



Strategic CHRO: Diane Gherson of IBM on How AI is Driving the Future of Work

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For the next installment of our interview series with leaders who are transforming the role of the chief human resource officer, David Reimer, the CEO of The ExCo Group, and I sat down recently with Diane Gherson of IBM. Her insights and perspectives provide a clear window into how technology is fundamentally changing the HR function. Stay tuned for more interviews with other HR leaders.

Q. What are your thoughts on the phrase “strategic HR?” What does it mean to you?

A. In the old days, strategic meant taking the business strategy and translating that into what it meant for the various functional groups you might have in HR, and to a certain extent, how you would allocate your resources. But then it became much more about actually sitting at the strategy table and focusing more on, given our talent, the things that will give us a competitive advantage. So instead of just aligning with the strategy, you’re actually part of the strategy.

Then came along all these #MeToo articles that showed HR was not doing the basics in terms of sexual and verbal harassment claims. Some HR functions have fallen down on the operational side, and it’s given a black eye to the function. It is really important to have

everything threaded through from strategy to operations, and if you can't do the operations well, you're not credible on the strategy side.

But now is the most exciting time because we're all looking at how technology, particularly AI and automation, are changing work and jobs. What's the future of work, and how are we going to prepare our people for it? How are we going to get a first-mover advantage in that space?

Q. Make that real for us. What does that look like?

A. There are three ways we've been using AI in how we operate in HR. The first one is improving productivity, so we can deliver more value even as we cut expenses. Last year, for example, we decided we weren't going to support first-line managers anymore with HR partners. Instead we're going to offer them solution centers, with real experts to help managers with the typical problems they face. And then we created a bot. It's on your phone and you can ask it anything at all hours of the day. It's being asked thousands and thousands of questions, people are giving it feedback, and it's getting better and better.

The next area is decision support for managers and for candidates and employees. We used to catalogue people's skills based on them filling out a questionnaire, but it would be out of date within six months. Plus, new skills come along all the time. We needed a way to infer skills faster, so we used AI to look at your whole social footprint, which includes your resume, but also things you've been working on, blogging about, or conferences you may have spoken at. So now, if you want to know who in the company has experience in water conservation in Nigeria, you can find out quickly on your phone.

We can also look at the resumes of people who apply for jobs, and suggest roles they may not have thought about but that match their capabilities. It's fantastic because a lot of young people don't even know what jobs exist or what careers exist. We also use it when people become available internally.

Q. What else?

A. Learning is the most important part of our organization right now because we're so focused on re-skilling and getting people ready for the future. We threw out our old learning system and created a really consumable experience by creating a Netflix-like experience. We have different channels, it knows who you are, what you've taken, what your career goals are. So it will say to you, in effect, "These are the skills that you need if you want to progress in your career, and here's what other people have taken who are like you and here's how they rated those programs." They could be internal, external, articles or videos or an online college course – whatever those things are to close the gap between where you are and where you want to go. And then you can queue it up in your schedule.

The other thing we do is nudge managers in various ways, because we've got a lot of data about their people. Managers all want to be good managers, but they don't necessarily have the time or attention at all times. Early on, we used analytics to determine who had a high propensity to leave. The advantage of big data is that it looks at everything – like the school you went to, your friends who went to the same school and graduated the same year and got promoted recently but you didn't, and therefore you're likely to leave. It can build a pattern out of some very small niche group or something just out of the ordinary, like the length of your commute.

Now we're using deep learning and it's just so accurate. The first few years we did it, our managers said we were wrong about someone being likely to leave. And then slowly we'd start getting these notes back saying, "How did you know? He just gave his notice." It's saved us \$330 million so far since the year we started in 2009.

Q. Have you been in roles earlier in your career when people actually didn't want you to be strategic and help drive the business?

A. In my very first job out of my graduate program, I worked for this guy who was very smart. I remember going to him and I said, "I've got this idea on how we could improve." He listened to me very carefully and said, "That's a really good idea. Now, you know what we do with good ideas here." He opened up his drawer, and in his drawer were all these little, carefully folded notes. And he said, "We put them in our desk and we pull them out when it's appropriate."

