



## **Leading a Geographically Dispersed HR Team**

**Eileen Burnett-Kant, Orica**

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Good morning.

Orica is one of the leading companies on the Australian Stock Exchange.

We have 140 years of experience and innovation behind us—and a corporate history that goes back to Alfred Nobel. We have, over the past 15 years, grown from a national to an international operation:

- Specialising in the manufacture and supply of commercial explosives and blasting systems;
- Now with a workforce of more than 12,000 people;
- And, globally, becoming the number one operator in our field.

And, yet, many Australians have never heard of us. You could call us a quiet giant.

As a consequence of our relatively low profile, many Australians don't realise the changes we've gone through in recent times. Over the past decade we have grown exponentially—through acquisition and the Mining Boom—and now earn two-thirds of our revenue overseas.

Our team – our workforce, has mirrored this transformation. ‘Oricans’ – that’s what we call ourselves – used to predominantly come from Australia and New Zealand ...

... But, now, Oricans come from anywhere and everywhere.

For example, our Managing Director and CEO, Alberto Calderon, is Colombian. Not only that, fewer than 20 per cent of our employees are based in Australia. The rest—more than 10,000 men and women—are based on almost every continent and in more than 50 countries... and fewer than 100 of our global employees are expatriates of any nationality...

In other words, we have spent the first part of this century doing what all Australian companies need to do for the remainder of this century if they want to grow: gone global.

Going – and being – global isn’t simple and I’d like to reflect on that for a moment. It takes extraordinary effort to gain a ‘beachhead’ overseas.

- Strategy, planning and meticulous execution,
- Courage and extraordinary personal effort of all involved,
- And the vision of their leaders.

Orica sits on the other side of the beachhead. Perhaps from a Human Resources perspective, the greatest challenges come in the months and years after the beachhead is gained ...

Challenges such as: ...

- Are you going to be in or of the countries in which you operate?
- Are you going to fly in Australians for the senior and technical jobs, or recruit and train locals?
- And, if you employ locals, if you become a truly global company, how will you create a shared purpose that transcends gender, race, creed and nationality?
- What's the right way to run operations dispersed across more than 400 sites and – for me – an HR team dispersed across more than 30 countries;
- Employing and managing people you may never meet face to face;
- And managing the logistics of what turns out to be—due to time zones—a 38-hour day.

This morning I want to talk about these challenges—and some of the solutions to these challenges in three areas:

- Culture
- Operations
- Personal.

## **A Proud Heritage that binds us together**

Let me start with culture.

Orica is in the explosives business. Our work is highly technical and specialised, and has the potential to be extremely dangerous. But we have the equivalent of two hundred years of experience in the business through ICI and Nobel's twin histories.

As I've gone around the world, I've had the chance to meet many of our people but the number is still very small in the scheme of things.

Last year, when we surveyed our entire Orica workforce – I wondered whether we'd find strong ties, binding us together. Or whether we'd find real differences.

For some employees, such as those working in our headquarters in Melbourne, the process was simple: they logged on to their computers and clicked and typed their way through an online survey.

In more than 80 per cent of our global operations, though, a digital survey was not an option. Many surveys had to be filled out on paper—and written in a Babel Tower of languages. Surveys had to reach Alaska and Zambia—and north of Murmansk in Russia.

What we found is huge shared pride in the company. I'm proud to say that vast majority of our people are proud to be Oricans.

Whether they've been with Orica for 20 years, or for just a few months, they have many things in common.

They are proud of the quality of the products we make. They are proud of our product 'stewardship'—how we manage the safe transport and storage of explosives. They are proud of the service we provide to customers, day to day.

And – being mostly engineers and scientists – they can spot poor leadership at a thousand paces and have very strong opinions about it. Which is fine.

So if that's already there – what's my job? What is the job of senior leaders?

Our history has given – gifted – us a heritage to unite us and which we must live up to. We don't need to transform our culture. We need to nurture it. And to build the bridge between where we've been and where we're going.

So how do we build the bridge? This year, we will develop the Orica Charter. The Orica Charter is about capturing the essence of Orica in our people's words. At one level, it will be a simple statement that spells out what we do, how we do it and what we stand for.

At another level, I hope that that it will endure. The last real effort like this in Orica – of our people for our people – lasted over ten years. It got into people's hearts, not just their heads.

We're involving all of our people in the development of this Charter—from Santiago to Melbourne—through focus groups and online feedback. And, at the end of the process, I hope that it will truly help us – in all of our workplaces to be on the same page. To share a vision of what we do for customers. To share basic human values: from respect to trust to collaboration to performance.

### **The 38-Hour Day**

That brings me to the operational answer to the challenge of going global.

