, MacGowan said. “I think we’re really getting to where a global mindset is in our DNA.”

During his tenure at National Semiconductor, Sweeney said he’s found four reasons to globalize:

1. To move labor-intensive work to parts of world where labor costs are cheaper.
2. To move closer to customers.
3. To expand or spread risks, such as setting up dual resources for manufacturing.
4. To access analog talent pool to grow the business.

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Finding Global Talent Pockets

These days, National Semiconductor, a 49-year-old company that employs about 7,600 people, is searching the globe for skilled analog designers.

“Most of that talent resides in targeted universities,” Sweeney said. “We’re locating ourselves close to those universities that have an analog curriculum.”

The elusive search for pools of well-trained workers is a unique journey for any industry.

“We didn’t globalize for low cost labor, we went in search of talent,” MacGowan said. “Cheap labor is not as important as getting great talent.”

Europe and Asia, on the other hand, are ripe for alternative energy companies such as SunPower, which was founded in 1985 and employs 3,200 people, many of them in the Philippines. Governments, especially Germany, are willing to partner with innovative companies. Universities are educating students in cutting-edge green technologies and philosophies.

Greenfields Abroad

Part of the challenge of setting up shop in a new region is finding the best fit.

Educate yourself. An HR leader needs to do research and explore other places first-hand. If travel isn’t possible, read, MacGowan said. “You’d be amazed how much they appreciate that you know a little about their history. It doesn’t make up for not living there for two years but it’s about \$1.5 million cheaper.”

Richards sets up geographic Google News alerts that help him understand what the issues of the day are in whatever country SunPower is exploring. Several panelists suggested regularly reading *The Economist* and *The Wall Street Journal*.

Whether it’s learning about different equity instruments or partnering with native legal and financial experts to work out common payroll issues, the panelists advise against making assumptions. Talk to people in other companies who have been there, MacGowan said.

While it is necessary to train U.S. workers in local customs, don’t miss an opportunity to help workers in that country learn about U.S. customs as well, Liebman said.

Make government connections when possible. Ex-patriots can help ease the way.

Although companies used to tout internal executive training plans that sent managers abroad for international stints, none of the panelists came from companies that currently have a formal turnaround plan in place. One panelist said it was a costly way to prepare executives’ resumes for pending departures to competitors. More often, one panelist said, the companies are using third-party multinationals to help set up new offices.

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Finding Talent at Home

Part of the challenge of hiring domestic talent is directly attributable to shortcomings in the educational system as well as immigration policies that don't allow companies to hire the much needed workers in the U.S., panelists said. The dire situation forces companies to build offshore offices in areas of the world where they can find the trained workers they need.

"More than 75 percent of the Ph.D.s in our universities are foreign nationals and our immigration policies make it very hard to hire them here," Sweeney said. "They go home so we are building around them. I happen to think it's a great way to spread wealth across the world."

Skilled workers who come to the U.S. to get an education are also eventually called homeward to rejoin family. It is another reason to build offices in countries where the workers want to live.

For an alternative energy company like SunPower, globalization means building in places such as Australia where universities offer cutting-edge environmental curriculum, and in countries such as Germany which promises healthy partnerships with eco-friendly governments.

Straining Aging Demographics

As the experienced knowledge base of aging baby boomers edges into retirement, some companies are looking at alternative work situations such as semi-retirement. Others are looking at the high numbers of educated graduates in other countries and taking advantage of stronger foreign academics.

"There's plenty of talent for us to draw from," MacGowan said. "The top 10 percent of their graduates is still more than all the graduates of U.S. universities."

OOPS. Don't Do What We Did

There are always missteps to learn from and panelists noted a few of their painful HR blunders such as ramp-ups that didn't ramp because people weren't there to fill company positions. There are unfulfilled promises of global outsourcing and the well-meaning cultural missteps that seemed like a good idea at the time but, in the end, weren't congruent with a company's central culture.

"The biggest mistake is not hiring far enough ahead," Richards said. "It feels like you're continually behind. Don't short-change yourself on talent."

For Sun the stumble was around a company-wide policy to revamp by cutting the workforce and using contractors.

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“A couple years ago, Sun drank the outsourcing Kool-Aid very heartily,” MacGowan recalled. In retrospect, vendors didn’t have the global capacity needed to fulfill promised goals. “We had to do a lot of recovery and bring that work back in-house.”

For Sweeney, it was a miscalculation about the cultural value of hiring a foreign national to head up a new Japanese office for National Semiconductor that resulted in an unexpectedly divisive stance at the new office. “I was wrongly convinced that we had to be as Japanese as the Japanese were,” Sweeney said. What he learned was invaluable. “We have to be true to ourselves and what we are as a company instead of trying to pretend we’re something else. We have to operate the way we do.”

An HR leader needs to know what the non-negotiables are, several panelists said. Experiment but keep the corporate values in tact. There are the basics of safety standards and pay equity regardless of what might be different standards in other countries, as well as health care and best practices at a company.

Communication is key to successfully tethering a foreign office to the company’s core culture and standards. It is especially important as global companies are restructuring.

“It’s really important to figure out what ties you to your employees,” Richards said. For SunPower employees, it’s being green throughout the company.

All of the panelists advised good communication.

Making the Right Moves

Fortunately, hindsight can make good decisions shine especially brightly and panelists were happy to share their victories as well.

“We made the right bets,” Richards said. “You’ve got to take some risks and grab share and be very aggressive to be successful in this marketplace. For SunPower, that meant having the people in place when they were needed in a young rapidly-growing company. The company now has about 3500 employees, many employees in the Philippines.

“We have really been very mindful to not design policies and strategies in a vacuum of Santa Clara and then throw it over the wall to people outside of North America,” Liebman said. “Most all of our teams are structured so there are representatives from non-U.S. regions. Liebman also has a global staff meeting twice a month at 6 a.m. “You can imagine how popular it is.” The meeting is scheduled so no one is on the line before 6 a.m. or after midnight. Staffs in Korea and Japan are on the phone at 10 p.m.

Putting the right people in the right jobs has made the difference for National Semiconductor. “The principle of finding talent wherever it is in the world,” Sweeney said. It’s also been invaluable to bring folks together regularly in regional meetings. “Most of the learning is by osmosis, just people working together, learning from each other, facing the same

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organizational challenges in different parts of the world and sharing with each other how they are solving those problems.”

And MacGowan said that maintaining an ethical standard at Sun has set it apart. “I’m proud of that. We have made sure our vision and culture is inculcated globally.”

Collegial Advice: Add Value, Be Open, Be Curious, Plan Ahead

Strategic thinking, a desire to take risks and a natural curiosity about people and unfamiliar cultures are winning traits for HR executives interested in working in the global economy.

“Add value to the table,” Richards said. Whether it’s about going global or turning down a business, ask yourself, ‘how are you adding value to the process?’ “And take ownership of it. Operate as a business partner in that process.”

Liebman, who has worked in all areas of HR at different times in her career, said be open to opportunities, even the ones that may not have been on your original list. “Opportunities come up all the time,” she said. “Be willing to take some risks.”

Planning mindfully about your career helps you in the long run as well, MacGowan said. “Think about your next job.”

Lastly, be curious. “I’ve eaten things I wouldn’t normally step in,” Sweeney said. “Make friends with people. Experience new things. Travel. Learn about the countries you’re going to be operating in.”

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