

[A LETTER FROM VALERIE]

Love the One You're With

Dear Friends

Are you surprised by the title of this letter? You should be. As someone who was recruited fresh out of grad school by the world's largest outplacement firm, and then moved into executive search back in 1997, you'd think I'd be singing a different tune—something along the lines of “These Boots Are Made For Walking.” After all, most of us are influenced not just by the music we listened to as young people, but by our pocketbooks as well.

But despite my vested interest, when it comes time to decide if you need to replace members of your HR team for people who are “better,” I think it's often best to put this process on hold while you take a good look at your overall environment. Let's say, just as a hypothetical example, that you're Mr. CEO and you want to get rid of your top HR executive because, well, he's just not that great. Not really a strategic thinker, not someone who helps you with the important stuff or comes to you with any good ideas that don't involve spending lots of your money on his little problems. Should you do it? Should you pull the trigger?

Maybe. But first, put on your consultant's cap and ask yourself some questions. Have the people you're thinking about replacing had the time and resources to succeed? Have you integrated them well and set them up for success? Have you made your expectations clear? Do they have the ability to make decisions and allocate money, or are you cutting them off at the knees at every turn? If they're junior HR staffers, have you provided them with a reasonable amount of training and exposure? In short, could this still be a marriage worth saving?

Keep in mind that the risks inherent in replacing any employee, let alone your top HR executive, are huge. The new person might well succeed. But she might just as easily fail. Or fail spectacularly. Or alienate your whole team. Meanwhile, the old one could go somewhere new and take all her loyal team players with him/her. And, according to the 2005 book *Topgrading*, by industrial psychologist and consultant Bradford Smart, the cost of executive turnover can be as high as 40 times base salary for executives earning between \$100,000 and \$250,000. Now, I have no clue how he came up with that seemingly inflated figure, but certainly we all know about the massive inconvenience and gargantuan headaches, if not the precise dollar amount.

Now let's look at how the CEO-HR relationship typically breaks down. HR professionals quit because they are unhappy with bosses who micromanage them, won't let them make any decisions, and basically block them every time they try to break down the field. CEOs, on the other hand, have a tremendous amount at stake and need HR professionals to support them and take the lead on extremely critical issues—things that can literally mean the difference between wealth, health, and happiness or a lengthy stint in the defendant's chair (or, worse, in a minimum-security federal country club).

Of course, there are CEOs who think that HR folks know nothing about the key business issues—and from the ludicrous ideas we've all heard from the mouths of what are not supposed to be babes, that can sometimes be the case. But the truth is that, for the most part, HR professionals are far more aware of the business imperatives than most executives are willing to admit. The 100+ attendees at a panel on

strategic HR Business Partnering that I moderated in L.A. a few weeks ago surprised me. I have never seen an audience so interested in such a specific topic, so eager to burst forth with questions and comments and observations. There is clearly a burning desire among HR professionals to make HR better—although the very fact that there are people walking around with the title of “HR Business Partner,” and yet nobody whose business card reads “Finance Business Partner” or “Marketing Business Partner,” shows how far there is to go.

The speakers on the panel, one very seasoned CEO (Mike Stark of Roadlink) and two high-level HR executives (Andy Jentis of Alcatel-Lucent and Ken Barry of Semtech), had a lot of interesting things to say. And a common theme emerged in the questions from the audience: a lot of people were wrestling with difficult situations in which they had a clear understanding of the problem and what needed to be done to solve it, but didn’t know how to approach the right people in the company to affect that change. Some of them, the more senior ones, obviously understood the importance of aligning HR with business goals and cared a lot about it. Just as obviously, the discussion went a bit over the heads of many others. Here, a little training would make a huge difference. All of these people had ideas for change, but didn’t have the sophistication, experience, or voice to affect it. In other words, they were like untrained volunteers: They’d signed up hoping to make a difference, showed up as scheduled, and were now waiting for the training they’d need to complete their assignments. The problem was, they’d already been shipped out and were now on duty without having received the training. This suggests that HR professionals are far more aware of business needs than people give them credit for. It turns out that both the HR side and the executives want the same things, but often don’t share a common language with which to communicate.

The bottom line: Before you follow through with that messy and expensive divorce, you might want to try some marriage counseling first, in the form of strategic planning and training to get everyone on the same page. HR professionals need to be trained to solve problems like internal consultants, and to be given the tools and authority to confront executives who are blocking necessary changes. The execs, meanwhile, need to get a handle on what HR really does and doesn’t understand and a sense of what the HR department could do for them if communication and collaboration were improved. Only then, if things don’t start to turn around quickly, will it be time to reach for the phone number of your favorite recruiter. (Hey, a gal’s got to make a living, right?)

Due to high demand for top HR talent, our clients have asked for a way to have quick and easy access to a rejuvenating pool of candidates as they come on the market. Following this email, keep an eye out for [HR on Demand](#), and evaluate this week’s select pool of candidates.

Take care,
Valerie

Ask Valerie

Dear Valerie:

My CEO has started asking me questions about his compensation—is his base salary high enough, how his options grants compare with those of his peers, etc. This is putting me in an extremely sensitive position with the board on one side and my CEO on the other. Any thoughts? Concerned

Dear Concerned:

Yes. Be very careful! Seriously, this is why some of the best performing companies in the country right now are compensation consulting firms. Get the board involved in picking a good third party and try to stay out of the way.

