



Business Continuity Planning Can Help Your Company Avoid Becoming a Casualty of Disaster

By JIM TRUSCOTT AND ROBERT KILSBY

Mother Nature is unforgiving in her sudden, unplanned attacks. She knows no cultural or geographic bounds. As the recent China earthquake, cyclone in Myanmar, and floods and tornados in the Midwest United States remind us, natural disasters cannot be prevented.

Proactive companies can, however, prepare through risk management and contingency planning, readying themselves for disasters—natural and man-made—and spring into action during and after the event to ensure a quicker recovery for their people and business. Learn from leading experts in this field how HR professionals can become crisis leaders when Mother Nature or a terrorist strikes.

The stakes are often high. According to research by the Business Continuity Institute in England, of those companies suffering a major disruption that do not have a business continuity plan (BCP), 80 percent fail within 13 months after the event.

The Plan

Responding appropriately in the first 15 minutes of a disaster offers the best chance of saving lives. Yet, it is still surprising the number of companies that do not have a simple or suitable response plan.

Naturally, in today's information age with a keen business focus on key personnel recruitment and retention, HR holds a critical position within all three components of crisis management: business continuity, reputation, and financial and legal liability. Within those components, the concentration is largely on communication with affected people and providing peer support.

Some considerable effort devoted to increasing the robustness and breadth of an effective telephone system, and developing a simple effective system for contacting staff outside working hours, will go a long way to overcoming the human anxiety that can occur in the first 24 hours after a serious, sudden incident. The target audience of such measures is made up of not only staff but also the affected public. Important from a business continuity perspective, enabling access to company IT systems from

arranged alternate sites or even remotely will pay dividends.

The BCP should include arrangements with your internal payroll department or third-party providers to continue to pay employees, and accounting should have contingency plans to continue to pay suppliers. Having further robust HR arrangements of contingency plans to continue to pay suppliers, customer collections, and even to register back-up accommodation will be prudent best practice.

Your local emergency services will gladly help you conduct drills to make sure your employees know how to exit the building in an efficient, safe manner. You also may want to run drills with IT, payroll and accounting to ensure services will continue if your business is disrupted unexpectedly.

Whatever continuity strategies are put in place, they need to be realistic, noting that physically moving staff and operations always takes more time than expected and has more impact on the working day than may be expected.

continued on page 2 ▶

Ernie Espinosa—WFPMA President

An energetic Filipino from a small country takes over as president of the World Federation of Personnel Management Associations (WFPMA), bringing an upstart mentality to the 32-year-old organization.

Ernesto "Ernie" Espinosa loves movies, and his favorite actor is Harrison Ford, the actor currently reprising his Indiana Jones role in cinemas worldwide. Espinosa most identifies with the iconic character's adventurous spirit and ability to get the job done while having fun. If Espinosa had his way, employees everywhere would be singing and dancing while working hard.

Espinosa, vice president of HR and general affairs at Fujitsu Computer Products Corp. of the Philippines in Makati City, loves his profession and it shows. He

wants to bring that verve and passion to his new position as president of the WFPMA.



Ernie Espinosa
WFPMA President

Anyone watching his career would not be surprised to find him leading the WFPMA. In the past six years, he has quickly ascended the ranks at local and regional HR associations, rising to the presidency of the People Management Association of the Philippines (PMAP) in 2002 at a time when the association had no international involvement. He soon changed that by making PMAP an active participant in the Asia Pacific Federation of Human Resource Management (APFHRM) and the WFPMA. And, in 2004, Espinosa was elected the first Filipino vice president of APFHRM and became president in 2006.

continued on page 3 ▶

IN THIS ISSUE

- Two World Organizations Call on Businesses To Promote Wellness in the Workplace **4**
- 12th Annual World Congress report Diversity of Thought and Attendance **6**
- Global HR calendar **8**

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An effective written plan is one that is simple with no unnecessary detail. HR professionals may be tempted to use as much verbiage as they can to make sure nothing is omitted. However, management staff need to address emergencies when under stress and perhaps with as little as 30 seconds to take decisive action. A document is needed that people can glance at quickly and then move. Make the plan easy to read under stressful conditions with plenty of white space. Checklists are best.

