



**Recorded Message:** The Hennessy Report from Keystone Partners, a free-flowing conversation with leaders in the HR community talking about themselves, the industry, and their work, brought to you in cooperation with NEHRA, the Northeast Human Resources Association.

**Dave Hennessy:** Happy New Year, and welcome to The Hennessy Report. I'm your host, Dave Hennessy. A little housekeeping to start. Excited to be going into our second year of the podcast, and we have some great guests lined up for 2018, some from very large and global organizations. Also, starting February and into March we'll be launching a series of diversity and inclusion-focused podcasts leading into NEHRA's D&I gala on March 22nd, where Anita Hill will be the keynote speaker. Miss Hill was recently named chair of Hollywood's commission on sexual harassment. Unsurprisingly NEHRA has almost sold out this event, so go quickly to [nehra.com](http://nehra.com) if you're interested in attending.

Today's guest was NEHRA's 2016 John D. Erdlen Five Star Award winner for HR excellence. He leads the HR function for Kronos, Dave Almeda, Chief People Officer. Kronos was featured in the November/December issue of the *Harvard Business Review* regarding their unlimited vacation policy, which is now two years old. It's a real fascinating article, and I'll link to it on my post of this podcast. You can also just Google HBR and Kronos and that article comes right up. Early in the podcast Dave describes the reasons why they rolled out this unlimited vacation policy, and some of the challenges and mostly the positive impact it's had for Kronos and their employees.

It's very fitting a company named after the Greek god of time would be rolling out a benefit of more time to their employees. Many of you might be thinking of the savings Kronos might be enjoying because of vacation accruals, but Dave dispels that during this discussion, as they added new benefits to the employees with all the accrual savings. Later in the podcast Dave talks about what makes his HR team so special, and toward the end of our discussion Dave describes how Kronos is improving management effectiveness across their organization.

By the way, look forward to Christopher D'Arcy, the head of HR for Liaison International. He's up next. You'll hear his podcast in the middle of January. And, now, I bring you Dave Almeda.

Well, welcome to The Hennessy Report. I'm Dave Hennessy, and we are sitting here at the beautiful new headquarters of Kronos with the Chief People Officer, Dave Almeda. Welcome to the podcast, David.

**Dave Almeda:** It's great to be here.

**Dave Hennessy:** A little bit about Kronos. First, what drew you to this organization?

**Dave Almeda:** There's a lot of different things. I think at some point I knew that the industry thing was going to be something that I wanted to experience in my career, so I love, still, and I'm still in touch with the current CEO, it's Shira Goodman who's at Staples and many of the other folks there. It's always going to hold a place in my heart that's huge. You have to be honest with yourself that it was time to do something different for me there. I looked at a couple of different industries. It was really tech and



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pharma predominantly, and mostly two reasons, one, both very interesting, and two, from a New England perspective like...

**Dave Hennessy:** We have an advantage in those two areas.

**Dave Almeda:** Yeah. My wife and I decided a long time ago we're never moving, and we never have.

**Dave Hennessy:** You had to figure out industries that you could work in around here.

**Dave Almeda:** Right, and there's a lot of technology companies around here. And said, "Well, that's interesting, but what else are you looking for?" I was looking for mostly a company and an industry that was not only in one of the areas I just talked about, but also had potential for growth. I thought that was true here, I thought it was true both from a technology standpoint. I was very familiar with the technology. I bought it when I was with Staples, and so I knew it. I saw the value in it, and I thought that we were just scratching the surface relative to the value the technology could deliver. We weren't huge...

**Dave Hennessy:** As a buyer you have a unique perspective. You're heading up HR here, but you can actually talk to ... You're the user as well, so you can talk to the people that produce products and say, "This is what we need. This is what HR leaders and practitioners need."

**Dave Almeda:** Yeah. I'm the executive sponsor on a couple of the accounts here for that reason. I know it from both sides. That was interesting to me. Heading up HR for a company that is involved with workforce management, human capital management technology, is a pretty unique thing to do. The first note I got from one of my professors, Peter Cappelli, was, "Wow, that's an interesting move you just made going in there. Let's talk about that." I think he's right. It was, for all the reasons you might expect, even though it was a different industry, there was enough familiarity because it's focused on...

**Dave Hennessy:** Your function.

**Dave Almeda:** Right. There's a little bit of a bridge, I would say, between the two industries. That was a reason. I would say the most compelling reason I came here was the CEO, and the most compelling reason I stay here is the CEO.

