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Coverage eroding
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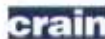
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As the world gets smaller, understanding **country-specific differences** becomes a business imperative

Crossing Cultures

By Ed Fraumenheim

At semiconductor giant Intel, the notion that a manager wouldn't know how to conduct business in a different culture just doesn't compute.

From its Silicon Valley headquarters, the company reaps 70 percent of its revenue outside the United States. Its 91,000 employees are spread throughout more than 48 nations. In addition, the computer chip maker is trying to become a more customer-focused firm. That means getting a bead on even the emotional needs of potential buyers around the world, making cross-cultural knowledge crucial.

So when the company set out to create a new leadership program for midlevel managers last year, it made firsthand exposure to different cul-



CRAIG BARRETT, chief executive of Intel, is greeted by Malaysian students in Kuala Lumpur. Asian markets account for about half of the company's sales.

tures a cornerstone. Under the program, some 800 midlevel leaders during the next eight years will fly to weeklong seminars outside their home region, a plan that will likely cost the company more than \$3 million.

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KEVIN GAZZARA developed Intel's Leading Through People program, a leadership initiative that exposes midlevel managers to different cultures within the company.

TheInsider

Nissan on Nashville road trip

Many are expected to stay behind as the automaker relocates its U.S. offices to cut costs



By Joe Mullich

With its announcement this month that it will move its headquarters from Southern California to Central Tennessee, Nissan North America is plunging into a major workforce relocation to cut costs.

The move is likely to prompt widespread resignations, auto industry consultants predict, which will allow the Japanese automaker to hire new workers at lower pay with lesser benefits.

"Nissan constantly seeks ways to create value and improve performance," CEO Carlos Ghosn said in announcing the decision on November 10. "When we examined the long-term operational benefits of relocation and the pos-

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KEVIN JAMES

Culture of Understanding

U.S.-based businesses operating on a global scale ramp up training programs to help employees better comprehend their **INTERNATIONAL CO-WORKERS AND CUSTOMERS.**

By Ed Fraumeni

CONTINUED FROM THE COVER

Intel hasn't yet tried to assess the bottom-line return on this investment, but it's betting employees come away with a deeper understanding of country-specific differences, Intel's corporate culture and even the way members of different business units—say, manufacturing types versus sales managers—go about their jobs.

"People who are responsible for hundreds of millions of Intel's wealth and prosperity need to be able to understand how to work well on a global basis," says Kevin Gazzara, who led the development of the Leading Through People program and now oversees it.

Intel isn't alone in putting more attention on dealing with cultural differences in recent years. Software consulting firm Sierra Atlantic, headquartered in Fremont, California, recognizes the importance of family and parental guidance in Indian culture with a kind of "take your parents to work" day. The event, in which parents of new hires in India are invited to visit and learn about the company, has helped cut by half the company's attrition rate for new college graduates hired in the country.

San Francisco-based software firm Freeborders has adapted to its Chinese employees' tendency to share salary information publicly by standardizing pay at de-

fining job levels at its facility in Shenzhen, China. Freeborders then varies pay for exceptional performance by reviewing employees at least four times per year, and the company cites this and other human resource strategies as key to its success. Revenue this year is on pace to grow about 70 percent compared with 2004.

