RGM NEWSLETTER
RITA GUNTHER | MCGRATH

The Changing Business of People

June 2019

Dear colleagues,

HR used to be pretty straightforward.

There was lobbying for investment in employee development, design of educational programs, and concerns with employee engagement and retention. Today, the issues HR leaders are being tasked with are core to an organization's ability to compete. Wittingly or not, public attention is focused in a big way on topics that fall squarely into HR's wheelhouse. Discrimination, toxic work cultures, and harassment in the post #MeToo era have executives turning to HR for guidance. The diversity agenda, calls for equal pay and better pay, greater protections for workers, and increasing employee activism are likewise making headlines at many companies.

All of this is making the task of attracting—and retaining—talent more complex than it once was.

From Career Ladders to Tours of Duty

In the last few decades, corporations have done a great job of teaching people that they're not loyal—and employees are perfectly prepared to return the favor. Instead of moving "up" in classic career progress, people now sign up for tours of duty.

Just as marketers and designers need to be thinking of the customer experience, someone—hopefully HR—is responsible for designing an equally compelling employee experience, from onboarding to acculturation, job rotation, development, and decision making. And an employee's environment no longer consists of standard office stuff—it also matters if they have access to good technology that works and to a working environment they'd be proud to bring their friends and family to see. Adding to the complexity, the "workforce" no longer consists just of employees—critical roles can be held by contractors and consultants.

Diversity, This Time We Mean It (Maybe)

Organizations that can leverage diversity outperform those that don't. But organizations as we know them were built for the people that lived in them, still predominantly white men. Changing that means changing a whole lot of assumptions about who gets ahead. While organizations are doing a better job of getting diverse candidates in the door, the problem is that diversity without inclusion means that those hard-to-get new hires just walk out the door as fast as they are brought in.

This isn't just about people's racial or gender properties. It's also about real economic and technological inclusion in a context in which many find new technologies deeply threatening and are resisting change. Or people are simply cut off from opportunities to participate because they come from the wrong place and never had the chance.

Digital Touches Everything

HR is starting to see the use of big data and predictive analytics to open up unheard of opportunities. At IBM, HR is using AI to help identify employees who are at risk or disengaged and make course corrections before the inevitable occurs. According to its CEO Ginni Rometty, IBM's AI system helps in individualized, proactive retention of people because it can anticipate warning signs before people are at the point that they want to leave.

The bottom line? Strategic HR is here at last and here to stay.
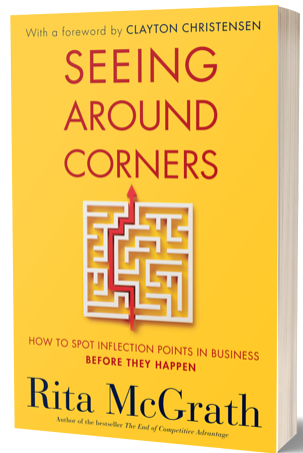
Pre-order Seeing Around Corners

This month, we officially launched the pre-order campaign for my new book, *Seeing Around Corners: How to Spot Inflection Points in Business Before They Happen.* If you order by September 2, you'll receive a FREE Opportunity Portfolio toolkit. Pre-order the book and learn more at SeeingAroundCornersBook.com.

Reading List

A curated roundup of interesting articles to get you thinking:

- **Buying Our Way to Innovation.** Harry's was acquired for a cool $1.37 billion nine years into its rebellious, anti-big shave existence. Why do many of the acquiring companies struggle to fund and launch home-grown innovations, yet are perfectly prepared to spend billions buying fast-growth upstarts? (LinkedIn)

- **Citigroup CEO: We Have to Change Our Culture to Keep Talented Women and Minorities.** At Fortune's CEO Initiative, Citigroup CEO Michael Corbat acknowledged that hiring more women and minorities isn't enough—real change requires creating a sustainable culture that keeps them there. (Fortune)

- **Self-Driving Cars Have a Problem: Safer Human-Driven Ones.** Tech advancements originally intended for autonomous vehicles are now making human-driven cars safer—and slowing the adoption of driverless cars. ([WSJ](#))

- **Meal Kit Companies: The Second Coming of Boston Chicken?** The U.S. has more than 150 meal kit companies, all facing a number of strategic problems. It reminds me an awful lot of the Boston Chicken saga of the 1990s. ([LinkedIn](#))

Upcoming Events

July 24: [Weak Signals: Anticipating an Inflection Point Before It's Too Late](#) (Webinar)
Despite their best intentions, executives in incumbent firms are often caught by surprise by an unexpected shift in their environment. In this webinar, you'll receive a framework for creating an early warnings system that can be immediately put into place.

September 10-12: [Leading the Agile Organization](#) (Columbia Business School)
To achieve agility, organizations require leaders who are perceptive, comfortable with their various roles, and clear about their path to value. In this program, you will learn more about these key skills and acquire the mindsets vital to leading an agile and adaptive organization.

September 16-18 [Business of Software Conference](#) (Boston)
Join the world's smartest software entrepreneurs for three days of learning, listening, and networking. Learn about scaling SaaS and software businesses from expert speakers.

Interested in having Rita speak at your organization or event?

Learn more

In the Press

- What Bernie Sanders Is Asking on Behalf of Walmart Employees ([MSNBC](#))
- Innovation's Changing Mindset: Where Are You? ([Forbes](#))
- Bubble Bursts on Some Unicorns ([Bloomberg](#))
- What Happens When a Consumer Giant Buys a Niche Retailer? ([Marketplace](#))

Where there is uncertainty, there is also opportunity.

Here's to your next advantage! - Rita