

## Human Resources as a Strategic Business Partner *A Perspective from SABMiller*



Organizations often acknowledge the importance of Human Resources (HR) functioning in partnership with top management on strategic business issues. Yet few organizations understand fully – much less practice – what this means or even how to achieve that level of integration.

One that does is SABMiller, global parent of Miller Brewing Company. Following the 2002 acquisition of Miller Brewing, SABMiller installed various business systems and processes designed to improve company-wide performance, including those intended to strengthen HR and establish that function as a true business partner. Integral to that transition is Lara Hirschowitz, brought in by SABMiller to serve as the Director of Human Capital and Strategic People Resourcing. Ms. Hirschowitz will be leaving Miller Brewing shortly, having accepted a promotion within SABMiller to the Global Head of Strategic People Resourcing, which takes effect November 1, 2004. She will be succeeded by David Gunn who has been appointed as the new director of Human Capital and Strategic People Resourcing.

The HR function at SABMiller is one of a partner as well as an acknowledged strategic element in the overall business operations. In her relatively short career at SABMiller, Ms. Hirschowitz has been thinking ‘out of the box’ with regards to people resources and is driving that thinking into reality - globally. She has worked tirelessly to articulate and demonstrate the strategic role HR plays in business. She has also backed it up with quantifiable and cutting edge processes and systems to effectively and efficiently address the global challenges and opportunities for employing, measuring

and managing people resources at SABMiller.

Armed with her I/O psychologist background and her ever expanding professional experiences, Ms. Hirschowitz describes how she has been contributing to HR practices at Miller Brewing, she offers a glimpse at her career, her perspectives on HR issues within the global marketplace as well as advice for other HR professionals.

### Introducing Ms. Hirschowitz...

#### Describe your current role at Miller Brewing Company.

“My role at Miller Brewing Company is Director of Human Capital and Strategic People Resourcing.

“It is a position they created when they brought me across from South Africa. Norman Adami, the current president of Miller Brewing Company, felt that one of the key areas that needed additional focus was HR.”

“HR is seen as a true business partner to all here at SABMiller and is seen as a part of the company that is absolutely essential. HR is a strategic element in the overall business, which is probably key to HR’s success. You don’t contact HR after you’ve done something to get approval on a policy, you deal with HR to make the right business decisions. You make decisions together with HR.”

“What’s interesting is that Norman could probably stand up and do a lecture on human capital as well if not better than I can, which is key to the HR business’ success. And the fact that the

### SABMiller – An Overview

From its South African origins dating back to 1886, SABMiller plc is one of the world’s largest brewers with a brewing presence in over 40 countries across four continents. With headquarters in London, England, SABMiller has brewing and bottling operations in Africa, South Africa, Central America, Asia, Europe and the United States.

Norman Adami is the president and chief executive officer of Miller Brewing Company and oversees the 7-member executive committee. Graham MacKay is the chief executive officer of SABMiller, renamed from SAB (South African Breweries) in the 2002 Miller acquisition and transition.

In addition to all of the well-known (at least in Milwaukee) Miller Brewing Company products, such as Miller Lite, Miller Genuine Draft and Milwaukee’s Best, they own over 150 beer brands globally. The company estimates that every minute of every day, consumers the world over drink an average of over 46,000 pints of SABMiller beer.

Those interested in learning more about SABMiller should visit their website at [www.sabmiller.com](http://www.sabmiller.com).

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president and senior management of the company buys into the notion that HR is absolutely essential has been key to the success of the business. Norman truly believes that people are our most important asset and he does what it takes to make that happen.”

“Strategic People Resourcing’s key mission is to **attract, retain, and develop motivated, performance-driven** high-caliber people who can help the company realize their business goals and their strategies. Breaking down those four pieces...”

“The **attraction** side is the whole area of becoming the employer of choice and not necessarily having to look for people but to have them look for you. Within that attraction part is the whole area of selecting the right people into the business. Assessment is a key area here.”