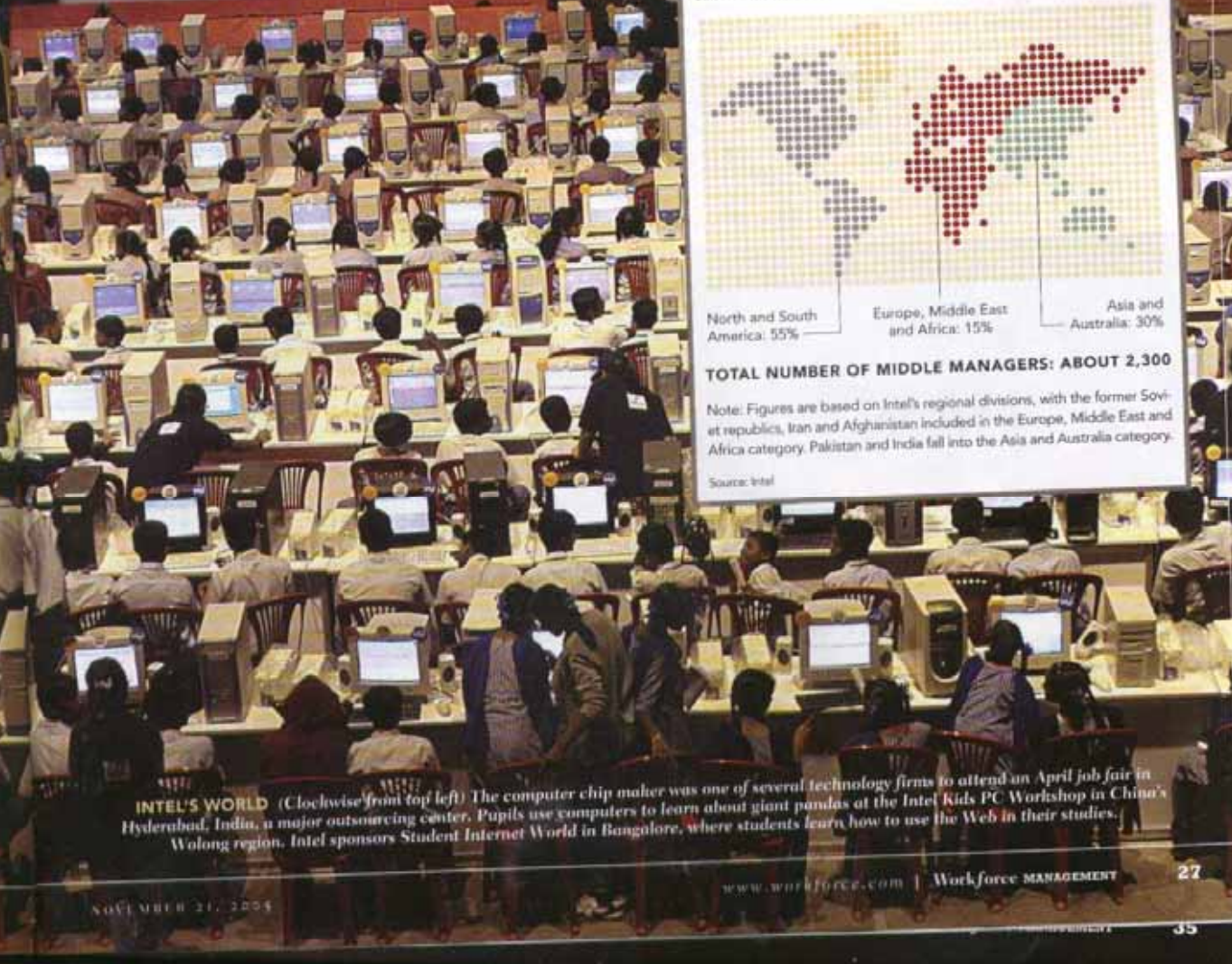
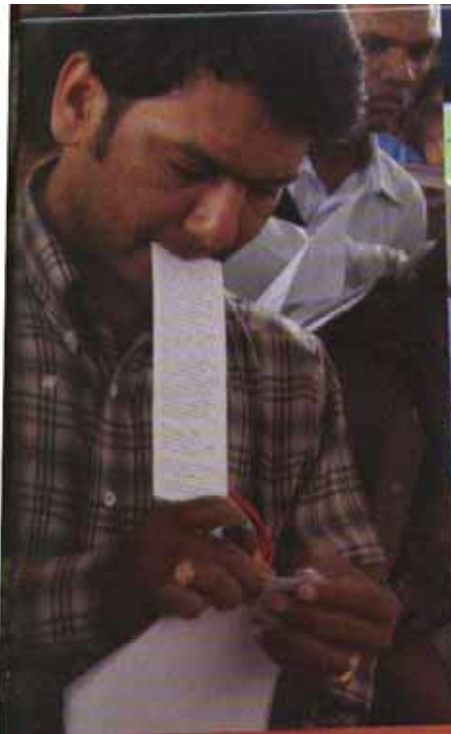


HOME BASE Workers lunch at Intel's headquarters in Santa Clara, California. The company, known for its popular Pentium and Celeron microprocessors, has 91,000 employees in 48 countries.