Dual site operations or continuous availability solutions are clearly needed to prepare for and recover from a disaster. A viable recovery strategy should incorporate geographical separation from the site of the attack.

The redirection of telephones to alternative locations may not be possible within an acceptable time, particularly during a wide-area outage. And the logistical problem of handling telephone calls during an interruption once they have been redirected also needs to be addressed. The convergence of telephones and data networks such as voice over Internet protocol (VOIP) is creating new communications continuity opportunities. HR professionals should consider such alternatives as well as sophisticated Internet-based systems now on the market such as U.S.-based MissionMode Solutions in Winston-Salem, N.C.

Structure and Process

Mature BC budgets equate to 1 percent to 3 percent of operating costs. In an ideal world with unlimited resources there will be fully tested plans with carefully chosen, regularly exercised crisis management teams (CMTs). For the vast majority of organizations, planning is often compromised by limited budgets and insufficient time and resources.

Build the best CMT possible with available resources. Train the team and exercise it again and again. Ensure that each team member is backed up by a deputy/alternate and empowered to make all necessary decisions.

If the business operates from more than one location, then virtual crisis management environments or centers (VCMEs) are very useful tools for storing plans and collaborating between different time zones and locations.

When faced with a crisis, a crucial part of any BCP is locating, informing and getting feedback from key audiences, including management, response teams and employees. Many plans involve manual call trees or unsophisticated auto dialers to reach the people responsible for appropriate response decisions. Continuity planners have found these approaches to be grossly inadequate in a major emergency and hence many VCMEs are now on the market, and they are continuing to develop.

Terrorist incidents and natural disasters present complicated communications challenges, such as the plethora of devices by which people can be contacted, continually changing work

schedules, situations that require certain people to receive one message while others receive another and so on. Consequently VCMEs automate the complex manual call trees, which is how the Internet has increasingly become more central in continuity planning.

This change enables new levels of capability, supplying a collaborative environment to a wide group of planners. With VCMEs any user can view the current state of any plan, at any location, from anywhere in the world, at any time of day or night. Desktop exercises easily involve remote staff, and when an event happens, everyone has access to a current version of their plan elements via wireless web or desktop computer. Critical tasks are automatically pushed to team members for immediate action and response. Post-incident support is automated by pushing pre-established tasks and allowing an auditable trail.

Terrorist Attacks

To interdict a terrorist operation before an attack occurs, all employees must be trained to be vigilant and to collect intelligence. As government exhorts citizens to be alert for threat, the same culture can be basically cultivated within company staff to be diligent and observant and conduct low-threshold reporting.

The best time that a terrorist attack can be effectively prevented is in the planning stages. While most companies will never face a terrorist attack, preparations will also improve security against criminals and disgruntled employees.

Just how vulnerable are companies to the terrorist or criminal attacks? Test yourself. Attack yourself. In addition to threat penetration testing, the gathering and assessment of intelligence can provide indicators or warnings about vulnerable exposures and opportunities.

Crisis Leadership

In coming to terms with terrorist threats and natural disasters, the best companies use their crisis leadership capability to be able to "Eskimo roll" their kayak in whatever business sea they choose to paddle and take their companies beyond danger to opportunity. The better companies have moved from emergency response to crisis anticipation.

The best companies disclose their crisis and business continuity preparedness in annual reports just as they disclose remuneration, audit compliance and safety records. It is one thing to have a plan; it is quite another to practice it.

Jim Truscott is the CEO of Truscott Crisis Leaders in Perth, Australia. Robert Kilsby is the firm's Brisbane principal. Truscott advises companies around the world on hot issues, threats, commercial exposures and operational risks. They can be reached at www.crisisleaders.com.

“Ernie brings to the table skills that many of us high-achievers lack—conflict resolution, team building and celebration,” said P.O. Mak, WFPMA board member, of Hong Kong. “On the foundation of his predecessors, he will build a stronger federation with respect and solidarity among the various constituencies.”