“SAB has been assessing people since 1971 so we have over 30 years of history around using assessments, and using them appropriately and accurately. We believe in their predictive validity. We have done validation studies. They are not our sole decision maker by any means, but they are a very useful assessment tool for us to help us make the right decisions. We are very selective on what assessment tools we use. Being that selective means that we are using the right tools to help us attract the right kind of people.”

“Also under attraction is the whole area of recruitment. The focus here is recruitment best practice. It’s around insuring that we have the right policies, procedures and practices in place and that includes everything from policies to ensuring line managers are trained on how to effectively recruit people, setting up recruitment best practices, negotiating with agencies who do recruitment, job boards, vendors, having the right systems in place to track all of our vital recruitment metrics and what’s happening in our recruitment world.”

“Also in this department is University Relations. University Relations is not just about summer intern programs; it’s around developing relationships with universities so we make sure that we are attracting talent from the top universities across the United States and building relationships with these universities.”

“The next area is **retention** and there are so many things you can look at in this whole area. If you look at most of the research that’s done, compensation is just what gets you into the gate – it opens the door and gets people into the organization. It doesn’t make them want to stay. There are many reasons why people would want to remain with an organization and would leave an organization.”

“People leave managers, they don’t leave organizations. Managers need to appropriately manage people. That falls under the banner of learning and development but also under the banner of career development. In my view, one of the key ways that you can ensure that you are retaining people is to get them to buy into the idea of having a career with your organization.”

“If you look at Schein’s (organizational psychologist) work from the 1970’s, he spoke of the psy-

chological contract in a work environment; an organization expects commitment, dedication, loyalty, and devotion from an employee, and in return the organization will give the employee lifetime employment. He spoke about the psychological contract changing in the 21st century to becoming; you work for us, we expect from you performance, delivery, and output, and in return we will give you development and an opportunity to make yourself more marketable.”

“I think his thoughts around that were pretty forward-thinking because the world of work has changed and has changed significantly. People are much more willing to move from company to company, and much more willing not to stay with one organization for their entire working career. They want to actually cross-pollinate, and work for different companies and get different experiences. There is a huge percentage of the work population that wants to work across borders and across continents. Loyalty is not a given. It’s quite rare, in my view, to find a large percentage of people who are loyal which means you have to retain people with a different ‘offering’.”

“The offering is just not about compensation – it’s a total offering. It’s around what makes an individual want to stay with your organization. That could be a fun element, culture element, how advanced your organization is in terms of being an industry leader, what your work practices look like, the types of projects you have, how interesting your position is, what the challenges are – it’s a mix of things. To me one of the key things is the whole area of career development.”

“At SABMiller, career **development** is imbedded in the performance management philosophy. The performance management philosophy at SABMiller is around management and self-management. Managers facilitate and individuals self manage. And that self management aspect is key to the career management process. You take an active role in actually managing your own career. There’s a process around that career management philosophy that backs it up. We spend a lot of time training the line managers and what that means and what they need to do. We also train our employees to self manage.”

“As part of the career management philosophy, the key output is what we call an IDP, an Individual Development Plan. Not just a “one size fits all” development plan but looking at individuals in an individualized way and customizing what their specific development needs are. The assessments feed into this too.”

“Individuals get feedback around their assessments and look at where their development opportunities are. It’s one of the key ways we use psychometric assessments. Individuals are entitled to feedback as many times as they need and we have internal resources – psychologists – who can give them feedback on their assessments. They should use that along with their goals to help

put together their Individual Development Plan. Again, one of the key reasons why people stay with an organization, in my view, is that they feel that they have developmental opportunities.”

“A key part of



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our process is that we make sure that we have Individual Development Plans fed into the Learning and Development department. The Learning and Development department analyzes that information and looks at the larger initiatives – instead of doing little bits of training we may find that 80% of our line managers need training on negotiating or on budget management, whatever the case is, so we implement company wide initiatives that actually address what those training needs are, based on career development discussions.”