And at KLA-Tencor, a high-tech manufacturer based in San Jose, California, Asian employees were taught to avoid spamming U.S. executives with excessive e-mails using a Web site from consulting firm MeridianEaton Global. With the help of the GlobeSmart site, the employees learned that copying executives on e-mails about local matters may be considered polite in Asia, but it is a nuisance to American execs.

Thanks to a desire to access emerging markets and manage globally distributed workforces, U.S.-based businesses are ramping up investments in training programs and teaching materials that help employees better comprehend their international co-workers and customers. They're also taking steps to adapt to the workplace culture in foreign countries. Hard numbers backing up the effectiveness of such programs are hard to come by, but advocates argue that the seminars, courses and other initiatives can result in benefits such as more deals closed, more effective teamwork and new thinking.

CLOCKWISE FROM TOP: AP; BETTY IMAGES; SPALANSKY



INTEL EVERYWHERE

Middle managers at Intel—that is, employees who oversee departments and other supervisors—reflect the company's international makeup. Nearly half of these 2,300 employees are based outside the Americas. As Intel pushes into new markets and asks employees to work on "virtual" teams with members in multiple countries, the company's new leadership program for middle managers emphasizes cross-cultural awareness.



North and South America: 55% Europe, Middle East and Africa: 15% Asia and Australia: 30%

TOTAL NUMBER OF MIDDLE MANAGERS: ABOUT 2,300

Note: Figures are based on Intel's regional divisions, with the former Soviet republics, Iran and Afghanistan included in the Europe, Middle East and Africa category. Pakistan and India fall into the Asia and Australia category.

Source: Intel

INTEL'S WORLD (Clockwise from top left) The computer chip maker was one of several technology firms to attend an April job fair in Hyderabad, India, a major outsourcing center. Pupils use computers to learn about giant pandas at the Intel Kids PC Workshop in China's Wolong region. Intel sponsors Student Internet World in Bangalore, where students learn how to use the Web in their studies.

Culture of Understanding *continued*

INSIDE INTEL'S GLOBAL PROGRAM

Fifteen months ago, Gazzara was put in charge of coming up with a leadership training program for midlevel employees who manage departments and oversee other supervisors.

One of his reference points was an existing training program for what Intel calls "first-line" managers—those who supervise a team of people. Having led or facilitated more than two dozen of these sessions, Gazzara noticed



*"The way we've done training in the past, particularly in the global environment, **may not be the best way to do training in the future.**"*

—Kevin Gazzara, Intel

their tone and content were different around the globe. A key feature of these lower-level manager training programs: Attendance tends to be almost exclusively employees from one country or region. In other words, some 90 percent of those attending a first-line manager leadership program in Bangalore would be from India.

In Gazzara's mind, the new program for middle managers had to do more to foster awareness of Intel's overall culture, the company's business-unit subcultures and different cultures around the globe. "It's a matter of how you get all of these cultures to perform well together," he says.

Gazzara, who is based in Chandler, Arizona, has extensive expertise in workplace management. Now 50, he joined Intel in 1989, rising through the ranks to manage operations for a video-processing product that eventually was incorporated into today's Pentium processors. After a sabbatical, he switched gears in 1996 to oversee Intel's internal university for 10,000 employees in Arizona.

In 2001, he earned a doctorate in management and organizational leadership from the University of Phoenix.

Gazzara traveled internationally for Intel and began developing firsthand knowledge of several cultures. In addition, the team that helped him design the new leadership program spanned the globe. Employees in China, Russia, the United States and Israel all contributed to the creation of the program. He says it was a nightmare to coordinate conference calls. Gazzara's team made a decision that at least 30 percent of the attendees at the midlevel leadership sessions had to come from outside the host region.

The programs, held thus far in locales including Ireland, Israel and China, don't explicitly address cultural differences through lectures or reading materials. Instead, seminar content is focused on business leadership skills such as setting the pace and executing business plans. But Gazzara and his team designed the program so participants would be forced to consider cultural differences. At each workshop, the 50 or so midlevel managers attending are divided into geographically diverse teams of six to nine people, and the teams must create a new-product business proposal by the end of the week.