I am based in Melbourne and have worked for Orica for the past three years.

My own connection with Orica, though, goes back to my first job out of university. Back then, I arrived in Australia and started out as an engineer at ICI—before it was spun off into Orica. In other words, I have Orican DNA.

Coming back to Orica after more than 20 years away I was struck by the diversity of our multinational workforce—I was also struck by the spread of the people I oversaw.

Let me put it this way, due to time zones, my Orica day starts in the Americas. By mid-afternoon, I'm dealing with Perth and Singapore. Evenings are for Europe and Africa.

One day overlaps into another. Woe betide the global conference call.

I have people in 30 different countries.

I often interview candidates for jobs—or meet with members of my team—via Skype.

And I have people working for me I have never met.

How do we lead such diverse, dispersed teams?

What have we learned?

In short, many things.

But, for the purpose of this presentation, I will limit myself to two lessons.

## **Operating Model**

Orica has had different operating models.

For instance, we've run Orica as a dispersed regional business with a high degree of regional autonomy.

This approach worked well—in some respects. It created a strong performance and profit culture. People identified with their

part of the business and were motivated to help it succeed. But it wasn't efficient.

We duplicated almost everything 50 times—once for every country we operated in. Fifty different payroll systems. Fifty different training programs. Fifty different benefits schemes.

Another example: we've also run Orica as a global functional business with standards set by the centre. This also worked well in some respects. There was more standardisation. There was a greater consolidation of support functions in regions. But there wasn't enough responsibility. The only person accountable for profit and loss was the CEO. Melbourne was too remote. Our people weren't empowered to do their jobs day to day.

Now, we've taken a third way.

We're now running as regional businesses within a framework of standards set by small central teams.

The standards are minimum performance requirements—instead of 'chapter and verse' dictates on how regions need to run.

This new approach is all about striking the right balance between the local and the global. We want to ensure there's accountability for supporting customers day to day, as well as appropriate governance and management of risk for a company operating in 50 countries.

From an HR perspective, this is not a set-and-forget policy.

We have to make choices about what we're going to control centrally—through performance requirements or a sign-off point—and what we're going to control locally.

For instance,

- Does it matter whether a region uses a particular search firm or not? Do I (centrally) need to know?
- Does it matter whether there's a consistent job description template across the company or not?
- Is a region free to have a local sales incentive framework that reflects local market practice?

There's no one right answer to these kinds of questions, but they all have to be worked through.

We have to think through every part of the employee lifecycle and come up with appropriate answers.

## **Policies**

This may sound complex, but it doesn't have to be complex.

At our last AGM one of our shareholders said to me, "How can you possibly run HR in 50 countries? You must have a policy manual that's 3 feet thick."

The short answer to that answer is: I don't run HR day-to-day in 50 countries and I don't attempt to ... I run Group HR within an Australian-listed context and I set the tone and context and standards and what excellence looks like for HR everywhere else.

That's why we're currently working to consolidate our five global HR policies. What we're striving for is the clarity of purpose that comes from having the same *intent* to everything from diversity to employment equity to support for our people to performance and training, which can then be translated into local policies and guidelines.

## **Individual**

My last reflection is individual.

Being part of a global company is more than a job. It's a way of living and working—a way of being.

You have to want it and to be excited to be a part of it.

You need intense curiosity to thrive in a place like Orica—where local ways of working have to adapt to suit the ways of many different workforces and cultures.

You have to be curious enough to spend time getting to know the place and the people.

You have to be curious enough to go into any situation with an open mind.

**Conclusion:**

The challenge of going – and being – global isn't easy.

You plan. You strategize. You calculate risks and rewards. You know who you are. You know what you stand for. You know where you're going.

And yet there will be extraordinary days—outlier days that cannot be planned for. And when those days arrive, your best defence is people who have a shared purpose and shared values.

People who are equipped, empowered and supported to lead themselves day-to-day, within some boundaries.

And that's where HR plays such an important role.

My role is to lead a geographically dispersed HR team – yes, at one level, it is. At another level, my role is to be a leader of one of Australia's truly global businesses.

We have inherited a great legacy from those who have come before us and I feel great responsibility to pass on an even stronger Orica to those yet to come. This will not happen by chance.

It comes through building a great team, who set challenging but realistic goals for the future and who have the discipline repeatedly deliver on their promises.

It comes from leveraging our scale, capabilities and knowledge to deliver great HR practice over time.

It comes from having a great team who have shared purpose and reflect our principles of transparency, collaboration, performance and respect.

This stage of the industry cycle comes with many challenges for many of us in this room and global growth may seem far away. But 'beyond the beachhead' is a demanding and inspiring place to be. I wouldn't have it any other way.

Thank you.