“The **motivation** side is managed through the performance management system. SABMiller has a strong performance management system. It’s a very effective performance management system. It’s not soft. People get goals with stretch. The goals process is very robust – it’s a negotiated process that is very detailed. You come out with individual and team goals and you’re managed stringently against those goals. You are managed through one-on-one meetings that you have with your line manager every 6 weeks and two performance reviews a year – a mid-year and end of year review. It’s a very detailed performance management process against detailed goals that have quality outputs and requirements related to them.”

“That entire process flow ensures that we have good management practices.”

“Organizations have different kinds of assets; there’s **structural capital** – buildings, trucks, the production lines, anything you see on a balance sheet and there’s a number assigned to that, a dollar value. The second kind of capital is **customer capital**, anything related to brand loyalty and brand equity. Any money that you spend on advertising, getting people to actually buy your products, is assigned a dollar value. But there’s this area that is unquantifiable and it’s difficult to get a handle on it because it’s quite elusive. It’s difficult to put a number to it and that’s **human capital**.”

“The asset value that people bring to your organization is something that has always interested people. If you get a roomful of senior managers together and you say to them, “Are people your most important asset?” 100% will put up their hands and say, “Yes they are. They absolutely are our most important asset.” But if you ask them what they are doing about it, you’ll get a different story. You’ll get 100 different stories.

“We put a lot of time, energy and effort into people processes. We recognize that no matter how beautiful our trucks are, or fantastic our production lines are, or how pretty our buildings are, it doesn’t really matter. If you don’t have the right people, at the right time, in the right place, and you’re managing those people appropriately, you’re not going to have a viable organization. There’s a very clear recognition that people are, without doubt, our most important asset.”

“It’s important to have great systems, structures and processes in place but if you don’t have people driving those processes in

the right way, that’s irrelevant at the end of the day. So in recognition of the fact that people truly are our most valuable and valued asset, we need to do something about that and we do a lot about it!”

### What do you count among your accomplishments at Miller Brewing Company?

“I think that I’m most proud of accomplishing – and I don’t think we are there yet so I wouldn’t call it an accomplishment – we’re on a journey – is changing the mindset of the organization.”

“Changing the mindset of the organization from; ‘we recruit skills’ to ‘we recruit talent.’”

“Changing the mindset of the organization from; ‘recruiting is HR’s job’ to ‘recruiting is a line manager’s job’ – HR is there to support you. Recruitment is the president of the company’s job. It’s the line manager’s responsibility to recruit talent.”

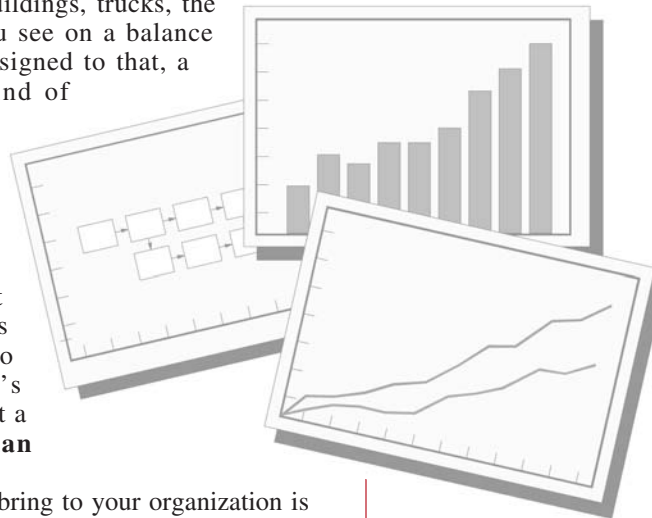
“Changing the mindset from; ‘HR is there to do policies and learn our needs to support us’ to ‘we can’t make a decision because it will impact the business and we need HR’s involvement.’ So being a contributor; bringing HR to the table as a decision maker and participant in the decisions that are made. I, together with my team, contributed to this shift in mindset.”