Q. That sounds like a Monty Python skit: "The Drawer of Good Ideas."

A. It was amazing. That really framed for me how this kind of thinking is the problem with a lot of big corporations.

Q. What are we going to be talking about in five years as the key issues facing HR?

A. The ability of an organization to learn is the biggest issue. People have been talking about it for years, but now we're actually much more serious about how work gets done so people can learn. It used to be that people would learn in classrooms, and then there was a brief period where we thought everyone could learn virtually, and now people are learning on the fly. All that is great, but until it's embedded in the workflow, you won't get the exponential learning that is going to be required. The half-life of skills is shortening – that is just a massive social problem, let alone an organizational problem. And I think it's really incumbent on all of us in HR to be very, very focused on how are we going to make this happen.

That also puts more of a premium on selecting the right talent in the first place. Once you

make a hiring decision, it should be a person who can last through several cycles of technological change. I don't think companies are investing enough on selection because they're buying somebody for their skill today, rather than thinking about whether they have the capacity to learn. You want people to have a track record of reinventing themselves.

Q. If you were speaking to a room full of new CHROs, what would be your advice to them?

A. They grew up in a world of process, and that is the world we're leaving behind. So it's important for CHROs to get out in front of that and get into the world of outcomes and particularly experiences that they're creating, and that means reinventing pretty much everything they do.

There used to be a front office and a back office and you outsourced the back office to focus on coaching and things like that in the front office. That's gone. It's the whole end-to-end experience that you're creating, and it means owning more than just what typically falls under HR.

Q. If somebody had three really interesting CHRO offers on the table, what would be your guidance to them on what to ask the CEOs about the role as part of their due diligence?

A. If you're coming in from the outside into that role, you've got to figure out whether you can quickly build credibility with something that matters to the CEO, because that, in turn, will give you the ability to start making the other changes that you have to make. So you should ask them, "If, in my first 90 days, I could make a change, what would that be and how would you support me in making it? What are the obstacles that would likely come in my way and how are we going to work to make that effective?"

It's about making a plan instead of just talking in flowery language about a strategic HR function. You need to really get inside the CEO's head to understand in a visceral way what they're prepared to do in the next 90 days.

Q. What have been the most important leadership lessons for you personally?

A. I grew up in Ottawa. At the age of 11, I was carted off to boarding school because my dad was in the Department of External Affairs. I went from a very protected background to suddenly being in this big world in the United Kingdom, and it was a little for me like *Lord of the Flies*. There were bullies and it was very hard, and I was rather fearful at first.

And yet, seven years later, I ended up being head of school. I figured out how to work in that environment so that I could not just survive but thrive. It required huge levels of adaptability. For me, it's really important that you become attuned to the group that you're with and understand them. The other thing that I took away from that is that I enjoy being

the outsider, the person who's not a mainstream figure but who can fit in and has a different perspective.

I learned another lesson when I went into consulting early in my career. I was in a small office, and it wasn't doing very well, and a lot of the partners left. But leads were coming in over the phone, and even though I was very junior at the time, I decided just to take the leads and pretend I was more senior than I really was, and I sold work.

Because I was in a small office and therefore had a ton more autonomy, I was able to control my own destiny much more, and I got to progress much faster. So what I got out of that, and the way I definitely lead, is to give people autonomy. Help them figure out how they're going to solve the toughest issues because if you do, they'll come out stronger.

Q. What is your favorite question when you're interviewing job candidates?

A. Tell me about the high points and low points of your career. I know that's pretty standard, but the stories that people will tell you will give you such a window into how they operate, and it does require a certain level of introspection.

I'm also looking for the twinkle in their eye when they talk about things that they really enjoyed. And I'm looking for the energy that they got out of the things that were the low points, as opposed to the drag on energy that sometimes people carry around with them. That's a warning flag for me.