**Dave Hennessy:** Is he a founder? Right? Is that correct?

**Dave Almeda:** He was employee two or three.

**Dave Hennessy:** One of the original.

**Dave Almeda:** Mark Ain and his brother originally founded it, came out of MIT, looked at a couple, think like 10 or so different businesses that he thought he might start up after he graduated from MIT, and for lots of reasons you're better off asking him about, but he focused on automating the time clock using what was then cutting-edge technology and microprocessors to automate punches instead of the written time clock thing. That's part of our business today, but it's not a huge part of our business,



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obviously. From there the thing just took off, and Aron Ain took over as the CEO in the mid 2000s, and a lot of the growth especially in the software as a service area has taken off since then.

**Dave Hennessy:** More global as well.

**Dave Almeda:** And the global thing, which is the other reason I thought that there was an opportunity here is we weren't really penetrated on a global basis. As a guy who used to run global HR for Staples in a multiunit, multinational company, there's a huge need for one system, not multiple as you're trying to pull everything together and have one view of what's going on in your business. I saw that as an opportunity as well. Then the senior team here I also viewed as being very capable. Probably more importantly, getting back to Aron for a second, he wanted to change things here. He wanted to shake things up from a talent perspective.

**Dave Hennessy:** That attracted you as well.

**Dave Almeda:** Yeah. He wanted somebody that was going to take a little bit of a different approach, and that's fun for us. There's always flawless tactical execution you need to do, that's the ante for this job, but beyond that what you need to do for the business and how you decide you're going to go after that, there's a lot of latitude there. Especially here, there was, as much as we're ... We just had our 40th anniversary as a company.

**Dave Hennessy:** Congratulations.

**Dave Almeda:** 40-year-old technology company doesn't sound as sexy as a startup, so how do you change the profile of the company from an external and internal perspective? There was a lot of opportunity there, I thought.

**Dave Hennessy:** Well, I think one example of that, and I'm glad you brought up your CEO, because you and I... When Tracy and I, Tracy connected the two of us, that was about a month ago to set up this podcast, Tracy Burns over at NEHRA, this article hadn't come out. The *Harvard Business Review* just came out with an article, I think it was earlier this week, and I was so excited to read it. I'm like, "I'm going to be interviewing David." It is very big stuff in HR. I know it started off with your CEO. First of all, interesting the fitting name of Kronos. It's about you provide time software, time management workforce software, and this article is all about a time issue, a vacation time issue.

Your CEO talked about how as an executive in this article, and I'm going to post this for all you listeners. You're going to get a link to this article, and you should probably read it now before you even listen to the rest of this podcast. As an executive, he was never required to track time, because he was working wherever he was, and then he noticed that his daughter, and we're all wireless and online all the time, would come home for Thanksgiving and she was working over the weekends, and then they would try to plan a family vacation, and she had run out of vacation time. He was frustrated by that, and like, "I know she's working more. I mean working when she's not supposed to be working, so she should get more vacation time."



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Then he came to you, and your team, and said, "Let's try something new." I'm going to let you pick up the story from here, because it's a fascinating story, and we'd love to hear it directly from you.

**Dave Almeda:** Everything you just said is absolutely true, of course it was because it was in the *Harvard Business Review*.

**Dave Hennessy:** It was a great article.

**Dave Almeda:** It was. For those of you who are looking for the hard version, the hard copy version, it's in the November/December version of the *Harvard Business Review*. I've read the article, but I haven't looked at the article on the HBR hard, print copy yet. I think there's a couple of things about it. One, it's really reflective of who we are as a company and who he is as a CEO. Nothing in there that you read isn't absolutely true, and that's how he shows up every single day. I think as a senior team and certainly between he and I we came to the conclusion that the work-life balance thing had flipped in a way that was wholly unfair to employees. He gave his daughter, I believe he was talking about Danielle who works very hard, very bright as you'd imagine since she's his daughter.

We have examples of that here as well, and I think every company does, where you're never disconnected. You might go on vacation, but in some cases there's an implied expectation that at least you'll reply to the important stuff, or even if there isn't, I don't know about you, but I get an email roughly every two minutes.

**Dave Hennessy:** It's about that.

**Dave Almeda:** If I don't stay on top of it, it's not a lot of fun to come back and try to sort through all those emails when you're back. The demands on every employee today especially the ones that are connected in the way we just discussed...

**Dave Hennessy:** Which is most of them here, I imagine.

**Dave Almeda:** Which is most of them. That's right, about everybody here. Have increased to the point where really tough to manage work-life, and I think in an unfair way. Consider that the accrual process for vacation hasn't kept pace with that. You're getting more vacation than you did before you were hyper-connected, but you're hyper-connected. Is that really fair? Who wins in that equation? Well, that's pretty obvious, employers win, and employees lose, and I think become more stressed, and try to do unnatural things to make all that work. We said let's just take that away from people.

