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Crain Communications Inc

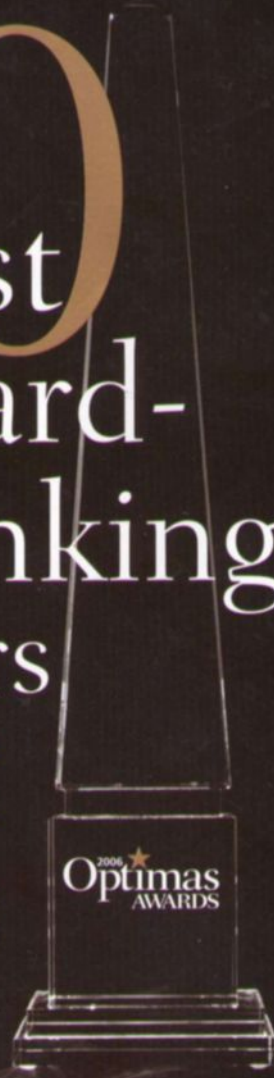
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The 10 Most Forward-Thinking Leaders

in Workforce Management

These organizations fought obstacles, bucked conventional wisdom, tried new approaches and realized great results. They share a common belief: Best workforce wins.

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TheInsider

No longer banking on brand



Big-name firms find they have to do more to sell themselves in order to attract the right job candidates

By Jessica Marquez

It's not often that you find a head of human resources on his hands and knees scrubbing the bathroom floors of his company's restaurants. But two years ago, that's exactly what Rich Floersch, executive vice president of worldwide human resources at McDonald's, was doing.

After just a few days on the job, Floersch decided to spend two weeks working at a McDonald's in Darien, Illinois, to find out what makes a good store manager or restaurant worker.

For McDonald's, the exercise was crucial. **continued on page 39**



2006 Optimas AWARDS

For 16 years, the *Optimas Awards* have recognized workforce management initiatives that directly improve business results. While many of the qualities involved in creating excellent and profitable organizations don't vary, each year's winners do reflect the changing business environment.

In the early '90s, human resources shed its administrative straitjacket. In the dot-com era, innovation reigned, and companies showered employees with unprecedented perks. In the crash that followed, the winning organizations showed a resolve and a determination to do more with less.

Now, as the global economy changes dramatically, a different theme is emerging. In nearly every category this year, the winning organizations' entries centered on talent. How to find it—sometimes in dizzying numbers. How to bring people into an organization quickly. How to maximize their abilities. How to steep them in a company's culture. How to retain the best people in the face of ever-increasing competition.

It's our pleasure to honor the achievements of the 2006 *Optimas Award* winners, and to share them with you.



BASED IN Santa Clara, California, Intel employs 100,000 people worldwide. Founded in 1968, it has become the world's largest semiconductor company and one of the mainstays of the Silicon Valley region. In 2005 the company posted record revenue of \$38.8 billion, and net income rose 15 percent to \$8.7 billion.

INTEL IS BEST KNOWN for microprocessors like the Pentium chips that serve as the brains inside personal computers. But the company is moving beyond chips to create more comprehensive software and hardware "platforms" that will serve as the foundation for products in areas such as health care and the ever-more digital home.



2006 WINNER
General Excellence

The **GENERAL EXCELLENCE** award is given to the organization whose workforce management initiatives have met the standards established for at least six of the other nine categories.



CEO Paul Otellini

INTEL

The computer chip maker's workforce strategies have helped it remain atop the competitive tech market and prepared it for a knowledge-based future.

By Ed Fraumenheim

What's inside Intel? A workforce management philosophy that is, in many respects, as cutting-edge as the computer chips it makes.

The Santa Clara, California-based company has proved itself to be a leader in areas ranging from ethics to leadership training to fostering a global perspective among employees. And it keeps taking steps to make sure its size—100,000 employees and counting—doesn't hijack this mandate from co-founder Robert Noyce: "Do not be encumbered by history. Go off and do something wonderful."

Intel has taken hits from critics on labor matters such as its use of foreign guest workers. Still, the company has made *Fortune's* list of the "100 Best American Companies to Work For" eight of the past nine years. And its financial results speak volumes about its employee management. In 2005, the company posted record revenue of \$38.8 billion, and net income rose 15 percent to \$8.7 billion.

Intel wins the 2006 *Optimas Award* for General Excellence for workforce management strategies that have helped the company stay atop the rough-and-tumble tech industry and prepared it for a knowledge-based future. Here are highlights of Intel's work in six *Optimas* categories:

Competitive Advantage. Intel gets two benefits for the price of one with its Leadership in Action program. Through it, Intel trainers gather data about emerging market trends. Then they lock three dozen senior managers from different locations and functions in a hotel for several weeks to develop possible business moves. The resulting reports have led to several company initiatives. Thus, the three-year-old program acts both as a way to hone leadership skills and set smart strategy.

Global Outlook. Some 70 percent of Intel's revenue comes from outside the United States. What's more, Intel's focus on software and hardware "platform" products for markets like the digital home requires a better understanding of customers around the world. So when Intel created a new leadership program for midlevel managers in 2004, it made firsthand exposure to different cultures a cornerstone. Under the Leading Through People program, 800 midlevel leaders will fly to weeklong seminars outside their home region over the next seven years.

Innovation. Intel consistently has found fresh ways to manage employees soundly—including letting them go over managers' heads to speak their minds. This year, the company is planning to hold an internal Innovation Conference. Employees were asked to submit ideas for doing things better in their group or the company generally. The top 10 creative ideas were to be showcased at the late-winter conference.

Ethical Practice. Doing the right thing matters at Intel. The company helped form a tech industry group that's establishing a code of conduct for members and their suppliers. That effort led to an award last year from *Business Ethics* magazine. Internally, Intel created an ethics training program with tricky hypothetical situations. "The issues are never black-and-white," says Dave Stangis, Intel's director of corporate responsibility. "We want people to think about it."

Managing Change. One way Intel handles change in the high-tech world is through low-tech communications with employees. When the firm made its shift to a "platforms" strategy last year, chief executive Paul Otellini traveled to major Intel sites in the United States and abroad to meet with workers. And when the company changed its compensation plan last year to include grants of restricted stock, managers told employees in person.

"Intranet and e-mail channels aren't always the best ways to communicate important information," says Larry Shoop, Intel's director of employee communications.

Vision. The company realizes that nurturing employee talents and tapping into them are crucial in a knowledge-based economy. In 2004, Intel invested almost \$3,700 per employee in training and development. It ranked 17th last year in *Training* magazine's "Training Top 100."

And company values of risk taking and open communication aren't just slogans, says Kevin Gazzara, who heads the Leading Through People program. A few years ago, he came up with a method of matching employee work preferences with their job, and he asked Intel to try it. In the wake of some pilot programs, Intel is about to use the system in China.

"When you let employees deliver their passion outside of their classic job description, it keeps them energized," Gazzara says. "And that benefits the company."