July - August 2004

hrSPECTRUM

CORNELL CAHRS Center for Advanced Human Resource Studies

Research Highlight

When Employee Reliability Is the Bottom Line

Nuclear power plants, hospital emergency rooms and air traffic control centers are work environments with a high potential for disaster. Eighty percent of the time, such disasters, if they occur, are the result of inappropriate, or misguided, employee behavior. "In these workplaces, people are a crucial element in reliable performance," says Jeff Ericksen, a Ph.D. candidate at Cornell's ILR School. "When employees perform reliably, organizational performance is enhanced."

According to Ericksen, human resources executives in these organizations foster organizational effectiveness by encouraging employee reliability in four different dimensions:

Diligence: the ability to anticipate surprises early, without compromising routine operations. Diligent employees actively monitor and challenge each other's actions and thoughts to prevent problems. "They anticipate errors, failures and surprises," says Ericksen. "Yet they make fewer mistakes and identify more problems than do less attentive workers."

Communication: reliable performance is directly related to the quantity of communication. "Employees in high-reliability organizations communicate continuously to avoid distortions and misunderstandings, and report problems or failures," says Ericksen. "They know the dangers of pluralistic ignorance, in which individuals are puzzled by what's going on but assume no one else is."

Flexibility: switching from the routine to something new to bring problems under control. "Flexibility requires employees to launch appropriate action to address unexpected events and mobilize the right expertise to get the job done," says Ericksen. "This allows them to pool company knowledge to address events that are impossible to anticipate."

Fluidity: operating effectively in chaotic situations where traditional order has collapsed. Employees in high-reliability organizations act collectively, minimizing time and effort. "They're better at applying organizational knowledge, using available resources, switching strategies and developing innovative solutions to complex problems on the fly," says Ericksen. "This is particularly true for organizations faced with trying conditions like market competition, a merger or a decline in sales. The more volatile the operating conditions, the more reliable employees can contribute to operational performance.

At organizations whose existence depends on reliability, HR fosters a culture of reliability among employees by stressing:

1. Obsession For Reliability. Reliability is included in company mission, values, performance metrics and all employee communications. It's rewarded more than productivity, and employees are selected/promoted based on their adherence to vision and values.

2. Real-Time Operating Information. Early warning systems disseminate information across units and help employees analyze upstream/downstream consequences of actions and decisions. Employees can apply their knowledge to broader situations.

3. Flexibility. Advance contingency plans help people and organizations cope with a wide range of unexpected events and manage remaining surprises. Contingency preparedness includes trained employees, overstaffed critical roles and decision-making authority pushed to the lowest level.

4. Accountability. Employees know where the buck stops and frequently are asked to explain their conduct, formally and informally. These companies practice zero tolerance for even small-scale actions that compromise reliability.

Continued on Page Five

In This Issue

1 When Employee Reliability Is the Bottom Line
2 Up Close with Bill Rosner of PNC
3 ILR Students Win National HR Games
4 ChevronTexaco
HR Company Profile
5 Save the Date
6 In The News
8 CAHRS Events Calendar

Up-Close with ...

Bill Rosner of PNC Financial Services Group

Bill Rosner Launches Strategic HR Leadership

Bill Rosner

"Providing the right HR support is important to achieving PNC's business results," says Bill Rosner, PNC's Chief Human Resources Officer. He has aligned the company's HR strategies with its business goals in six strategic areas: Employee Commitment, Key Talent Management, a Culture of Accountability, Building Sales Capabilities, Building a Learning Organization, and Diversity. Rosner, who joined PNC in 1995 after holding HR management positions with Chase Manhattan, also has high expectations for four key HR result areas. These include: capability building, enhancing productivity, improving organizational effectiveness, and servicing employees well.

With assets of over $73 billion, PNC is a diversified financial services company with specialized businesses that operate regionally, nationally and internationally. PNC's businesses, located in the company's primary geographic markets in Pennsylvania, New Jersey, Delaware, Ohio and Kentucky, include consumer banking, corporate and institutional banking, wealth management, asset management and global fund processing services. PNC provides selected wholesale banking products and services nationally as well. On the international front, PNC provides global banking, asset management and global fund processing services.

Recently, PNC announced the acquisition of Riggs National Corporation, a major Washington, D.C.-based bank that will provide access to the valuable Washington, Virginia and Maryland markets. The Riggs merger transaction is expected to close during the first quarter of 2005, pending regulatory approvals.