One of the things that we focused on here for a long time is creating a culture based on trust and transparency, and trust especially is a big part of this, because we do trust people to be productive here. If they weren't productive, we would tell them. That's the transparency part. We'd have that candid, courageous conversation with folks so they know where they stand, and the vast majority of them are phenomenal performers. If they come forward and say, "I need time off to do whatever."

I think this was mentioned in the article, but if it wasn't it's out there in the Kronos news. We had a woman this year whose two daughters were selected to be in the touring company of Annie.



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**Dave Hennessy:** Yeah. It's in the article.

**Dave Almeda:** Was it in the article?

**Dave Hennessy:** Yeah.

**Dave Almeda:** She came forward. She had been a proven performer, had worked remotely a little bit in the past, and we knew she was great, so we just had to figure out some logistical stuff, but not only did she pull that off, went through the whole summer with both daughters and the connectivity issues on buses sometimes in the middle of Montana or whatever. She even knew when that was going to happen, and she went into her calendar and said, "I'm going to be disconnected at these times, connected at this time." She took this very seriously. She got promoted actually during the time that she was away doing these things.

That's a pretty extreme example, but the more normal examples are you want to go to a family reunion, you have a doctor's appointment, or whatever. People are constantly checking their accruals and saying, "Can I do that? Do I have enough time of my own to do that?" This takes that burden completely away, and I think that's more in keeping with not only our culture, but really modern ways of working. We also, and I think this was mentioned in the article as well, we took those funds from the accruals that are normally paid out, because over time you don't have to do that, and we invested it...

**Dave Hennessy:** Oh, 'cause right now if they leave the organization, the old way, you would get whatever vacation time you haven't used.

**Dave Almeda:** That's right. We basically, the way ...

**Dave Hennessy:** You don't have that issue.

**Dave Almeda:** ... I think about that is we're investing in the people that are staying versus the people that are leaving. The over a million dollars we'd pay out every year we've put into new benefits, and we spent actually more than we saved, but think about things like fully paid STD, paternity leave, fully paid maternity leave, put in a scholarship program, put in a student loan repayment program, and many other things. We spent those funds that we were essentially just giving to people who chose to work elsewhere on people that were still here.

In combination, the "my time" piece, the vacation piece was powerful, but it also enabled a whole another set of things to happen that wouldn't have been possible really from an expense standpoint if we hadn't made that first move. That's where it gets fun for us.

**Dave Hennessy:** I would imagine. From an HR perspective, have you ever had a project that you've so much more looked forward to than doing something like this? Not that you have to compare, but I just thought it's got to be...

**Dave Almeda:** It's hard. This is definitely up there on the list. What I love about it is I'm not aware of anybody that's done this, not that we think it's great. It goes back to what I said early on which we had a



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business problem and we came up with the solution. I don't look at it as an extraordinary thing that we did. I think it's fairly logical the way we went after this thing, but the impact has been pretty extraordinary, and that's a great thing for people.

**Dave Hennessy:** How did you communicate it to the employees? There must have been multiple waves of communication. There must have been an initial this is what we're going to do, and then you rolled it out. Can you tell us a little bit about how you implemented this?

**Dave Almeda:** It was hard. I've had these conversations...

**Dave Hennessy:** You could do a whole case study on this.

**Dave Almeda:** I could, yeah. We could spend...

**Dave Hennessy:** We could spend three hours on this, I'm sure.

**Dave Almeda:** And, I have, because people call now and they say, "Walk me through this? How would..."

**Dave Hennessy:** You're hearing a lot of interest from the HR community on this.

**Dave Almeda:** Yeah. Even before we put the HBR article out.

**Dave Hennessy:** Now, the phone's really going to ring.

**Dave Almeda:** Yeah. Actually, you can go to there's a Workforce Institute site where we put up some materials that are just open source, so if people want to pull down some of those materials and learn about how we, to your question, how we trained managers, which we did, beforehand. We communicated to employees in advance of it being put in place, so they'd have a chance to react. Really wasn't a whole lot of reaction needed, but it's a big change in the paradigm for people in how they've done vacation or taken vacation historically, so we wanted to make sure we got ahead of that. Then we did a lot of one-on-one conversations after it was out to walk people through this.

The first year, as it says in the article, vacation increased by roughly 20% for people. We still track it because...

**Dave Hennessy:** That was the first year was just last year, right?

**Dave Almeda:** '16. Yeah.

**Dave Hennessy:** '16 was the first year.

**Dave Almeda:** Yeah. Then I think over '17, '17 is also keeping on the same trend. I think one of the issues, and not that this is a big problem, but people because they feel so free now feel ... I mean they'll have a conversation with their manager and make sure the team's taken care of and make sure that all



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their stuff is lined up and they can do their jobs, but high performers do that anyway. I think they feel less compelled to actually track it. We might have a tracking issue, ironically, given...

