

[Letter From the Editor]

What are your Top 5 HR challenges for 2006?

DEAR FRIENDS:

The end of the year we always read about lists – top shows, movies, new restaurants, best companies. And what do we have for our fellow HR executives? What's at the top of your list? Well, we've been asked that question of late by the media and we will tell you our answers below, but we really want to know, "What are your Top 5 HR Challenges for 2006?"

We believe that despite a healthy economy and a growing tech sector, top executives and HR professionals are faced with a plethora of extremely challenging situations, ones that if handled correctly, will allow them the fun of creativity and the satisfaction of a mission well accomplished. Top among those are retaining top talent, and in situations where HR management positions come up, having the resources necessary to quickly fill those spots. In summary, we think the following represent our view of Top 5 HR Challenges:

1. Finding enough HR people who are great, not just OK, and not The Usual Suspects.
2. Avoiding productivity losses due to conservative hiring practices. We believe that a lot of companies are being overly conservative and may be caught off guard by higher-than-anticipated demand and a need for more quality personnel.
3. Executive Realization: Rightsizing, Downsizing, Outsourcing. Whatever the trend. You need a top team to enhance your core values and strengths.
4. Retention: Keeping your top HR people has never been harder as we have seen a dramatic increase in demand for these positions. HR management is an oft-overlooked growth area in the economy. We've seen entire groups being recruited away, leaving companies with empty shells and empty cubes, and ringing phones.
5. M&A and Integration: Making it work from an HR view. We will continue to see acquisitions as companies look to grow. No one has the definitive plan on how to make it work seamlessly. This will continue to get more focus in the New Year.

Do you agree? Think about it and send me an email, I'd like to see if we're on the same page.

This month we'd like to thank one of the brightest and nicest HR executives in the world, Tim Burch of OpenWave. Tim is not only a great supporter and promoter of our firm but someone who truly impresses us with his clear thinking and positive outlook. Thanks for sharing your ideas with us and being such a bright light in the HR Community.

Take care,
Valerie

Best Practice: Managing down means productivity up

A lot of HR Departments are putting programs together to maximize the productivity and retention of their top performers but are forgetting to invest time in their bottom performers. Bottom performers

are a huge and often underestimated cost to an organization, not only in payroll and total benefits, but also in projects not getting finished, customers being ignored or mistreated, and general low productivity affecting the morale of the good employees. You can have a GE or Cisco model where you routinely force managers to identify and fire the bottom 10%, but that is miserable to do and takes a lot of time each quarter, and you may not have enough bad people in that 10%. And, you are arbitrarily forcing a model in places where it's not appropriate.

Instead, some companies are dealing with bottom performers on a business case basis. When there is a need, for example, and management not HR have determined that a business unit or group is underperforming, you develop a customized process for that situation. One that directly relates to the situation at hand, for example, looks at performance of purchasing managers only. This way, everyone can support dealing with terminations on a business situation basis, to identify and quantify the bad performers and to find out how to quickly and dramatically increase their productivity or find ways to remove them from the organization in the fastest and most humane manner possible.

We partnered with a major electronics manufacturer to look at their \$22B a year purchasing group and figure out how to cut costs and make it more effective. After setting up a global shared services model, we put all the purchasing employees worldwide through an assessment center, spending a full week looking at how they performed in different scenarios that showed off their skill-sets while their managers watched. At the end of the week, everyone knew who performed how, even the low performers recognized that they had done poorly in the tests, and changes were made faster and with less grief.

ASK VALERIE:

Q. Hey Valerie, everyone's talking about diversity needs. What does this really mean for an HR person and company that wants to be "diverse?"

A. What it should mean is taking your God-given talents and resources and going out of your way to help swing the pendulum a little bit the other direction through systematically bringing in and developing underrepresented groups, like putting in more non-white executives and more female executives in positions other than marketing and HR. Anything else, and it's just rationalization for personal agendas.

Q. Hey Valerie, why don't search companies ever call me back?

A. Why should they? Maybe they don't get a good vibe from you. A great vibe is developed through discipline, vulnerability, flexibility, commitment, hard work, kindness, and dedication. Couple that with a solid education and high personal ethics, extreme professionalism, intelligence, maturity, and generosity, and you have a profile that compels headhunters to call you back—if they're working on a search right now where you'd be exactly right (and the location, compensation, and companies worked for are right).

Q. Why do all HR people suck? (Editor's note: I was – seriously – asked this by a CEO recently when I was out at the movies).

A. Because they work for you! They were probably fine beforehand, and will be fine afterwards. Look at Trip Hawkins, CEO of Digital Chocolate and founder of Electronic Arts and 3DO. Trip talks about his corporate successes in terms of how he implemented HR programs and focused on value, culture, and

properly aligned processes. I bet his HR people have been great because he's great. If you keep getting bad HR people, look at what you need to do differently as their manager. Roll up your sleeves, take feedback, and engage. Change starts from within.

SPECIAL EVENTS:

Thursday, December 8, 2005 – Napa, CA
NCHRA Event – Managing HR in the Wine Industry

Tuesday, January 17, 2006 – Menlo Park, CA
FEI Silicon Valley Chapter Dinner Meeting

Tuesday, January 31 – Wednesday, February 1, 2006 – New York, NY
2006 Compensation Conference: "How Compensation Executives Can Improve the Bottom Line"

CURRENT CONSULTING PROJECTS:

Human capital is the most critical and time sensitive factor for any organization. This section gives you a feel for current critical HR and management issues our clients face.