Dear Valerie:

With inflation starting to rise, what should we expect in terms of base salary increases? Are annual bumps going to go up significantly? Cautious

Dear Cautious:

Because of the lurchy economy, with quite a bit of downsizing going on, we have not seen a drastic increase in base pay yet. The range is still about 2%-4% for annual merit increases.

Dear Valerie:

We're a UK-based startup looking to expand distribution across the U.S. We want to hire a California-based CEO. What do we need to do to get ready? British Invasion

Dear British:

Good to ask in advance. As you may expect, putting together a competitive compensation package will be key to your efforts. Here are some folks you should talk to before making any substantive offers:

- Compensation consultant. The proper mix of base salary, performance bonuses, and equity will allow you to court the right candidates. A consultant can help you determine what it'll take to be competitive.
- CPA. Meet with an accountant who can explain California and U.S. tax laws and guide you in establishing a structure that maximizes your financial resources.
- Business attorney. A good lawyer can clear up any questions around corporate structure, draw up your employment contracts, and—most important in this case—help you formulate a competitive model for equity-based compensation.

-Valerie

Human Resources Search Opportunities

Generalist HR Executive Searches

Senior Director of Human Resources (Espoo, Finland)

International mobile technology and networking company seeks a highly strategic person for its world-renowned research center. Email your resume in MS Word format to recruiting@vfandco.com.

Talent Acquisition Site Leader (Silicon Valley, CA)

A publicly traded microprocessor and graphics chip designer is seeking a Talent Acquisition Site Leader to work from their Sunnyvale offices. Email your resume in MS Word format to recruiting@vfandco.com.

Director of Mergers and Acquisitions (San Jose, CA)

Large international contract manufacturer looking for a leader in Mergers and Acquisitions to lead all strategic integration and due diligence on a global scale. Email your resume in MS Word format to recruiting@vfandco.com.

Vice President of Human Resources (Menlo Park, CA)
Rapid-growth, private bio-tech company. Email your resume in MS Word format to recruiting@vfandco.com.

Vice President of Human Resources (Irvine, CA)
Publicly traded enterprise device networking company head quartered in Southern California is seeking a leader for their global Human Resources function. Email your resume in MS Word format to recruiting@vfandco.com.

Vice President of Human Resources (Santa Clara, CA)
Global, publicly-traded, Semiconductor company needs top HR executive to oversee worldwide operations. Email your resume in MS Word format to recruiting@vfandco.com.

Senior Director of Human Resources, Americas (San Jose, CA)
8,000-employee semi-conductor company. Email your resume in MS Word format to recruiting@vfandco.com.

Specialist HR Executive Searches

Director of Global Sales Compensation (Austin, TX)
Large, leading developer of microprocessors with facilities worldwide. Email your resume in MS Word format to recruiting@vfandco.com.

Compensation Analyst (San Jose, CA)
Top, global hardware company. Email your resume in MS Word format to recruiting@vfandco.com.

Executive Compensation Manager (San Francisco, CA)
Successful growing software and programming company seeking manager of Executive Compensation. Email your resume in MS Word format to recruiting@vfandco.com.

Compensation and Benefits Manager, EMEA (San Francisco, CA)
Accomplished, international manager of compensation and benefits needed to partner with EMA managers and executives to develop and implement compensation and benefits strategies and initiatives. Email your resume in MS Word format to recruiting@vfandco.com.

Senior Compensation Analyst (San Francisco, CA)
Technically savvy, senior compensation analyst needed for this 3,000 employee, growing global software company. Email your resume in MS Word format to recruiting@vfandco.com.

Industry Events

VF&Co Open House – HR Executive Wine Tasting
April 23rd, 2008, 6:00 pm to 7:00 pm – Menlo Park, California
This private VF&Co event is a great opportunity to meet and network with key Bay Area HR executives while enjoying first-class wines carefully selected by our team. This event will take place at our newly expanded offices in downtown Menlo Park.

The Eight Conversations About Benefits – Recalibrating Health & Welfare

April 24th 2008, 11:30 am to 1:30 pm – City Club of San Francisco, California

The Presidio Benefits Group Speaker Series is pleased to host Dr. Ron Leopold, MD, MBA, MPH on April 24, 2008. Dr. Leopold is the National Medical Director and Vice President of MetLife Employer Sponsored Benefits Group. He currently serves as industry thought leader for MetLife Institutional Business focusing on the future of work, health and benefits. His role includes business strategy, sales and market support and new product development. He is a nationally recognized industry public speaker and provides consultation to private and public organizations. Dr. Leopold will present The Eight Conversations About Benefits - Recalibrating Health & Welfare.

HR Star Conference – Atlanta

May 14th, 2008, all day event – Atlanta, Georgia World Congress Center, Georgia

James Holland will present The Emerging Role of the HR Business Partner during this one-day conference, the largest and most famous of the HR Star series. Topics discussed will include: the background and experience needed to succeed in this position, Roles and responsibilities, and consulting processes that should be part of your tool kit. There is limited availability to this free conference so please make sure you register at the HR Star conference website on time.

The CEO's Perspective on HR

June 11th 2008, 7:30 to 9:30 am – Palo Alto, California

What is the CEO's take on HR? What do they expect from their VPHR? What qualities do they see as critical for a successful HR leadership role? At this informative and highly participative lunchtime event, Valerie Frederickson will host a panel of CEOs as they discuss the CEO's perspective on HR and the HR executive.