**Dave Hennessy:** Right. I know, given what you're doing.

**Dave Almeda:** We're probably 90% compliant now, and it's fine with me, because one of my original concern, our original concern was to make sure people weren't not taking it or the managers weren't supporting this. We have another initiative that actually helps us reinforce this, and things get layered on top of each other around manager effectiveness. We were really concerned that this would, as it has had in some other companies that have done this, result in less vacation time being taken versus more, and you've seen the results, so you know it was more, but there was some effort put into that.

**Dave Hennessy:** Just to interrupt, Andy Porter who was on the podcast about a month ago from the Broad Institute, although he didn't implement it there, he was talking about implementing in the past, and he had junior employees that he found were not feeling comfortable asking their manager for time off, whereas more senior and people, high performers were a little bit more apt to do it. Have you seen some people that are just hesitant to do it, or not too much?

**Dave Almeda:** No. I think it's more of a function of the manager, so we've seen a little bit of hotspots here and there where the manager hasn't been as receptive, and so we've addressed that. We had some initial resistance. We expected about 5% of the population, in spite of the fact you might say, "Why would anybody not want that, didn't want that?"

**Dave Hennessy:** I know. It was in the article too.

**Dave Almeda:** It was not a fun 30 days, because it was a very vocal 5%, and why. Well, some of them were like, "Geez, that's my bank. I'm saving that money so when I leave you can give it to me." I'm like, "Are you planning on leaving?" "No." I said, "Well, I don't know what to tell you then." Or, and this is probably equal or maybe even harder to understand, people would say, "I had six weeks saved up to go to Europe next year. Now this."

**Dave Hennessy:** You can still go.

**Dave Almeda:** Go, "Well, go to Europe." "Okay. Yeah, it's true, but someone else who just started also can go to Europe." I said, "Look, this is a team sport we're playing here." That's generally my response. What does that mean? It means that if you have somebody on your team that's so good that they can take six weeks off and still be productive, you ought to be really happy about that, because one of us ... Individuals don't win here. The team wins, and this is meant to support the team. I would say that resistance skewed a little bit to people who had been here longer, which probably translates into people that were more used to taking vacation in the old ways.

Now, a lot of those people circled back after the fact and said, "Just kidding. This is awesome, and not only for me, but for my team." There's a lot of conversation, and it's a great example. We knew that was going to happen, but we still believed it was the right thing. In this role or even as a senior leader anywhere, you can't not do things because you expect there to be some level of, to use your word from



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earlier, "conflict." You got to push through and say, "The endgame is what we're after. Sometimes you have to run a little bit of interference, go through a little bit of pain to get there, but that's just necessary to do."

**Dave Hennessy:** You must get so much so many employees ...

**Dave Almeda:** The other side was also really positive.

**Dave Hennessy:** ... that it's got to be incredible feedback you've got, the positive feedback.

**Dave Almeda:** In fact, the funniest story is there was the guy, the six week vacation guy in the second half of this conversation said, "But just so you know, my son is now working here, he just started, and this is awesome. He's got this paternity leave, and maternity leave, and he's wanted to take more vacation and he has it." I'm like...

**Dave Hennessy:** He saw both sides.

**Dave Almeda:** I'm like, "Good for him. Do you want me to take that away from your son? Are you going to tell him that?" I think they had a hard time just getting their head around ...

**Dave Hennessy:** It's a change thing.

**Dave Almeda:** It is a change, and also I think inherently as much as our trust ... We have a trust index here that's actually a third-party thing, it's like 95%, so generally speaking they trust what we do. I think sometimes when things look too good to be true, people really take a step back and say, "Really? Is there a hidden thing here?"

**Dave Hennessy:** Right. Is the company saving money? Then you had an answer for that where you plowed money into other benefits.

**Dave Almeda:** I think it would have been a hard conversation if you said, "Yeah, we are. We're going to take the money we used to pay you and we're going to go put it to the bottom line, but you win anyway." You probably could have had an okay conversation there, but when you can say, "Look, we're spending the money and more." Kind of hard to argue.

**Dave Hennessy:** The big thing that the article says is that the results for the company actually improved, and I think your CEO thinks there's some linkage there. It's always hard to show that, but when you have employees that engaged, that trusting of management and leadership, they're more motivated.

**Dave Almeda:** Yeah. One way to think about it is what's going on with your top talent, and we certainly track things by categories, so people that are performing really well, people who are performing on average, and people that are not performing and what happens to those groups when you do things like this. People that were performing well and people performing extraordinary, our turnover is at all-time low, or at an all-time low, and our performance, as the CEO mentioned, is at an all-time high.