Espinosa believes he brings a fresh perspective to the WFPMA board of directors. “The complexion of the WFPMA board is changing,” he says. “The past two presidents were full-time employees of their country’s HR associations. I am in the field, as is [secretary general] Horacio Quirós, and we both volunteer in our associations.”

Quirós says he looks forward to working with Espinosa. “Ernie brings so much experience and knowledge, but most of all, enthusiasm to the position, and I know he has a lot of ideas on improving the World Federation,” says Quirós, director of human resources at Grupo Clarin, a media company in Buenos Aires. “We share a desire to enhance the best HR practices while providing a good diversity and cultural sensitivity approach to the WFPMA.”

Writing the Script

Espinosa has a clear view on where to take the WFPMA over the next two years:

- **Develop international partnerships.** One of Espinosa’s roles at Fujitsu is chief compliance officer with responsibility for risk management and compliance. He represents Fujitsu on a panel with other electronics companies in the Philippines that established a code of conduct for labor, ethics, environment, and health and safety.

In the same vein, Espinosa wants to continue the work begun by former WFPMA president Carlos Aldao Zapiola to link with the International Labor Organization (ILO) to help comply with regulations. “The World Federation is the best organization to educate companies on ILO labor standards,” says Espinosa. “I think that’s a logical partnership that would elevate the World Federation’s profile.”

- **Increase knowledge sharing.** Espinosa wants to introduce a knowledge-sharing session he started in 2004 at the APFHRM meetings where board members meet with local HR professionals in the host country to exchange best practices. WFPMA board meeting locations rotate, and Espinosa would like to invite HR professionals for a half-day knowledge-sharing session.

Espinosa also has plans to create an exchange program among countries. “We did this in the Asia-Pacific region,” he explains. “For example, PMAP got an invitation from

the Thailand HR association for HR professionals to come to the Philippines to learn best practices, and then we would send HR professionals to Thailand to learn from them. This is a program I believe that we could do on a larger scale within the WFPMA.”

One of Espinosa’s proudest legacies is developing HR professionals. As president of the PMAP, he allowed emerging HR professionals to observe board meetings, in the process making them aware of what is happening in the PMAP and training them on how to preside and participate in formal board meetings. And, four years ago, he founded HR Gabay, a nonprofit organization that provides free learning sessions on HR management to emerging and seasoned HR practitioners

- **Create a standard HR framework.** At the Heads of Nations meeting at the World Congress in April, the issue of creating a standard HR framework sparked debate among leaders. Some believed it was necessary to establish standards and to help guide emerging HR member countries. Others argued that the member population is too diverse and the needs are too disparate to create any kind of singular framework.

Espinosa makes it clear where he stands on the issue: “I’m all for it. We just want a framework, not a rigid template,” he explains. “We need a guide to help other countries define what strategic HR means and what the competencies are.”

- **Enhance WFPMA branding.** Espinosa is also passionate about making sure the vision and mission of the WFPMA portray the organization accurately both internally and externally. And that includes the thorny topic of changing the “personnel” part of the World Federation’s name, noting that most of his colleagues today use the term human resources, human capital or people management.

But Espinosa understands the political ramifications of such a move. “I have to be careful because some people might be sensitive to changing the name, but I want to look at that,” he says. “You say the word personnel and you think bookkeeping, administrative or picnic planning, which is not representative of what we do every day.”

- **Make a difference.** Early Sunday morning on June 22, Espinosa awoke to Typhoon Frank battering the shores of the Philippines. Two months earlier, on the eve of his ascension to the WFPMA presidency, he spoke about the need for the World Federation to take a leading role in readying workforces for natural

disasters and pandemics like the bird flu. Since that conversation, Asia has witnessed devastation from the China earthquake, the Myanmar cyclone and the recent typhoon in his home country, making this issue even more urgent and personal for Espinosa.

And ... Action!

When it comes to taking action, Espinosa has been clearly influenced by his Japanese employer.

“Fujitsu is widely known for its discipline and sense of urgency,” he notes. “The Japanese are very action oriented. But they also respect the importance of building a consensus for change.”

Espinosa says as president he will draw from his 30-year HR career, first as a headhunter and then as an HR manager for a pharmaceutical company, where he handled compensation, benefits and training. He later strengthened his labor relations experience as HR director of a unionized hotel in Manila.