"The Riggs acquisition is an important step forward in our plan to build PNC in the extremely appealing metropolitan Washington marketplace," says Rosner. "With any acquisition, it's really about the people. Our experienced HR team understands the human aspects of this change and is a critical partner on the overall integration team."

HR at PNC is designed to support corporate goals through:

Centers of Expertise. Located at PNC's corporate headquarters, this group includes functional specialists in benefits, compensation, diversity, employee relations, leadership development, and college recruitment/relations.

Business Partners. Each major business segment has a team of dedicated HR professionals who support the business segment and company strategies with tailored HR support such as organizational development, incentive plan design, recruiting, training and development, and management support.

Shared Services. PNC also processes and delivers compensation, benefits and other HR services to employees on a central basis.

"Technology has helped us reduce administrative and training costs significantly," says Rosner. "Employees now enroll for benefits on the Web, which streamlines processing and puts more responsibility for HR transactions into the hands of supervisors. By providing Internet training we have improved our effectiveness and efficiency, including eliminating travel expense." The effectiveness of our training was recognized by *Training Magazine*, which awarded PNC a Training Top 100 Award last year.

PNC's commitment to work-life balance has been recognized by *Working Mother* magazine, which has again named the company one of its Top 100 companies for Working Mothers. Establishing employee resource groups to better understand issues facing African Americans and senior women have enhanced PNC's diversity, a core value. In addition, work in senior level development and succession planning helps the organization be better positioned for growth with stronger leaders.

HR at PNC is not without challenges. "Our greatest challenges and opportunities lie in aligning HR systems with business strategies, while balancing individual employee needs and organizational goals." Rosner notes the critical role of line managers in implementing and reinforcing HR strategies, and the challenges they face in managing competing priorities, having tough conversations, and building skills to enhance the relationship between employee and the organization.

HR's goal for the future? "To have a major impact in PNC's growth as a premier financial services organization."

PNC joined CAHRS in 2000, the "Up-Close With …" profiles feature interviews with leaders of CAHRS sponsors.

ILR HR Students Win SHRM National Championship

Cornell represented the Northeast Region going into the final rounds of the Society for Human Resource Management (SHRM) HR Games. In June, the team of ILR students Margaret Lorenc, Steve Horowitz and Ted Holmquist, all May graduates, took the 2004 National Championship! There was plenty of whooping and hollering by more than 100 enthusiastic students, advisors and SHRM members. The two teams, Cornell and Stanislaus, deliberated amongst themselves to answer the game show style matches. The HR Games are a college bowl/Jeopardy style competition that tests the student's knowledge on HR and Labor issues. Topics include such areas as staffing, training, compensation, benefits, labor law, collective bargaining, motivation, leadership theories, and workplace health and safety.

Steve Horowitz, Ted Holmquist, and Margaret Lorenc.
Photo by David Hathcox

The Cornell team had lost to Stanislaus in an earlier round of the SHRM Regional finals. But, in the final round of the National Championship, with 3,800 points to 1,900 for California State University at Stanislaus, Cornell won the games for the second time in three years! Lorenc, Horowitz and Holmquist each won a $1,000 scholarship for their team effort. Coach and advisor for the team was Chris Collins, ILR HR Assistant Professor. They leave quite a legacy for future teams.

The HR Games are a fun way to motivate and prepare students for PHR certification, consisting of a one or two-day series of matches, between teams of students from various colleges and universities. The National HR Games competition was held as part of the SHRM annual conference. The Cornell team of students and their victory were featured in the daily conference newspaper that was distributed to all of 10,000 or so HR professionals attending the conference.

Over the last few years, we've had a number of students interested in competing in the HR Games competition. We had so much interest this year that we had two teams, one of seniors and one of sophomores that trained and competed. We are very proud of all the students for their hard work in preparation and training and for their huge success at the competition. hr

For more information about the games contact Chris Collins at 607/255-8859 or email cjc53@cornell.edu

SAVE THE DATE

CAHRS FALL Sponsor Meeting

November 10 - 11, 2004 Ithaca, NY

The emphasis on cost reduction and control that has dominated organizational priorities over the past few years has led firms to increasingly seek to understand the Total Cost of Employment. When contemplating decisions regarding adding or deleting employees, wages and benefits are universally recognized. However, considerable costs are not as easy to identify or allocate. The purpose of the Fall sponsor meeting is to examine the variety of costs, both obvious and hidden, tangible and intangible, and fixed and variable that are associated with employment. Companies will present how they have analyzed costs as part of their decisions regarding offshoring, outsourcing, upsizing and downsizing. Participants will develop a better understanding of how to identify all of the potential costs associated with employment, and to distinguish between those that are relevant and irrelevant for decision making.

