

Human Resource **Executive**[®]

Survival Strategy

Struggling like many technology companies today, one San Jose firm took significant steps toward revamping its culture and reviving morale.

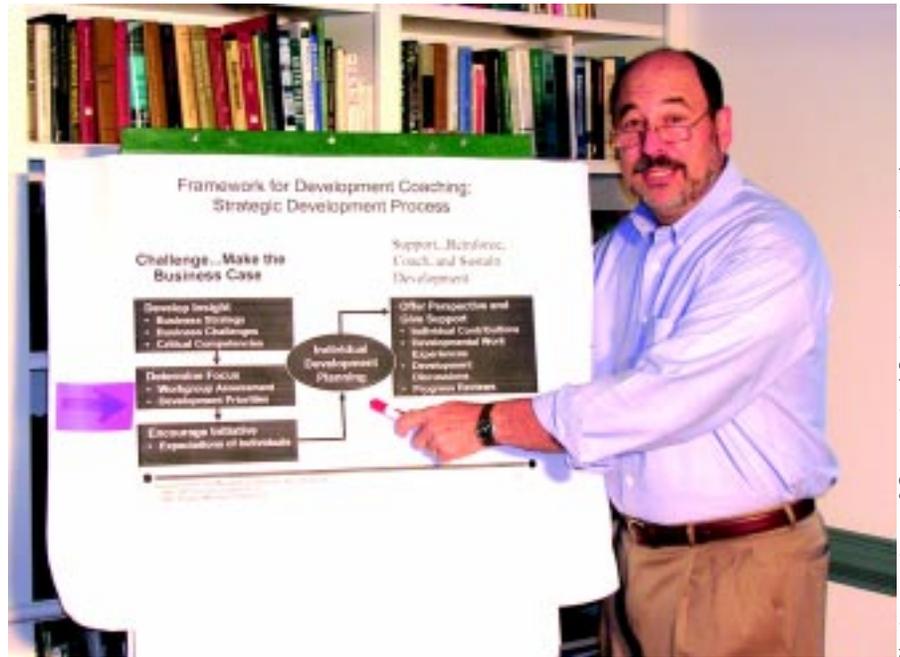
BY MARK LOWERY

Someone once said there's no such thing as bad publicity. Don't try selling that adage to employees or executives at JDS Uniphase Corp., a San Jose, Calif.-based supplier of parts that boost the speed and capacity of fiber-optic networks.

Back in 2001, JDS reported an annual loss of \$56 billion—at the time, the largest ever recorded by a U.S. company. While JDS' stock was tanking, the company's founder and CEO, Jozef Straus, was collecting hundreds of millions of dollars by redeeming stock options. The company laid off thousands of workers and CalPERS, the largest retirement system in the country, labeled JDS one of the businesses with the worst corporate governance in the country.

Then, in 2003, Straus announced his retirement. While analysts saw his departure as a positive development, some warned that the company still faced many hurdles.

"It's just a very lackluster market at the moment," Jim Jungjohann, semiconductor and components analyst at CIBC World Markets, said at the time. "But



Steve Forrer, CEO of Conceptual Systems International, holds a training session at JDS Uniphase Corp.

Photo courtesy of Conceptual Systems International

JDS is still facing significant turmoil: It has lost everyone and it's been hard for it just to break even. Many of its rivals are recovering much more strongly."

Against that history, JDS recently began devising an HR strategy to retain its key employees and attract new talent as needed. That's not such a problem now, analysts say, because the still-lagging economy in recent years has put the brakes on hiring in the Silicon Valley, but it's likely to be a challenge for many technology companies as the economy improves.

"My guess is that 10 out of 10 tech companies are facing this issue," says Steve Forrer, CEO of Brinklow, Md.-based consulting firm Conceptual Systems International. JDS hired CSI to help it create and implement an HR strategy to boost retention and recruitment before a rebounding economy catches it off-guard. "They [JDS] probably are in one of the most difficult positions. They resized the company and refocused it into a much smaller group. They now have to figure out how they can retain their talented core. These people are vital to their success."

Devising the Plan

Forrer, a former dean and vice chancellor at the University of Maryland who has helped many companies devise HR strategies, identifies two major challenges JDS—like many other technology companies—faces. "First, how does JDS communicate its new long-term strategy to an organization that has recently been focused on short-term survival tactics?" Forrer says. "Second, how does it ensure that, when the situation in the Silicon Valley improves, a lot of its best and brightest won't go elsewhere?"