- Identifying critical behaviors needed depending on the corporate culture
- 360-degree feedback on executive team
- HR Executive Coaching
- OD/Change Management
- Total HR for small US branch of Euro co
- Sales Compensation
- Integration following an acquisition
- Performance management for year-end
- Customized handbooks
- Outsourced coaching/managing of HR senior staff

CURRENT SEARCHES:

Cool Search of the Month!

Leader of Human Resources and OD (Auburn, CA)

For a 100-employee US operational facility of a leading European biotech company. Reporting to the General Manager, the HR leader will partner with executive and management teams on OD, change management, compensation strategy, communications, and lead development, attraction and retention programs. HR systems and processes compliance with proven success working in complex and globally dispersed organizations. Mature, good communicator with excellent personal presentation, self-confidence, and high flexibility/client services focus who knows how to engage and can translate large company best practices to a more agile start-up environment. BS required, MSOD/HR preferred. Email your resume in MS Word format to recruiting@vfindco.com.

HUMAN RESOURCES SEARCH PRACTICE:

HR Business Partners (4) (San Jose)

For global technology company. Have at least eight years of experience in human resource management including strategic planning, succession planning, performance management, change management, organizational development, and compensation. Email your resume in MS Word format to recruiting@vfandco.com.

Spanish-speaking HR Professional (Manager to Director Level) (San Francisco)

R. Torre, makers of Torani syrups, needs a Spanish-speaking Human Resources Manager. This position reports to the VPHR, who is one of the most sophisticated HR executives in the country, possessing extemporaneous HR Best Practices expertise, direct yet kind communications, and a track record of developing and promoting her staff. We need a high powered, highly promotable, completely self-motivated, creative HR Generalist who has the potential and desire to lead an entire HR function. Business Partner experience in strategic planning and development, and the capacity to handle a diverse, global workforce that includes a significant Spanish-speaking manufacturing population. OD training/career management fine, creativity a necessary, breadth of HR experience a nice to have. Someone who leads with heart and courage. Responsibilities include partnering with internal client groups to provide strategic planning and other HR services, executive coaching, organizational development, and liaising between upper-level management and the employee base. The HR manager will also participate in an HRIS implementation, and any prior HRIS experience is a plus. A BA/BS in HR or OD is preferred, MS/MBA ideal, along with PHR/SPHR or other HR certifications. Email your resume in MS Word format to recruiting@vfandco.com.

Sr. Director Human Resources (MA)

For a Massachusetts-based biotech company, a Human Resources Director with full strategic and tactical human resources responsibility. Looking for a sophisticated, self-starting human resources executive with a best practices tool kit from combination of large and small companies, pharma/biotech experience desired. Strong depth in compensation and M&A required. Superb generalist skills and high flexibility/client services focus a must. Email your resume in MS Word format to recruiting@vfandco.com.

Payroll and Benefits Manager (Mid Peninsula)

Hot, profitable financial services company with good work/life balance seeks highly responsible Payroll and Benefits Manager who is able to contribute and have an impact across the HR function. Excellent generalist skills, internal client skills, domain expertise. Ethical, kind, must have up-to-date generalist experience, plus expertise in some of the following: compensation/benefits, strategic employee communications, planning, and performance management. Reports to a high-energy, extremely nice new VPHR. Email your resume in MS Word format to recruiting@vfandco.com.

Senior Director of International HR (Upper Midwest)

Top HR role for a 1000-person technology organization. Must be willing to relocate to the Midwest. Dramatically upgrade the HR practice and manage a dispersed workforce in Asia and Europe. Email your resume in MS Word format to recruiting@vfandco.com.

VP of Talent Acquisition (Silicon Valley)

Large, global, public software organization with rapid growth seeks VP of Talent Acquisition with big company best practices and high energy. Creative with extensive experience in large software or Internet organizations and positive leadership style that will encourage a motivated and fast-paced team.

Expert knowledge of the challenges facing the ever-evolving software industry, and the capacity to adjust staffing strategies to match these industry changes and fluctuations.

Email your resume in MS Word format to recruiting@vfandco.com.

TECH AND FINANCE JOBS THROUGH OUR IT CONTINGENCY PLACEMENT PARTNER

Email your resume in MS Word format to recruiting@vfandco.com.

Assistant Controller, Biotech (Sunnyvale)

Payroll Analyst, Financial Services (San Mateo)

CONTRACT POSITIONS:

Email your resume in MS Word format to recruiting@vfandco.com.

Training Consultant (Southern California)

Trainer (Southern California)

HR Consultant (Generalist) Mid Peninsula

Contract Recruiter (Mid Peninsula)

Contract Recruiter (Phoenix)

Senior HR Business Partners (San Jose)

Junior HR Business Partners (San Jose)

VF&CO INTERNAL POSITIONS:

Email your resume in MS Word format to recruiting@vfandco.com.

HR Contingency Placement Recruiter, experienced placing HR professionals

Communications Coach with Ph.D. in Communications Theory or Persuasion

RECENTLY CLOSED SEARCHES:

VPHR--Entertainment (South Bay)

VPHR--Software (Mid Peninsula)

CFO-Not-for-profit (Phoenix)

VPHR--Insurance (Peninsula)

HRM--Government (Southern CA)

VPHR—Government (Southern CA)

CONTRACT RECRUITER--Financial Services (Phoenix)