“Another piece that I think is key is systems. You just have to have a good system backing things up otherwise it’s so tough to measure. If it’s doable, it’s measurable. Some people think we are too numbers driven but the reality is that the numbers tell you something. The numbers tell you how well you’re doing so we do measure everything – we measure performance on everything.

We want to measure how well we do on recruitment, days to hire, rejections, whatever it is, we want to measure it so we know what we need to fix. You can’t know what you need to fix unless you measure it. So, yes we are very numbers-driven. The reality is that it makes us drive for best practice and drive for change because we are making sure that we are getting better at what we do.”

“My first few months here I spent time training line managers – just spending time with line managers, explaining to them what it means to manage people with regards to career management, development, planning, etc. Those workshops were essential. They were the first step towards helping managers understand what it means to manage people effectively. It’s people who are our most important asset and it’s a must to manage them appropriately.”

“If I look behind me, am I happy with what I’ve accomplished here? I am and I have a fantastic team who I know are going to continue the process.”



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**You are leaving Miller Brewing Company on November 1st to begin your new position as Group Head of Strategic People Resourcing. Tell us about your promotion.**

“I’m Group Head of Strategic People Resourcing and the goal is to set up good HR and business practices that ensure that we are effectively managing people and our talent across the globe. That means we need some standardized practices. Once I’ve got that set up, we can start consolidating and using the information to make more effective decisions from a global basis.”

“Graham Mackay, the CEO of SABMiller based in London, has a set of strategic priorities and first on his list is Strategic People Resourcing. He wants to ensure that we implement the same processes that we have in South Africa, and I’ve done here, across the globe so that as an organization we are effectively managing our people and our talent. The aim is to create a global talent management system.”

**What sorts of professional challenges are you anticipating in this global position?**

“Culture is always a big challenge for me and understanding the different business contexts. Eastern Europe has a history that has affected their business practice; I know the history, I don’t really understand how it’s translated into business practice. North Africa and the U.S. have a history; understanding those contexts and how they affect the culture and business practices will be my first challenge.”

**Tell us about your career path at SABMiller?**

“I’m a registered psychologist by profession.”

“I joined SAB at the end of ’97 so I’m coming up on an 8 year career. It’s not a long career. I’ve moved jobs frequently

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## Being Part of the Team – VRH on SABMiller

In her interview, Lara Hirschowitz describes how she is in the process of building a team to help her accomplish her (and the company’s) global strategic human resources goals. VRH’s Dr. Jonathan Dehlinger is one of the business psychologists selected for this team working with Miller Brewing Company.

Dr. Dehlinger shares his observations and perspectives of the company’s philosophy on and practices involving people resources.

“SAB is a process-driven organization, which is one of the strengths brought to the SABMiller integration. This extends to most of their human resource practices.”

“In some organizations, human resources takes on a strictly support role. Not at SABMiller. The human resource function is viewed as integral to the operation and success of the business. Reference to ‘strategic people resourcing’ is not a pretension; it does reflect the organization’s approach to how people talent is identified, developed and placed. The expectation is that such efforts – and such talented people – will impact the bottom line. Mediocrity is not acceptable.”

“The assessment of individuals within SABMiller, as conducted by the organization’s psychologists, is quite structured entailing several weeks of training in their process and methodology. Some elements of the process are proprietary, but the assessment itself focuses on intellectual capabilities, personality factors and career accomplishments. The outcome is further insight into present capabilities and potential for future contribution. Making feedback and development support available to each individual assessed creates an environment for – and expectation of – self-managed professional growth. Complacency is not something tolerated in this culture.”

“Several decades of experience in utilizing such assessment techniques in their world-wide operations have refined the process for them. This also attests to the value placed on such data as provided by trained business psychologists.”