The first step in devising an HR strategy to answer these questions, says Forrer, was to involve its managers in planning meetings. The goal, he says, was to help managers translate corporate strategy into business challenges. In other words, managers were instructed to ask themselves if their individual units had the tools and skills in place to meet the company's strategic goals. Put another way, says Forrer, each had to ask, "What challenge does it present to my department or organization for JDS to enter a new

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market or move to lower-cost manufacturing?” Secondly, “What do we need to do more of, less of or differently in the way we do business?”

To help managers determine what skills were needed to meet their goals and whether JDS had the people in place to get the job done, CSI helped them break departmental goals down into specific skills and actions.

“Some would argue this is just good business and resource planning, and indeed it is,” Forrer says. “But few see it as a gateway to inviting employees to create development plans,” which is precisely what the company set out to do.

The next step was to teach JDS managers how to conduct briefing sessions for their teams. The sessions were designed to help employees see how they fit into the big picture.

“Until now, nobody ever helped us understand how we fit in and that it is my responsibility to ensure that I am valued by staying current and skilled,” one JDS employee says. “Here, we have a company that has gone through hell over the last two years telling us, very directly, ‘We have a future and you are part of it.’”

Forrer says employees were then trained to create individualized and focused development plans that considered interests, values and skills. Their plans had to include explanations as to how they supported JDS’ business challenges. What resulted, says Forrer, were plans that are supportable in lean times and that clearly identify what type of training the company needs to offer its workers.

This particular makeover in recruitment and retention strategy did not involve major changes to JDS’ employee compensation or incentive programs. Rather, it was focused on getting JDS managers and employees to look forward.

“This was a major effort to get teams to talk about the future and not the

past,” Forrer says. “We wanted them to know we are willing to put resources on the line to be sure they are trained and prepared to meet our new challenges.”

It was also designed to clearly spell out responsibilities to managers and employees.

“The message was pretty clear to the manager: ‘Pay attention to the team you supervise in terms of their development and the probability of you meeting your business goals greatly improves,’” Forrer says. “And for the employee, there was an equally strong statement: ‘You are part of the team and JDS’ future. We will invest in you if you take responsibility to develop yourselves within the context of our future.’ Everybody wins.”

Another large component of the strategy has been to help managers coach employees by offering them training in coaching skills. “It is not hard to do, but many managers just don’t know how,” Forrer says. For this, managers were trained through CSI’s Development 21 for Managers, which has three components. First, they were taught how to translate corporate strategies into challenges for their work groups. Then, they met with employees to discuss their findings and to invite the employees to create development plans that tie into the challenges. Finally, they were trained in supporting and coaching employees on implementing their individual development plans.

Refocusing Workers

Garry Ronco, JDS’ senior vice president of HR, says the changes at JDS are not only designed to help the company retain and attract employees, but also to get employees’ minds off their company’s recent turmoil.

Until recently, says Ronco, managers and employees had a difficult time thinking of anything but the bad press and sinking stock price. Through the corporate-goal dialogues, he says, JDS hopes to create a culture emphasizing customer focus, technological leader-

ship, operational excellence and trust-building—with both employees and customers. “We are building the culture of a company,” Ronco says.

Much of the company’s culture, Ronco and others say, had been focused on short-term survival. Different locations had unique ways of doing things, according to Ronco, including different methods of evaluating employee performance. (In addition to the San Jose headquarters, JDS North American offices are located in six states and in Canada. The company also has offices in Europe and Asia.)

The company has now adopted a standardized employee evaluation process called the Performance Excellence Process. Designed to be a collaborative process between the supervisor and the employee, it provides an opportunity to discuss performance expectations, set performance targets and chart a course for employee development. PEP is part of the company’s overall management system designed to align employee performance and development objectives with business needs.

Ronco says the company decided to start the training programs out as pilot programs in order to “institutionalize the practices of the program.”

And how are employees and managers responding? “At first, they were doubtful. Just think of the tremendous upheaval they’ve been through,” Ronco says. Although it’s still too early in the process to measure the program’s success by using metrics, JDS expects results will be quantifiable once until the economy improves and technology companies begin hiring again, according to Ronco.

For now, he adds, “employees are coming from the sessions saying, ‘Wow, this is different.’ It’s an energizing experience.”

Send questions and comments about this story to hreletters@lrp.com.

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