While Espinosa was serving as head of HR at an investment bank, Fujitsu came calling in 1995 when that company only had a small office in Makati City while a manufacturing plant was being built. “I was instrumental in setting up the HR operations from scratch,” says Espinosa.

Ready To Perform

Espinosa credits his strong values to his Catholic upbringing and close-knit musical family. His mother was part of a popular singing trio in the Philippines and his late father, a successful businessman, played the piano in her act.

Espinosa tries to incorporate singing and dancing into learning sessions at Fujitsu and in conferences. “We sing and dance at conferences,” he says. “It may sound funny, but when Filipinos hear boring speakers, they get noisy.”

“I’ve heard Ernie sing like a pro on various occasions,” said Mak. “I am jealous of his multiple talents.”

At home, he shares his passion for HR with his wife, herself an HR professional. Together, they raised three daughters. Besides singing and dancing, Espinosa likes to garden and play tennis in his free time. He is also active in the community, helping orphanages and street children in Manila.

He wants to take that same activism to the WFPMA. “I want to be known as this small guy from the Philippines who made a big difference,” Espinosa says. “These are big shoes to fill [succeeding Florent Francoeur], but with the support of others, we can make big changes together.”

While he won’t be chasing the Holy Grail or saving the world from evil like his idol Harrison Ford, Espinosa will be on the adventure of a lifetime—and loving every minute of it.

“I want to be known as this small guy from the Philippines who made a big difference...with the support of others, we can make big changes together.”

— ERNIE ESPINOSA

Two World Organizations Call on Businesses To Promote Wellness in the Workplace

Wellness Results

Working Towards Wellness report found that companies had the following positive results from their wellness investments:

Health: Dramatic improvements in average fitness index score have been observed, from a baseline of 25 percent in 2004 to 75 percent in 2005 and 81 percent in 2006. Similarly, the percentage of employees with undesirable to borderline blood cholesterol level has been reduced from 46 percent in 2004 to 30 percent in 2005 and 29 percent in 2006.

Financial: Average medical costs per employee have been reduced by 30 percent, from US\$218 to US\$153 (2003 to 2006).

Productivity: Absenteeism rates have been reduced by 20 percent in three years. Average sick leave has fallen from 5.5 days to 4.4 days/yr in the same three-year time period. Employee turnover rates reduced from 5.9 percent in 2004 to 4.5 percent in 2007.

Noncommunicable diseases, such as heart disease, stroke, cancer, chronic respiratory diseases and diabetes, account for more than 60 percent of all deaths globally and are projected to make up two-thirds of all deaths globally in the next 25 years, according to two reports issued in May 2008 by the World Health Organization (WHO) and the World Economic Forum (WEF).

Not restricted to developed nations or older populations, the problem is growing fastest in low- and middle-income countries, and almost half of those who die from chronic diseases are in their working years, according to the *Working Towards Wellness* report.

The WHO and WEF point out that “there is strong scientific evidence that healthy diet and adequate physical activity play an important role in the prevention of these diseases. Furthermore, it is estimated that 80 percent of heart disease, stroke, type 2 diabetes, and 40 percent of cancers can be prevented through inexpensive and cost-effective interventions that address the primary risk factors.”

The two organizations came together to embark on a global campaign to promote wellness in the workplace. WHO and WEF believe that addressing diet and physical activity in the workplace has the potential to

“improve the health status of workers; contribute to a positive and caring image of the company; improve staff morale; reduce staff turnover and absenteeism; enhance productivity; and reduce sick leave, health plan costs and workers’ compensation and disability

payments,” according to *Preventing Non-communicable Diseases in the Workplace through Diet and Physical Activity*.

In an effort to promote wellness programs in the workplace, the WEF

interviewed four companies, including Dow Chemical in Brazil, to find out how their programs help employees and the bottom line. To view the full reports, go to <http://www.weforum.org/en/initiatives/Wellness/index.htm>.