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**Dave Hennessy:** Congratulations. That's just a great story. I think it's awesome.

**Dave Almeda:** It's fun.

**Dave Hennessy:** Awesome HR. This is a good example of change in HR. What do you think's been the biggest change in the function?

**Dave Almeda:** First, I'd say that innovation, and we just talked a little bit about innovation, so I think for a long time HR just did what we were expected to do. It was an administrative function. You kind of made sure the trains were all running on time, and that you met the...

**Dave Hennessy:** Pay and benefits, and...

**Dave Almeda:** ...expected criteria.

**Dave Hennessy:** ...employee relations.

**Dave Almeda:** Then I think there was not a lot of differentiation between companies in that regard, and if you did it poorly, you lose, if you do it okay it's like a dial tone. No one really notices until you miss. That's the way it was for a long time. I think the example I just gave you is an example of innovation, but I think companies are both being compelled because of the hyper-competitive nature of the labor market, especially in...

**Dave Hennessy:** In your space.

**Dave Almeda:** ...spaces like technology, but also permission. Now, I think that varies a little bit by industry, so if you're in a less hyper-competitive market, you might have less permission. I would still say the urge and maybe the urgency to do this stuff is still there, because you still need to differentiate yourself as an employer, and not all your jobs are semi-skilled or whatever, so be aggressive is my advice there. Innovation is definitely going to change. Technology, I'd say, is helping. Not only because we do this, but investing in technology allows HR functions to do less of the administrative stuff.

Now, there's a couple of caveats there. One is you need to make sure you're investing in the right stuff, obviously, but more importantly once you relieve that administrative burden what you're left with is the same folks that have historically been focused on administrative tasks, and so reskilling those folks so they can focus on more strategic things and act in a way, that I'll talk about in a second, is a challenge, I think, for HR functions. I think it's, go back to the courage thing for a second, it's easier just to continue to do things the way you've always done them, because that's what the team's really skilled up to do.

If you're going to change things, if you're going to invest in technology that takes away some of this administrative burden, it demands that you go after the skills in the organization, in the HR organization specifically to align it more with business needs. It's not an easy thing to do. The technology is great, but there are some challenges that go along with that.



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The last one, I think, is just the way people approach HR. I think a lot of HR people are successful because they're relationship-based and there's nothing wrong with that. Especially the best example is the HR business partners which we have here that are embedded in the business. They'll perform well from a leader of the business perspective, but sometimes that means they do exactly what the business leader tells them to do, and they do all the stuff that the managers in the business don't want to do, like have the hard conversations, and do analysis they probably could be doing themselves. That's not how we approach HR here, and I would argue maybe not the way you should approach HR overall.

We've done some things here that probably wouldn't in the short-term have won us any popularity contests, but they're the right things to do for the business.

**Dave Hennessy:** Actually, that leads me to my next question, because I think I've seen you before at NEHRA events because I know you're very close to the organization. Last year you won the John D Erdlen award, and you're rolling your eyes. You don't like this fanfare. In fact, I remember you feeling a little embarrassed as you were giving that speech, but one of the things that struck me is how sincerely you showed appreciation for your HR team. Maybe you could talk about your team, how you've built your team, and what things you're proud of that they're accomplishing here now.

**Dave Almeda:** Yeah. Not a big fan of ... First, it's not about me, and this is probably what I said. I've won two awards in the last two years and I don't think either one of them ... I won the CHRO of the Year Award, a national organization, last year, and I said the same thing there, because...

**Dave Hennessy:** What was the organization?

**Dave Almeda:** HRO Today.

**Dave Hennessy:** Okay. Congratulations on that one, too, then.

**Dave Almeda:** Neither one of them I deserve credit for really, because at the end of the day...we're about to have, later today, have a 90 minute meeting on the objectives for the group next year in preparation for this HR summit we're putting together in December. That'll be the meeting today, and they'll come forward with what they think we need to do. I'm in there a lot. I deal with them directly on a regular basis, but it's an incredibly talented team. They're motivated and they're passionate, and all of the things you'd probably expect them to be to be able to pull off what we pull off here. They are in combination with the CEO what enables a lot of this and is supportive of a lot of this.

Actually, in the case of Courage to Lead is the model, actually, for a lot of the things we do here. They deserve 95% of this credit. I think all those things are critically important, but if you asked me what was different about this team than most, it's the character of the individuals on the team. Recently we did a reorganization on the team and that required people to do slightly different jobs, or take on more responsibility. They all did that because they knew it was the right thing for the business, and so some difficult decisions and discussions there. At the end of the day what ended up happening is not only did these people step up, and I have zero doubt that we're going to be successful, but the people who weren't affected all raised their hand and said, "If there's any way I can possibly help to get this done, just all you have to do is ask."