This crucible setting sparked important learning for Intel marketing manager Dinesh Gohil at a seminar this year





AT A GLANCE



intel®

Intel is best known for its Pentium and Celeron microprocessors, which are used in about four-fifths of new PCs. Its biggest customers are Dell, Hewlett-Packard and Apple. Intel was once the No. 1 maker of flash memory, but recently was overtaken by Samsung. It also makes embedded semiconductors for communications and industrial equipment markets.

CEO: Paul S. Otellini

Ticker symbol: INTC

Headquarters: Santa Clara, California

Employees: 91,000

Sales: \$34.2 billion

Net profit: \$7.5 billion

Market cap: \$149.5 billion

\$2-week range: \$21.89-\$28.84

Background: Intel reached an agreement with Apple Computer this year by which the latter switched from IBM's PowerPC microprocessors to Intel chips. Intel also acquired XML technology developer Sarvega and has agreed to purchase part of Zarlink Semiconductor's radio frequency chip operations for about \$70 million. The company continues to invest in overseas markets—especially in Asia, which now accounts for about half of the company's sales. Intel competitor AMD filed an antitrust suit against Intel this year alleging that the company used improper subsidies and coercion to secure sales because of its exclusive relationship with Dell and Hewlett-Packard. The case is expected to go to trial next year.

Sources: Hoover's, Marketwatch.com



LOOKING EAST The \$400 million Intel Assembly and Test Factory in Chengde, Sichuan Province, is the company's largest investment in China.

Custom-fit communication

HIGH-TECH MANUFACTURER KLA-Tencor is more serious about cross-cultural education since a manners mishap in Malaysia.

About a year ago, the company, which makes equipment for the semiconductor industry and is located in San Jose, California, flew a German employee to Malaysia to help a customer with a malfunctioning machine. But the fellow didn't spend much time getting to know customer employees there on a personal level—a key to doing busi-

ness in much of Asia, says Lynne Stasi, chief learning officer for KLA-Tencor.

"Because he didn't do that rapport-building, they didn't trust him to fix their machine," she says. "He was there for a day, and they sent him back."

Today, KLA-Tencor uses GlobeSmart, a cross-cultural training product from consulting firm MeridianEaton Global. GlobeSmart is a Web portal that allows a range of employees to learn about the history of a country and to assess their own communication style to determine how they may need to adjust their behavior in a particular country.

KLA-Tencor has Asia-based employees use GlobeSmart to relate more effectively to U.S. colleagues. For example, the site has wisdom for Asians regarding American e-mail culture, Stasi says. "Asian employees needed to understand that they did not need to copy U.S. executives on local e-mails," Stasi says. "In Asia, this is viewed as being polite, but in the U.S. it contributed to e-mail overload."

Beyond GlobeSmart, KLA-Tencor is putting more attention on helping managers throughout the company deal with other cultures. That's partly because of the international, "virtual" nature of product teams today, Stasi says. In one case, a KLA-Tencor device is manufactured in Singapore and Malaysia, with software written in India and the team leader located in the U.S.

"Because that's the wave of our future, everyone has to think globally," Stasi says.

—E.F.



in Israel. The key, Gohil says, was an uncomfortable experience beyond the program's formal structure. Now based in the United Kingdom, Gohil co-led a team as it put together a business proposal. But he noticed that during breaks in the seminar, Israeli members of the team were chatting among themselves about the project in the hallway. "I felt a little left out," he recalls. So he confronted his Israeli co-leader, told her he felt excluded and asked if he were somehow not doing his job properly. "She said, 'There's nothing going on—it's just a little corridor conversation,'" Gohil recalls. "For them, it was entirely natural to have that conversation outside a meeting environment. It was a real eye-opener."

Gohil says it was helpful to learn about Israeli workplace culture because he and other Intel employees work in geographically diverse teams on a regular basis.

Among the challenges for session facilitators is making sure that Asian members, who tend to be less vocal than their European, American or Israeli counterparts, are heard.

Gohil served as a facilitator at a seminar in Ireland and found himself stepping into a group's discussion to elicit comments from a manager from Penang, Malaysia. The quiet Malaysian employee made a helpful remark that put the conversation in a broader context. "It wasn't that he

wasn't engaged," Gohil says. "He was going through a very structured thought process."