Dow Brazil

As a diversified chemical company, Dow operates in more than 175 countries; it established its Latin American headquarters in São Paulo, Brazil, in 1956. Dow Brazil now operates 21 manufacturing sites, two research centers and four maritime terminals with revenues of US\$ 2.2 billion in 2006. It has 2,100 employees with an average age of 40 years; 61 percent of them are overweight; 32 percent are physically inactive; 14 percent have high cholesterol; 9 percent use tobacco; and 4 percent have high blood pressure.

Dr. Maria Lucia Bechara, regional health director of Dow Brazil, explains the company’s wellness strategy:

“Health is a strategic priority for The Dow Chemical Company and is essential to our sustainability. We are working to sustain a corporate culture that supports health and partnering to drive progress in health in the communities where we operate and live.

A business case analysis of our situation related to the health of Dow people was developed in 1992, and in 2004, we further strengthened our integrated approach to health by launching a comprehensive global health strategy—ensuring maximum efforts to support health and financial outcomes for the benefit of employees, their families and Dow’s shareholders. It is focused on four key elements: prevention, quality and effectiveness, health care system management, and advocacy.

The strategy includes all aspects of the impact of health for Dow family members (including employees, dependents and retirees) to Dow. The scope of the strategy includes total economic impact (both direct and indirect), reputation, corporate social responsibility (as it relates to the health of Dow people), and employee health and satisfaction.

The health strategy is an ‘investment’ in our people, as opposed to a ‘cost of doing business,’ and aligns to our corporate vision



Photo by Dow Brazil

Dr. Maria Lucia Bechara discusses wellness benefits with a Dow Brazil employee.

'to be the largest, most profitable and most respected chemical company in the world.' ”

Dow believes that enhancing the health of Dow people is as important as protecting them.

VivaVida, translated as “Enjoy Life,” is an educational program designed to inform and teach people health improvement habits that will increase their quality of life. Since 1992, the program has demonstrated tremendous success through integration. Health promotion initiatives are provided in parallel with occupational health, clinical services and counseling to improve health outcomes, quality of life for employees and the productivity of the company.

The program goals align with Dow’s health strategy. As such, the macro goals are to improve health, reduce health risks, manage health-related costs of Dow people and improve employee performance. Locally, these objectives are supported in part by regional goals aimed at improving health risk (reducing high risk by 10 percent and increasing low risk by 10 percent in 10 years). Dow Brazil is currently working under a five-year goal plan to achieve this target.

In its first 12 years, VivaVida continued to focus on education in the primary risk factors and to address needs on a personal basis through Dow’s Occupational Health Clinics. Health promotion delivery was also prioritized through information gathered from employee feedback, available resources and creative thinking.

The adoption of a global health strategy in 2004 established a clearer business case and ensured a more coordinated approach to the delivery of a broadened scope of services. It also provides a more strategic approach to the delivery of health promotion.

Wellness on the Economy

Projected loss of national income attributable to heart disease, stroke and diabetes, selected countries, 2005–2015*

COUNTRY	ESTIMATED INCOME LOSS IN 2005	ESTIMATED INCOME LOSS IN 2015	ACCUMULATED LOSS IN 2005 VALUE
Brazil	2.7	9.3	49.2
Canada	0.5	1.5	8.5
China	18.3	131.8	557.7
India	8.7	54.0	236.6
Nigeria	0.4	1.5	7.6
Pakistan	1.2	6.7	30.7
Russian Federation	11.1	66.4	303.2
United Kingdom	1.6	6.4	32.8
United Republic of Tanzania	0.1	0.5	2.5

* In billions of constant 1998 international dollars, a hypothetical currency that is used as a means of translating and comparing costs from one country to the other using a common reference point. An international dollar has the same purchasing power as that of the U.S. dollar.

Over the years, several programs and activities have been implemented including:

- On-site fitness facilities at four sites.
- Healthy food options in the workplace cafeterias.
- Smoking cessation program implemented in 1994, and in 1995, Dow Brazil became a smoke-free company.
- Stress management activities and information.
- On-site massage.
- Stretching exercises on-site.
- Communications, including a VivaVida magazine, e-mails and pamphlets.
- Campaigns about women’s and men’s health, cancer, alcohol and drug abuse, heart risks, stress, cholesterol, diabetes, hypertension, ergonomics and more.
- Community health programs.
- Leisure activities for employees and their families in partnership with an employee association.
- Employee assistance program.