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**Dave Hennessy:** Their role wasn't being directly impacted but they offered to assist.

**Dave Almeda:** Every one of them. Every one of the hundred people that work in HR here are made up of the same type of character. They take extraordinary care of the business, and even better care of each other.

**Dave Hennessy:** I was going to ask you that, how did you go about building this HR team?

**Dave Almeda:** How long is the podcast again? One person at a time really, one person at a time. I think...

**Dave Hennessy:** Well, I'll ask another question. When you're bringing somebody in to your HR team, what's important to you about them which helps you make that decision?

**Dave Almeda:** Character is the biggest thing. One way to find that out is to say, look ... I can ask the question, like we just talked about, give them a scenario where you weren't directly impacted by an organizational change, how did you deal with that? Most people will say, "I made sure I did my job, because I know it was helpful for the organization and they didn't need the distraction." Occasionally I get people that say, "I raised my hand and I did more." Those are the people you probably want. Not a knockout question, but it's an interesting insight for people.

My group, passion for both the business and for the function. We could do a lot less and be successful, I think. The reason we do a lot more, I mean these guys drive me as much as I drive them, maybe too much, but that's not a bad thing. It's impossible. I could decide tomorrow I'm never going to introduce another initiative again, and these guys would just continue to come forward. I'd have to still obviously parse all that stuff out, but that's how much passion they have for what we do. I'm not dragging them along at this point. They're pushing along and that passion is important. Then I'd say, obviously, two things that really matter are competency and intelligence.

**Dave Hennessy:** I'm going to go to the NEHRA question of the podcast right now, as the Erdlen award winner last year, I'm happy to ask you what things would you recommend to young professionals. They're in HR, they want to move up in the function.

**Dave Almeda:** Yeah. Good question. At first I think you need to really check yourself and make sure you're passionate about what you're doing, because you're not really ultimately going to be successful not only in HR but anywhere else if you're not really successful. If you're only trying to move up because you want a bigger paycheck or a bigger title, you probably need to find something that you're going to be more excited about. I've had these conversations with my own kids, but I think it's true for any professional in any function. That's one.

Two, I'd say find a mentor. I know this is kind of a probably routine thing to say, but it's hard to figure out how to navigate successfully through an organization, and it's really hard to get an objective view of yourself against not only your current role, but against future roles without somebody who's going to take an interest and the time to do that. It needs to be somebody that's senior enough that can give you that perspective and someone that's candid enough to give it and maybe intelligent enough and caring enough to give it in a way that's actionable for the person. It makes a big difference.



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If you find the right mentor, they're going to get as much out of it as you are, because I've done it a lot in my career, and it's rewarding to be able to move people up in the organization. That's another one. The other thing I'd say is, and I mentioned this a little bit earlier, make sure you're in the right organization. If you really are passionate about this, if you really are competent, if you really want to move forward, you need to assess a little bit where you are with your career and then where you want to go, and can the organization you're with get you there. It's not the organization's fault if it's a small organization or it's got leadership that just isn't supportive of the kind of things we've been discussing, or whatever, you're probably going to be a little frustrated over time. The next role isn't always the answer.

Just because you're in a more senior role sometimes you're more frustrated as opposed to less. More seniority doesn't end frustration. I think that's probably true in almost everybody's experience. In fact, in a lot of cases it magnifies it. You need to make sure that's all lined up for you as well. Then I'd say continue to learn. I mentioned before the podcast started that I spent the week at MIT, and it's immersing yourself in an environment that gives you that perspective, which is different than the perspective you're going to get in the workplace, is important. When I say learn, I certainly mean academic.

If you really appreciate education and learning, what you really come away with is there's a heck of a lot more you don't know than what you do know. Anybody that tells you different than that, probably didn't really grasp what they were supposed to grasp out of their education.

**Dave Hennessy:** Your message is say yes to educational opportunities, seek them out, and whether it's through a mentor, or through formal or informal learning, that seems like that's your message.

**Dave Almeda:** And other organizations too, and...

**Dave Hennessy:** Benchmarking.

**Dave Almeda:** ...NEHRA conferences, and just continue to learn, and that'll generate new ideas and help you better understand where you might go in the profession and all those things. I think it's a undervalued piece of how people can progress. I wouldn't even be in this job, as much as it was a crazy year, the opportunity that I took to work in a strategy role for a year which gave me the international experience combined with the post doctorate work I did made me probably more attractive as a CHRO.