COMPANIES TAKING NOTE

Although Intel isn't currently doing a bottom-line assessment of Gazzara's program for midlevel managers, the company is committed to the project. After a pilot session last year, Intel doubled the number of seminars slated for this year, to eight.

One of the advocates of the LTP program is Glenda Dorchak, vice president of Intel's digital home group and general manager of its consumer electronics group. Dorchak spoke at the first session in San Jose, California, last December, and ended up acting as the "banker" for the teams of middle managers pitching business proposals. She was impressed enough by the program to offer to be its executive sponsor. As Dorchak sees it, middle managers at Intel are poised to wrestle with the greatest amount of change within the company, and are critical to the future growth of Intel. "Midlevel managers need to have the tools and experience to work effectively in a global business and development environment," she says.

A key to the program's success, she says, is the way it is tailored to midlevel managers, exposing them to new busi-

Family-friendly in India

TO HELP RETAIN NEW EMPLOYEES in India, software firm Sierra Atlantic uses a variation on the American "take your children to work" tradition.

The company invites parents of new hires to visit and learn about the company. There's an introduction from company executives, lunch is provided, and guests—primarily fathers thus far—have a chance to ask questions about the firm and the workplace. Typical questions include: What are the career prospects for their children? What are the company's plans for growth? And how does Sierra Atlantic support their children's pursuit of higher education?

The company is based in Fremont, California, and has about 800 employees at offices in the southern Indian city of

Hyderabad. The quarterly "take your parents to work" events are an attempt to recognize the importance of family and parental guidance in Indian culture—and to make Sierra Atlantic stand out in the competition for technical talent there, says Hope Nguyen, company marketing manager.

"In India, parents have a major say in the career moves of their children," Nguyen says. "If Sierra Atlantic is able to convince parents about our values, work culture and growth prospects for employees, (it can) increase company loyalty among their children."

The cost of the program is minimal, Nguyen says, but it is helping to trim Sierra Atlantic's turnover in India. Since the initiative began last year, the annual attrition rate for new college graduates hired in India has dropped from 20 percent to 10 percent.

The program also marks an attempt to ease the cultural strains of tech work in India. With the growth in technology and back-office operations, young Indians are at times required to work at night because of the time difference with the U.S., alter their accents to sound American and even take on Western names when handling customer calls.

Sierra Atlantic isn't the only outsourcing company in India sponsoring family days. Progeon, a subsidiary of India-based tech services company Infosys Technologies, hosts family days every three months for new employees and up to three family members. It also tries to help employees adjust to working on clients' schedules, which sometimes clash with India festival celebrations.

"To make up for it, we celebrate these at night," says Nandita Gurjar, Progeon vice president and head of human resource development. She says the on-site festivities might include special food and ethnic dancing. —E.F.



ness roles in a learning environment with colleagues from around the world.

"The consistent feedback from the session was that participants could apply key learnings in their respective work environments, taking them beyond the classic textbook learning," she says.

Gazzara says participants are raving about the workshops in their feedback forms. Recent reviews have scored the seminars at 4.61 on a five-point scale—a higher mark than any other given in the past 15 years to the leadership program for lower-level managers.

Gazzara suggests that Intel's new program, with its diverse participant makeup and experiential approach, may mark a new era in leadership development, one suited for a more international business climate. "The way we've done training in the past, particularly in the global environment, may not be the best way to do training in the future," he says.

One sign of the trend is increased interest in cultural-differences training at MeridianEaton Global. Dave Eaton,

co-founder of the firm, says that five years ago just one or two clients asked about such training for their up-and-coming leaders. Now dozens are clamoring for such workshops. "Just about every client is asking us for this," he says.

Eaton declined to name specific customers, but his firm serves big guns, including all five of the *Fortune* 5 and a quarter of the *Fortune* 500. A group course for about 20 people typically lasts a day and costs \$300 to \$400 per person. Among the program's goals are for a leader to learn to accurately "read" their international counterparts' behavior and understand the rationale behind their actions.

Given the push for sales abroad and ever-more cosmopolitan workforces, other training programs with a focus on cultural differences are likely to emerge in the near term. Without them, companies run the risk that cross-cultural encounters will be about confusion rather than comprehension—and ultimately a better bottom line. **wjm**

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