Dow Brazil employee participation in health outreach (e.g., group health promotion) activities was 78 percent in 2006. Participation in at least one health service offering in 2006 was 97 percent. Dow Brazil consistently has one of the highest participation rates across Dow. At the staffed fitness centers, 26 percent of eligible employees are members, 44 percent of whom are regular participants.

Wellness Results--

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Program Tips

Based on company interviews, the WEF compiled the following tips to make your wellness program a success:

- **Strategic planning.** Have a clear vision with simple objectives.
- **Company culture.** Focus on lifestyle and personal health, not disease and the company benefits.
- **Executive buy-in:** Align health and wellness to business objectives and shift mind-set from “cost” to “investment” for the future. (See “Wellness Results” sidebar.)
- **Coordination.** Get health/safety/management working together.
- **Be persistent.** Take manageable steps and do not seek quick wins.
- **Empowerment.** Show employees the importance of a healthy lifestyle so they see the benefits for themselves.
- **Resources.** Make available a steady supply of resources, information and encouragement for employees to sustain their efforts for a healthy lifestyle.
- **Incentives.** Consider financial and nonfinancial rewards for employees meeting health targets.
- **Communications.** Gain and maintain support from senior managers and shareholders, leaders of business units, health and safety services, human resources and the workforce through frequent updates.
- **Evaluate and review.** Survey employees on the program, calculate return on investment and make changes when necessary.

Diversity of Thought and Attendance

Report on the 12th Annual World Congress

One of the most diverse cities in the world played host to a diverse crowd of HR professionals representing more than 70 countries at the 12th Annual World HR Congress in April 2008. Amidst the tranquil backdrop of the Thames River at Canary Wharf in the grand ExCel Centre, members of the World Federation of Personnel Management Associations (WFPMA) listened to world thought-leaders, shared best practices and exchanged multilingual business cards. Nowhere else can one compare HR challenges and investigate solutions with colleagues from Uganda, Pakistan, Colombia, Canada, Luxembourg and beyond—all at the same lunch table. It's a biannual experience that HR professionals around the world look forward to in order to celebrate, congratulate and learn.

The Chartered Institute of Personnel Development (CIPD), the United Kingdom's HR association, hosted the conference, bringing real-world case studies and globally recognized speakers to provoke discussions about "how HR is viewed around the world, how to motivate a continually disengaged employee base, and how to motivate people to be contributors because they want to, not because they have to," said Geoff Armstrong, outgoing CIPD director general and past WFPMA president, in the welcoming address.

To answer these and other questions, Armstrong and Florent Francoeur, outgoing WFPMA president and CEO of the Quebec HR Association, led a panel discussion based on a survey conducted by the WFPMA and the Boston Consulting Group, "Creating People Advantage: How to Address HR Challenges Worldwide through 2015." Despite diverse languages, cultures and geographies, human resource professionals around the world face similar challenges, the survey

of more than 4,700 HR and non-HR executives in 83 countries found. Managing talent, managing demographics, improving leadership development, managing work-life balance and transforming HR into a strategic partner are the most critical challenges. (For a more in-depth look at the survey's

ability to look ahead for trends in the business landscape.

Handy is worried about the state of ethics in business today and pointed to the fact that people outside of business—the consumers—and those inside—the employees—don't trust companies.

"Business is only interested in getting richer. What about us? Executives get paid more and more, and we compete with each other to pay people more, and up and up it goes," he said. "I look to you [HR] to say 'enough.'"

The aim of an organization should be to help people do their best, not to get richer and give top executives more money, Handy said. "If HR can focus the organization on helping the employees perform at their highest, everyone will benefit, especially the shareholders."

Getting people to trust the organization and to be productive requires HR and managers to "go deep and get messy" to find out what motivates

The process involves getting people to tell their stories. Handy suggested an exercise where people bring five objects into the workplace

that personify who they are. An interesting experiment is to bring in five objects that exemplify the organization. "See where they match and where they don't," he said. Doing so at least creates a conversation in which managers get to know their employees and what motivates them.