When I was hired here, I never was a CHRO before, so my competition, I wasn't thinking about this at the time but certainly it was probably true, were sitting CHROs. Why would you hire the new kid as opposed to the tried and true kid? Part of this, I think, is spending time in some of these environments and learning that way, and spending time in academia and learning that way, and certainly some of it was just a connection and all those things, but they help in sometimes unexpected ways.

**Dave Hennessy:** All those different lenses you have.

**Dave Almeda:** Yeah.



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**Dave Hennessy:** This is a question I ask on the podcast every time as well in addition to the NEHRA question. I used to think I'd get the same answers for this question, but I get a very different answer from everybody. If you could write a letter of advice to your 30-year-old self, career advice, business advice, what would you write to yourself?

**Dave Almeda:** That's a good question. The first one would probably be exercise more. You're going to get old, it doesn't get any easier.

**Dave Hennessy:** It's like investing. You got to put that in the bank, the fitness stuff.

**Dave Almeda:** 30, you're still on the verge of thinking you're indestructible. You learn later that isn't true, but professionally I think I was in a pretty good place at 30. I think I'd remind myself to take full advantage of the opportunities that I had. I think when you're moving up at that age you feel like whatever you have you're entitled to, and maybe you just feel like everything better is in front of you, and it's almost expected at that point versus sitting back and saying, "Wow. This was quite an opportunity." Also, I think I'm a better leader now than I was at 30, and I think when you're 30 and you start to get teams that report to you, I think you, again, feel like maybe you deserve that because you're doing well, and therefore you're being put in that position, and you don't maybe reflect on what that means for the people that work for you.

I think I'd tell myself, "Good job. Appreciate where you are, but be a better leader, lead every day, help the folks that work for you move forward in their careers and develop." I don't know that at 30 most people think about those things.

**Dave Hennessy:** What other things do you do to foster management effectiveness here at Kronos?

**Dave Almeda:** It's been something we've really doubled down. We have a very simple belief here, which is every Kronite, every employee deserves a...

**Dave Hennessy:** Kronite?

**Dave Almeda:** Kronite, yeah.

**Dave Hennessy:** Interesting.

**Dave Almeda:** Proud Kronites. It's no question that's a term that people use here with a combination of pride. We believe that everyone deserves a great manager, as simple as that. Now, that's interesting, and I think apple pie-ish but we also know, because we take a very evidence-based approach to HR here. Most of the time when I say I know, it's because we have evidence, there's data that's pointing us in a direction that we've pursued over time. It's not because we're guessing. We don't react to trends. We stay on top of trends, but then we analyze what's going on in the business, and make decisions that way.

In the case of manager effectiveness, that's exactly what we did. We started with the belief, okay, we believe there's something here. We believe there's something going on where good managers are creating better code, or having higher retention, or in the cases of services, servicing customers better,



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or all the things we do as a business here. We said how do we capture that? How do you figure out what that secret code is?

**Dave Hennessy:** What's the magic formula for those managers in this environment?

**Dave Almeda:** If there is one, and maybe there wasn't going to be one. We started doing a little research on this, and there was a couple of companies that have done some work here. The question we started with was how are great leaders managing every day, more specifically how are great leaders managing every day at Kronos. There was a *New York Times* article, I don't know, probably around four years ago now. Title of the article was Project Oxygen. There's also a *Harvard Business Review* case on Project Oxygen that's 23 pages long. The Project Oxygen *New York Times* article was three pages long, so kind of the abbreviated version that gives you the gist. If you want to dig in, the HBR version's very good as well.

That was a product of work that Google had done, so there's a individual at Google, her name is Michelle Donovan, who headed up this project. There's an individual at Facebook that did some similar work, her name is Brynn Harrington. We've spent time with both, a lot of time actually.

**Dave Hennessy:** With both people.

**Dave Almeda:** Yeah.

**Dave Hennessy:** You brought them here. Okay.

**Dave Almeda:** We went there.

**Dave Hennessy:** You went there. That's great.

**Dave Almeda:** Every year actually we do a benchmarking trip. We find companies that we think are doing pretty exciting stuff, and we go on the road, and we pick the target company, and then we generally meet with two or three other companies in the area at the same time just to learn from them. In this case we wanted to learn about this, like, "What are you doing?" We didn't want the answers to the test, we wanted the equation, wanted to figure out, because we knew Google in particular but also Facebook were very analytical, so we know they didn't just take a swag at this and say, "Well, these are probably the right behaviors, and so..."