For more information please visit the CAHRS web site at www.ilr.cornell.edu/cahrs .

HR Company Profile

ChevronTexaco

ChevronTexaco HR: Focus on Business Partnership

Ranking among the largest and most competitive global energy companies and employers, ChevronTexaco is the world's fourth largest publicly-held company in terms of oil and gas reserves. Active in more than 180 countries, ChevronTexaco is headquartered in San Ramon, CA. Its Caltex, Texaco and Chevron branded products hold top-tier rankings worldwide, and it is engaged in every aspect of the oil and gas industry, including exploration and production; refining, marketing and transportation; chemicals manufacturing and sales; and power generation.

"We can be proud of the human resources shared services model foundation laid at ChevronTexaco," says Donna Covert, General Manager, Human Resources Regional Shared Services. "We continue to benchmark ourselves on competitive cost, best practices, and customer satisfaction and successfully operate in a leveraged services model. Our focus on business partnership has been right on the mark. We've also demonstrated some key competencies that have helped us move forward: ability to listen to customers and respond; the willingness to change; and the determination to make things happen."

Covert cites several ways human resources has made significant contributions to the success of the business, and become recognized as a key player and key contributor to its success:

- providing quality products and services to our customers, on time, cost-effectively
- building strong customer partnerships
- continuing to enhance the company's success
- sharply reducing the overall cost of HR while delivering value to the business
- using best practices for delivering HR products and services through a shared services model
- standardizing and streamlining processes
- enabling technology

"It's a challenging time for those of us in HR as we help our customers develop and achieve their business strategies and objectives," says Covert. "It's especially challenging in the current business environment of trying to create the right balance of growth and financial returns. Being in the top tier of the energy companies means that ChevronTexaco is expected to keep up with the pace. Our competition isn't standing still, and the bar continues to be raised."

According to Covert, ChevronTexaco's competitive advantage lies in its people. "We must have a strong, vibrant, integrated HR function to truly achieve ChevronTexaco's vision. We must manage over-reliance on key HR resources, and limited depth of expertise in some areas due to retirements."

At the same time, HR's global processes must deliver value through processes and systems that attract, develop, support and engage ChevronTexaco's people. "Staffing is a key challenge, especially since we do not have a single, technology platform to support global business information requirements," says Covert. "Additional goals include working with our customers to: create a world-class global workforce, developing leaders who deliver superior results, developing and managing our talent, and valuing and managing diversity."

Going forward, says Covert, HR's business plan outlines the strategies and actions ChevronTexaco will take over the next few years. "Our operating companies will continue to pursue staffing opportunities as we build a world-class global workforce. HR will continue to leverage its shared services delivery approach, seeking opportunities to provide quality products and services, while reducing costs." HR plans to:

- address critical talent management issues (e.g., performance management, support staffing and talent optimization, globalization, nationalization and demographic challenges)
- support standardization and re-engineering of HR processes in the operating companies
- improve the delivery of core HR processes and further balance HR value and costs, and
- align remuneration programs to be competitive now and in the future.

ChevronTexaco joined CAHRS in 2003; the 'Company Profile' series feature a Corporate HR view of new CAHRS sponsors.

SAVE THE DATE

Executive Briefing

October 7, 2004 • Seattle, WA

"The continuing success of the Starbucks Coffee Company has been built on the foundation of a commitment to their employees ("partners" in Starbucks speak). In sustaining this momentum as they have grown to what is now more than 7500 stores and over 100,000 partners worldwide, Starbucks has been known for their leadership and innovation in the Human Resources arena. Whether it was the introduction of stock options for all partners, the extension of full health insurance offerings to part-timers or the inclusion of coverage for domestic partners and their dependants, Starbucks has always been at the leading edge of change as it relates to their partners.

On October 7, 2004, the Starbucks Support Center in Seattle, Washington will be the site of the next CAHRS Executive Briefing. The event will be hosted by Dave Pace, Executive Vice President, Partner Resources, Orin Smith, CEO and Jim Donald, President, North America along with a number of other Human Resources executives from the Starbucks team. While Orin and Jim will provide the business and cultural context behind the success of Starbucks, as well as the challenges associated with the hyper-growth that they have experienced, Dave and the Partner Resources team will engage the group in a series of discussions around how they have tackled these challenges and how they are moving forward to address anticipated future issues. These challenges include the continued commitment to providing broad-based health care to all partners, the need to accelerate leadership development ahead of the growth curve and the role of corporate social responsibility in building sustainable partner commitment to the organization among other topics.