A Clever Organization

We all want clever people in our organization. No one wants to work with daft people. But, how do you separate the wheat from the chaff? Rob Goffee and Gareth Jones set out to define what clever individuals are and how to manage them to create a clever organization. Clever people, they say, have skills that are not easily replicated, have tacit knowledge, are smart enough to be in the right place and



In accepting the 2008 George Petitpas Award, Carlos Aldao Zapiola of Argentina (center) thanked his HR colleagues and members of the WFPMA while encouraging them to collaborate through communication and knowledge sharing. (For Zapiola's profile, see the April 2008 WorldLink issue.)

findings, see the April 2008 *WorldLink* newsletter.)

Getting To Know You

Following the opening address and panel discussion, attendees were regaled by



Charles Handy

keynote speaker Charles Handy, social philosopher and best-selling author of *The Age of Unreason* and *The Elephant and the Flea*. "My role is to look beneath the

stairs as you all are busy running up and down them," he said, referring to his



Rob Goffee

may not want to be leaders but are organizationally savvy. They also are creative, are connected to other clever people, have a low boredom threshold and expect instant access to decision-makers.

To lead clever people, you need to acknowledge their cleverness, exhibit your own competence, win resources for them, buffer them from office politics and encourage failure. "Clever people don't need to be motivated; they're already there," said Jones.

To create a clever organization, you need to have a relative absence of bureaucracy. "Clever people despair of someone above them tying them down," said Goffee. "The rules you do have need to be ones they've agreed to."

Other tips to create an organization where clever people thrive:

- Reduce administrative distractions, such as big budget meetings and procedures that make no sense.
- Avoid centralized management structures that stifle innovation.
- Make it safe to fail by covering the cost of failures. Hopefully, the successes will more than make up for the failures.
- Let clever people pursue private efforts, which may lead to new business opportunities for your firm.

Even if you do all these things, don't expect clever people to thank you, said Jones. "The best you can hope for is invisibility," he said, and that they don't complain about the company getting in their way of performing.

Splitting HR

John Boudreau, research director at the University of Southern California's Center for Effective Organizations, is known for challenging HR professionals and making them uncomfortable—in an attempt to make them better. He did not disappoint at his session, "Beyond HR: The New Science of Human Capital." Boudreau believes that HR needs to approach its profession as finance and marketing do. "Finance has models that help decision-makers make better decisions about money. Marketers have extensive research. Can HR tell me which talent pools have the most value?" he asked rhetorically.

"If you were as ignorant about money and customers as you are about talent, no one would let you run a business," he stated.

Just as finance and marketing have to forecast, so does HR. "We need to think about the talent that has not been tapped," said Boudreau.

HR needs to think about the workforce its company needs years from now, not tomorrow or the next day, he urged. And that requires knowing where the business is headed and how talent connects to that strategy. "We need good working models to answer these questions systematically."

Boudreau suggested looking at three anchor points: efficiency, effectiveness and impact:

- **Efficiency:** Where will specific improvements in resource investments most enhance the portfolio of policies and practices? "At Disney, where are the bottlenecks?," asked Boudreau. "It's for the customers waiting in lines for rides. So, put your resources into improving the system."
- **Effectiveness.** Where will specific improvements in the policies and practices most enhance the performance of talent and organizations? "At Disney, the sweepers know the park and the people better than anyone because they are out there every day," said Boudreau. "It makes sense to ask the sweepers how to improve the park."

- **Impact.** Where will specific improvements in talent and organization performance most enhance sustainable strategic success? "If you believe that 20 percent of your talent has the most impact, then focus on that 20 percent," said Boudreau.

Boudreau believes that for HR to focus on answering these questions, the profession has to split into two functions—administrative and strategic. For example, accounting split from finance and sales split from marketing. Accounting and sales are still vital to the organization, he added, but their roles are different from finance and marketing. The same is true for administrative HR and strategic HR.