**Dave Hennessy:** Right, wasn't a gut reaction, right?

**Dave Almeda:** "...we're just going to hold people accountable for stuff we're not really sure is going to drive the business." We were pretty sure that they were going to hold people accountable for stuff that was going to drive the business. That helped us quite a bit as far as figuring out how to go after it, but after that we had to analyze just a ton of data on our side, so think about five years of engagement surveys where we looked at highly engaged employees versus employees that were less engaged, and try to figure out the differences there, managers that were performing well versus managers not performing well, teams who are performing well, not performing well.



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We looked at stakeholder feedback that also comes through our process. We looked at talent calibration to figure out how people were being rated. We took all that data, and we said, "What is that really telling us?" Then we distilled that down into 20 or so learnings and then we sat down with a huge number of focus groups and said, "Here's what we think the characteristics are. How does this show up every day?" For example, if we think communication is big, does that mean they write you an email every day before they go to bed? What are they doing? Are they holding regular staff meetings? What are they communicating?"

There's a granular level of understanding we tried to get to that we were happy to do. At the end of that what we're able to do is determine not only the 10 to 15 characteristics that were important for managers, but also the questions we needed to ask on a biannual basis, which is what we do now, to be able to determine if their teams are seeing that behavior out of managers. We started that process in '16. We have employees rate their managers every six months. Interesting things happened out of that, really, I would say, cool stuff, if you're into the progressive HR, innovation...

**Dave Hennessy:** Give us an example of something that came out.

**Dave Almeda:** I wish I could share the graph that came out of it, which I don't even have in front of me, but the graph that came out of this thing. For the last few years we've been stuck on 84% highly engaged employees. Now, that's the top 5% of ...

**Dave Hennessy:** That's not too bad.

**Dave Almeda:** ...all companies. It's pretty good. It's come up a lot since 2010. We were pretty happy with that, but still for four surveys it was at 84. We did this manager effectiveness thing, where we started to identify these behaviors and have employees rate them. In the first survey, obviously, no change in engagement, because all we're doing is creating a baseline, what's going on. Then every single manager got a report that said here's where you rate against your peers, here's in all these different areas which quartile you're in. Here's the stuff you need to work on. By the way, as part of this the expectation is share it with your team. Tell them what your rating was and what you're doing to improve.

**Dave Hennessy:** These are some experiences that managers have never had.

**Dave Almeda:** No. We didn't, by the way, in the first round of this share the results with the manager's manager. This was developmental. It's not a gotcha thing. It's, look, we've uncovered some code here that we know is going to make your team more successful. Here's where you fall against that finding, and so here's what you need to work on. Managers took it very seriously. Now, in the case of the worst performing managers we took individual responsibility for coaching those folks, and were pretty intensive there, but every single manager had access to development across those different areas. We weren't just saying, "Hey, you need to work on this, but we're not going to tell you how."

**Dave Hennessy:** Here's some resources. Here's some support.



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**Dave Almeda:** Right. Here's some resources. The second survey happened at the beginning of '17, and lo and behold the results for MEI improved pretty dramatically up five points, but more importantly engagement went up three, not that we take it for granted, but we're happy with that especially given the relative stagnation. Retention, which is a predictive number for us, which I can talk about a little bit, but also went up significantly. Just by focusing on these different areas two things really happened, one is folks obviously more engaged. Second, the retention thing which I mentioned, reason it's predictive is because our vendor actually goes back and looks at all the folks that said they were planning on leaving or thinking about leaving, those folks leave at a rate of about eight times compared to the people who said they're going to stay. That number dropped significantly. Our retention has gone up, or our attrition's gone down, depending on how you want to flip that metric, significantly over that time as well, because people were ... Everybody deserves a great manager, and now we have a way to deliver that.

**Dave Hennessy:** It's great.

**Dave Almeda:** Pretty fun stuff.

**Dave Hennessy:** Two major things we talked about today that happened in 2016. These are two big initiatives in your HR group. Now, that explains why you had to do the reorganization and realign jobs. You have so much different work going on here, now, than you did a couple of years ago.

**Dave Almeda:** Also, it creates a really high bar for us, so like, "Okay, so what you got for me now?"

**Dave Hennessy:** What have you got left?

**Dave Almeda:** Those are two things no one else has done before.

**Dave Hennessy:** What's going on in 2018? Tell us about that.

**Dave Almeda:** We do like to innovate, no question, but we only innovate against things that actually are identified needs in the business, and then it gets kind of fun. We'll do some of that in '18 for sure.

**Dave Hennessy:** Great. Well, thank you so much for taking the time to be on the podcast. It was a lot of fun.

**Dave Almeda:** No. This has been great, and I appreciate the opportunity to share some of the stuff we're doing here.

**Dave Hennessy:** Thanks.

**Dave Almeda:** Thank you.

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