We look forward to this Executive Briefing and believe it will be an interesting and stimulating day as we look behind the counter and inside one of Fortune magazine's "10 Most Admired Companies."

Information on this briefing can be found on the CAHRS web site at www.ilr.cornell.edu/cahrs .

When Employee Reliability Is the Bottom Line

Continued from Page One

5. Employee Development. Employees have opportunities for training, retraining and cross training, develop in-depth knowledge and share it with others across the organization. They also assess core processes and procedures against practice and remedy discrepancies.

6. Security. Since employee turnover leads to instability, reliable companies minimize it by: carefully selecting employees, offering candidates realistic job previews; providing better-than-average pay; avoiding layoffs at all costs; rarely using contract or outsourced employees; and rewarding people for raising concerns/pointing out errors. hr

For more information regarding this research please contact Lee Dyer via email: ldd3@cornell.edu, or Tel: 607-255-8805. This article references research from the CAHRS Working Paper #04-02, which can be found on our web site: http://www.ilr.cornell.edu/cahrs/WPapers.html .

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In The News

Ferran Mane

Dr. Ferran Mane Appointed Visiting Fellow in HR Studies — Dr. Mane has published many articles and chapters in books on vocational education, the effects of on-the-job training on workers productivity, changes in the American education system and the effects of technological change on education and occupational structures. His works include the research paper "Trends In The Payoff To Academic and Occupation-Specific Skills," published in Economics of Education Review (1999); and the chapter "Forecasting Educational Necessities in Spain through 2010," in the book "Forecasting Labour Markets in OECD Countries: Measuring and Tackling Mismatches," Michael Neugart and Klaus Schoemann (eds.), Edward Elgar Publishing, UK (2003). He has worked as a consultant to the Spanish and Catalan governments, the European Union and the Inter-American Bank of Development. Mane is an Associate Professor at the Rovira i Virgily University (Reus, Spain), in the Department of Economics. He received his Bachelor's Degree and Master in Applied Economics from the Autonomous University of Barcelona, a MPS from ILR Cornell, and his Ph.D. in Economics from the Autonomous University of Barcelona. His thesis analyzed the effects of technological change on skill requirements in an industry life cycle framework. He has been Visiting Fellow at Essex University (England) and Cornell University. Professor John Bishop is his faculty sponsor.

Scott Snell

Mary Adie

New ILR Executive Education Highlighted in HR Magazine — Scott Snell, Director and Mary Adie, Program Manager of ILR's Executive Education Programs, explained to *Human Resource Executive Magazine* the increased demand for programs tailored specifically for HR executives. In the recent article Snell is quoted "…there's a palpable sense that HR executives must develop a strategy to boost HR's value to the organization. We've really focused on Executive Education for HR executives in the past two years." The programs offer a mix of lectures, discussions, exercises and case studies presented by top HR leaders and Cornell Professors. Several CAHRS Sponsors are quoted in the article: Alicia Hubbard, GAP, "When you are in these high-powered jobs, you're almost too busy to do what's right for your own development…so this was exactly the right time to go and I'm very glad I did;" Chuck Edwards, CIGNA, explains, "The course had a lot of impact," he was able to apply what he learned almost immediately. The article mentions more CAHRS Sponsors and shows the important link between CAHRS and ILR's Executive Education Program. The article reports, "The CAHRS/Executive Education combination is a fairly seamless one that merges our dual goals of knowledge acquisition and knowledge dissemination." Adie says, "…the school has done a much better job of linking its HR exec-ed efforts with Cornell's HR research center, CAHRS." The added interest in HR executive education courses has led ILR to triple the number of courses and quadruple the number of times it offers them within the past two years. For more information on this article and upcoming ILR Executive Education courses, contact Mary Adie at 607-255-6075 or mea36@cornell.edu, or link to http://www.ilr.cornell.edu/execed/ .