Passion and Performance

At the end of a long day of sessions, attendees filed in to hear Tim Smit, the chief executive and co-

founder of the Eden Project, the world's largest botanical conservatory in Cornwall, England. Those outside of England may have wondered what a former record producer with a degree in archeology could teach them about managing people. Quite a lot, as it turned out.

Seven years ago, Smit and his partner set out to turn an abandoned quarry into a renaissance experiment where botanists, engineers, architects, artists and financiers would work collaboratively in innovation and exploration. What emerged was a collection of biomes—one of which is the largest greenhouse in the world—filled with a global garden of plants, flowers, vegetation and water features. The Eden Project hosts artist events, rock concerts and "green" car shows. Smit and his team turned what most people believed was a worthless clay pit into Britain's fifth largest tourist attraction. It attracts 2 million people a year, pumps roughly \$1.5 million into the local economy and employs

more than 500 people in a job-starved area.

Smit said the secret to Eden's success is to bring people of very different disciplines and skills together, get them to brainstorm and collaborate, and come up with extraordinary ideas. He attracts top people in their fields who could

make numerous times their salaries

elsewhere by promising them the freedom to think and pursue as well as full ownership of projects from start to finish. Smit cites as his management inspiration people like Ricardo Semler, who runs Semco manufacturing in Brazil, and lets his employees set their own hours and wages, among other maverick ways of doing business.

Smit hires people who constantly question the way things are done and are not afraid to take risks; indeed, he asks applicants to perform a 10-dance, singing or storytelling routine. He believes if you create a culture that allows for such fun, debate and risk-taking, then the sky is the limit. Like Smit,

who was confronted with many naysayers when he outlined his vision for the Eden Project, you have to remain positive and reject the cynicism that plagues the workplace to be successful.



Tim Smit

The 13th Annual World HR Congress will be held in Montreal, Quebec, Canada September 26-29, 2010 www.HR2010.com

THE WORLDLINK HR CALENDAR

August 27-29

Santiago, Chile

CERH Human Resources Congress

Tel: +56 2 438 4370

E-mail: circuloejecutivo@laaraucana.cl or
surbina@laaraucana.cl

Web site: www.cerhchile.cl

September 16-18

Harrogate, England

CIPD Annual Conference and Exhibition

Tel: +44 208 612 6200

E-mail: conf@cipd.co.uk

Web site: www.cipd.co.uk

September 21-23

Cartagena de Indias, Colombia

ACRIP XVI National HR Congress

Tel: +57 53 607957/ 442729

E-mail: acrip@col.net.co

Web site: www.acrip.org

September 24-25

Berne, Switzerland

3rd HR Swiss Conference

Tel: +41 61 211 9544

E-mail: info@hr-swiss.ch

Web site: www.hr-swiss.congress.ch

September 27-28

Panama

ANREH National Congress

Tel: +507 221 8555

E-mail: info@arhpanama.org

Web site: www.arhpanama.org

October 1-2

Copenhagen, Denmark

PID Annual Conference

Tel: +45 86 21 61 11

E-mail: info@pid.dk

Web site: www.pid.dk

October 2-4

Valencia, Spain

AEDIPE 43rd Annual Conference

Tel: +34 91 420 0612

E-mail: aedipe@aedipe.es

Web site: www.aedipe.es

October 15-17

Santiago, Chile

FIDAGH 45th Anniversary

Tel: +56 2 438 4370

E-mail: circuloejecutivo@laaraucana.cl or

surbina@laaraucana.cl

Web site: www.cerhchile.cl

October 18-20

Montevideo, Uruguay

ADPUGH National HR Conference

Tel: +598 2 401 0978

E-mail: adpu@adpu.org

Web site: www.adpu.org

October 21-22

Lima, Peru

APERHU XVII National Congress

Tel: +511 472 6324

E-mail: aperhu@aperhu.com.pe

Web site: www.aperhu.com

October 22-23

Porto, Portugal

APG 41st National Conference

Tel: +351 21 352 27 17

E-mail: global@apg.pt

Web site: www.apg.pt

November 20-21

Quito, Ecuador

ADPE XVI National Congress

Tel: +593 2 2222 121

E-mail: adpe@interactive.net.ec

Web site: www.interactive.net.ec



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