4. Merging, downsizing, and reengineering all can radically change the structure of an organization. Choose one of these changes, and describe HRM's role in making the change succeed. If possible, apply your discussion to an actual merger, downsizing, or reengineering effort that has recently occurred. *(LO 2-4)*
5. When an organization decides to operate facilities in other countries, how can HRM practices support this change? *(LO 2-5)*
6. Why do organizations outsource HRM functions? How does outsourcing affect the role of human resource professionals? Would you be more attracted to the role of the HR professional in an organization that outsources many HR activities or in the outside firm that has the contract to provide the HR services? Why? *(LO 2-6)*
7. What HRM functions could an organization provide through self-service? What are some advantages and disadvantages of using self-service for these functions? *(LO 2-6)*
8. How is the employment relationship that is typical of modern organizations different from the relationship of a generation ago? *(LO 2-7)*
9. Discuss several advantages of flexible work schedules. What are some disadvantages? *(LO 2-8)*

TAKING RESPONSIBILITY

Taking Care of People Gives Cisco Systems a Strategic Advantage

Strategic thinking about human resource management and other services has helped Cisco Systems take care of its people and even people beyond the organization. At the same time, it has helped the company, which sells computer networking hardware and services, maintain consistent growth and profitability.

During the recent recession, sales slowed, and Cisco's executives sought more efficient ways to operate. Out of that effort came a plan for restructuring HRM and other services such as purchasing and customer support. Management determined that these services would be delivered on a global scale as part of a Global Business Services unit. That unit, in turn, was divided into groups focused on delivering day-to-day services and others focused on strategic planning. HRM employees were divided, with some assigned to tactics and others to strategy.

The head of tactical HRM is Don McLaughlin, Cisco's vice president of employee experience. Applying his background in manufacturing, McLaughlin took a businesslike approach. He set measurable goals for hiring, training, rewards, communication, and work design, treating Cisco's employees as customers of those services. He measures the time to deliver each service and his customers' satisfaction. While driving down the cost of each service by at least 10%, McLaughlin has maintained or raised customer satisfaction scores. He works closely with the human resource partners assigned to support strategy for each Cisco group around the world. Those HR managers get to know their businesses and create plans for improving the company's talent, leadership, organization, and culture.

One of the regional HR managers is Danielle Monaghan, human resource partner in Cisco's Technical Services Division in San Jose, California. Born in South Africa, Monaghan worked for other technology companies before joining Cisco to manage human resources in Asia. In the Asian assignment, she saw firsthand some of the challenges of recruiting and developing talent in the continent's distinctive cultures. In Japan, for example, she needed to build networks to locate talent, because it is inappropriate to make a job search public. In China, the issues are developing leadership skills and learning to manage the rise of unions. Monaghan's global perspective is now helping Monaghan tackle strategic issues such as workforce planning.

Perhaps one of the company's most distinctive efforts is the Cisco Learning Network, which grew out of the training efforts of Cisco's education services division. The division trains customers and partners, and it saw an online network as a way to reach people around the world with information about how to use the technology Cisco sells. People from high school students through experienced professionals join the network to take classes, study together, and share ideas. As participation has ballooned from 600,000 in the first year to more than 2 million recently, the company added information about careers, job openings, and industry trends. The data created through social networking and the connections to a worldwide community have given Cisco an edge in building its reputation and understanding its labor market.

Questions

1. How has Cisco Systems prepared itself for responding to trends in the labor force?
2. How have Cisco's HR managers balanced concerns for cost and quality?

Sources: Ladan Nikravan, "Cisco: Divide and Conquer," *Talent Management*, February 4, 2014, http://talentmgt.com; John Scorza, "An HR Journey Leads to Insights on Asia," *HR Magazine*, July 2013, Business Insights: Global, http://bi.galegroup.com; Robert Berkman, "How Cisco's Learning Network Became a Social Hub for the IT Industry," *MIT Sloan Management Review*, February 12, 2013, http://sloanreview.mit.edu; "Analysts' Choice: Strong, Steady Cisco Wins Race," *Dow Theory Forecasts*, July 29, 2013, p. 8.

MANAGING TALENT

Netflix Treats Workers "Like Adults"

When Patty McCord talks about human resource management at Netflix, she refers to treating people "like adults." McCord, until recently the company's chief talent officer, means the company hires people who are mature enough to take responsibility and then simply gives them responsibility. The result, McCord insists, is that employees live up to what is expected of them. If not, the company feels free to find someone else. That direct approach makes sense to the knowledge workers who populate the results-oriented, data-respecting world of information technology.

When McCord was at Netflix, she and CEO Reed Hastings settled on five principles that would direct the company's approach to human resource management:

1. *Hire, reward, and keep only "fully formed adults."* For McCord and Hastings, such employees use common sense, address problems openly, and put company interests ahead of their own. People like this need not be managed with endless policies. Rather, the company can trust them to take off time when they need it and spend money appropriately. The employees also are literally adults; Netflix favors hiring experienced workers over recruiting at colleges.
2. *Tell the truth about performance.* Managers are expected to make performance feedback part of their routine conversations with employees. If an employee is no longer working out, managers are supposed to let him or her know directly, offering a good severance package to smooth a dignified path to the exit.
3. *Managers are responsible for creating great teams.* The manager of each group is expected to envision what that group should accomplish and what skills are necessary. If the manager needs different skills than the ones already on the team, the manager is supposed to make changes. To keep workers on the team, Netflix is open about paying salaries in line with the labor market—what employees would be offered if they considered leaving for a competitor.
4. *The company's leaders must create the company culture.* Netflix executives are supposed to model behaviors such as truth-telling and treating people like adults.
5. *HR managers should think of themselves first as businesspeople.* As chief talent manager, McCord focused on the company's financial success and products, not on employee morale. She assumed that if employees, as adults, were able to make Netflix a high-performance organization and be compensated fairly, that would improve morale more than anything.

To put these principles into action, Netflix rewards high-performing employees with fair pay and a flexible schedule. Employees who do not perform up to standards are asked to leave. Rewarding high performance, in fact, makes it easier to allow flexibility and empowerment, because managers do not have to police every action and decision. It also creates an environment in which employees do not assume they have a Netflix job forever. Rather, they are responsible for doing good work and developing the skills that continue to make them valuable to their employer. Netflix's approach to talent helps the company stay agile—perhaps agile enough to withstand the shifting winds of entertainment in the digital age.

Questions

1. How well suited do you think Netflix's principles are to managing the knowledge workers (mainly software engineers) who work for Netflix? Explain.
2. What qualities of Netflix support the idea that it is a high-performance work system? What other qualities would contribute to it being a high-performance work system?

Sources: Patty McCord, "How Netflix Reinvented HR," *Harvard Business Review*, January–February 2014, pp. 71–6; Edward E. Lawler III, "Netflix: We Got It Right!" *Forbes*, June 24, 2013, http://www.forbes.com; Francesca Fenzi, "Three Big Ideas to Steal from Netflix," *Inc.*, February 5, 2013, http://www.inc.com; Robert J. Grossman, "Tough Love at Netflix," *HR Magazine*, April 1, 2010, http://www.shrm.org.

HR IN SMALL BUSINESS

Radio Flyer Rolls Forward

The mid-2000s were a difficult time for Radio Flyer, a private business famous for its little red wagons. After spending hundreds of thousands of dollars to develop what they hoped was a hit, managers realized their idea

First, the development flop: Thomas Schlegel, vice president for product development, thought he had a winner with an idea for a collapsible wagon to be called Fold 2 Go Wagon. It would be a fun product that parents could fold up and toss into the back of a minivan for