Thomas Golden

Thomas Golden Appointed to *Ticket to Work* and Work Incentives Panel — Through July of 2008, Thomas P. Golden, Senior Extension Associate, ILR's Employment and Disability Insitute (EDI), has been appointed to serve as a member of the Advisory Panel. Mr. Golden was initially appointed to the Ticket to Work and Work Incentives panel by President William Jefferson Clinton in July of 2000 for a two-year term, and then again by the U.S. Senate for completion of a four-year term concluding in July of 2004. His current re-appointment by the U.S. Senate will conclude in July of 2008. Since November of 1991, Mr. Golden has been on the faculty with EDI within the ILR School at Cornell University, where he continues to direct several national and state initiatives focusing on disability and return to work issues. He is a contributor to the National Institute on Disability and Rehabilitation Research-sponsored Rehabilitation Research and Training Centers for Economic Research on Employment Policy for Persons with Disabilities, and Disability Statistics at Cornell's EDI. Mr. Golden also directs the Workforce Development and Community Inclusion unit within EDI which houses several state and federal initiatives focusing on transition planning for youth with disabilities, person-centered planning, workforce development, and disability benefits and return-to-work. Mr. Golden has a master's degree in Rehabilitation Counseling from Syracuse University, and is a certified rehabilitation counselor. He recently finished a special issue of the Journal of Applied Rehabilitation Counseling focusing on the Social Security Administration's disability and work incentive programs and was recently accepted into membership with the National Academy on Social Insurance.

Harris Raynor

Harris Raynor Groat Award Winner for 2005 — Harris Raynor Class of '69, is our 2005 William B. Groat Award winner. The award will be presented on Thursday, April 7, 2005, at the Roosevelt Hotel in NYC. The Judge William B. Groat Alumni Award was established to honor a distinguished alumnus who has demonstrated outstanding service and support to the School, and it recognizes those whose career accomplishments have been primarily within the field of industrial and labor relations. Harris Raynor currently serves as the Regional Director of the Southern Region and International Vice President of UNITE HERE which represents approximately 30,000 workers in the Southern U.S. This new union is the product of the merger of the Hotel and Restaurant Employees union and UNITE. He has been involved with unions since 1978; prior to his union career, he was a public school teacher in Harlem for eight years. Harris has been very active in supporting the School over the years, serving as Chair of the ILR Dean's Advisory Council and is a long-term member of the Council. He has participated in various programs and activities at ILR, and is a role model for students interested in union careers. He is married to Denise (White) Raynor, A&S, 1970.

CAHRS EVENTS CALENDAR

2004

CAHRS Functional Excellence Network Meeting . . . . . August, 18, 2004 New York, NY

Gap, Inc. Functional Excellence Network Meeting . . . . . August 19, 2004 San Francisco, CA

CAHRS Executive Roundtables . . . . . August 24, 2004 Ithaca, NY

SK Group Custom Executive Training Program . . . . . August 25 - Sept. 2, 2004 Ithaca, NY

Starbucks Executive Briefing . . . . . October 7, 2004 Seattle, WA

Shell Module I Executive Training Program . . . . . October 18 - 22, 2004 Hague, Netherlands

Shell Functional Excellence Network Meeting . . . . . October 22, 2004 London

American Express Module III-INSEAD . . . . . October 24 - 27, 2004 France
Custom Executive Training Program

CAHRS Fall Sponsor Meeting . . . . . November 10 - 11, 2004 Ithaca, NY

CAHRS Spring Sponsor Meeting . . . . . May 11 - 13, 2005 Ithaca, NY

CAHRS European Spring Sponsor Meeting . . . . . May 23 - 24 , 2005 Budapest, Hungary

CAHRS Fall Sponsor Meeting . . . . . November 2 - 4, 2005 Ithaca, NY

Other ILR Events

ILR Conference on Global Unionism . . . . . September 23 - 24, 2004 NYC

ILR Executive Education:

HR Strategy: Creating Competitive . . . . . September 26 - October 1, 2004 Ithaca, NY
Advantage for People

ILR Conference Center Opening . . . . . October 15 -16, 2004 Ithaca, NY

ILR Executive Education:

Managing for Impact . . . . . November 4 - 5, 2004 Arlington, VA

Global Labor and Employment Challenges . . . . . November 18 - 19, 2004 New York, NY

HR Leadership: The Next Paradigm . . . . . February 24 - 25, 2005 Florida

Managing for Impact . . . . . April 7 - 8, 2005 New York, NY

HR Transformation: Partnering to Achieve Functional Excellence . . . . . May 1 - 6, 2005 Ithaca, NY

HR Strategy . . . . . September 25 - 30, 2005 Ithaca, NY

For more information, contact Jo Hagin at 607/255-9358 or email: jap7@cornell.edu, or visit our website at: http://www.ilr.cornell.edu/cahrs/Calendar.html

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