“VRH is in the second year of its partnership with SABMiller supporting its strategic people resourcing initiatives. A world-wide network of business psychologists is being built to further support the organization’s needs. VRH provides comprehensive individual assessment information on selected candidates and internal management staff, along with initial feedback and development planning. Follow up is then transitioned to professional resources inside SABMiller.”

“SABMiller requires no convincing as to the value of information and insights provided by business psychologists. They have been gathering and proactively utilizing such data in the management of the business for 30 years.”

Dr. Dehlinger also offers recommendations for HR professionals based on his experiences with SABMiller.

“Despite advances in technology or efficiencies resulting from ‘best practices,’ it still comes down to people. The caliber of talent within the organization – whether large or small – becomes the differentiator. The organization that understands this will be recognized by its human resource systems and its use of the information that is generated by these systems.”

“Using systematic methods to recruit, assess, and develop people at all levels of the organization pays dividends that global companies like SABMiller understand and translate into bottom-line profits. Do not lower standards and expectations. Like most things in life, you get what you pay for. If you hire average, you get average.”

“While the magnitude of scale may be different, there is no reason organizations of a smaller size cannot employ similar methods and reap similar benefits. Many of VRH clients understand the value of assessment data provided by a competent business psychologist, and routinely incorporate such information into business decisions. Extending the use of such data into coaching and development relationships – often with internal mentors – makes full use of the business psychologist’s contributions and strengthens the long-term value of the individual employee.”

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which has been really exciting.

“In South Africa, the minimum time you can get your registration as a psychologist without an internship, without your practical, is seven years and then you do 18 months of intern. By the time I finished my psychology qualifications I decided that I wanted to specialize in industrial psychology. I was doing consulting work with the head of the psychology department at the University (of the Witwatersrand). He ran a company called Bluen Consulting and Associates and most projects I ran with him were SAB related so I was doing a lot of consulting work for SAB by the time I’d finished studying.”

“It was coming to the internship time. They offered me an internship and about 10 months into my internship, they made me a full time employee.”

“So I took the job working as the Selection and Evaluation Manager for Project Noah. SAB knew that they were going to be going through what’s called world class manufacturing – lean manufacturing – and that meant that we had to retrench or go through a significant reduction in force. So they came up with this idea of helping people that were going to be leaving the organization and they set up this team of people to come up with what that meant. It was a joint venture with our company and the union organization and what we did was set up an organization that would help retrain people completely – to either set them up in a business or get them literate if they weren’t literate, set them up in business incubators, find them other employment, retrain them, reskill them, redevelop them to put them out in the labor market. That’s what we ultimately did.”

“I only worked on Project Noah for 11 months. I moved back into corporate as the Career Development Manager. Career development had been in place at SAB for a number of years.”

“We had all these HR systems that ran and ran well but they were running in silos next to each other. And I thought there must be a way to put all of them together in a model and look at it in a consolidated way and use the information more effectively to help guide our decision making. So what I did was just take that career development process to the next level. And the job evolved into the created position of Strategic People Resourcing Manager.”

“The SPR process has four pieces to it: data collection, the second piece is verifying the information, the third piece is consolidating it and the fourth is using it. Very simple!”

“The data collection is collecting any information we have relating to people; performance reviews, psychometric assessment, career development, and development plans, then verifying it through a process called the Strategic People Review, which is a process that cascades up.”

“Then there’s the area of consolidation. Every organization has a balance sheet that looks at your bottom line,



why not have a people balance sheet. So we developed the people balance sheet model. And it’s exactly what it sounds like. It consolidates everything relating to people; from head count to labor turnover to compensation to potential analysis to performance analysis to trainee analysis to assessment, you name it, it consolidates everything related to people. And we look at those people balance sheets by grade, by function, by region, by whatever – we cut the information in every sort of way. And it’s not just about numbers; it’s about names so the focus is on people and on positions.”

“Lastly there’s the piece of the model which is using the information. And once it’s consolidated, it’s quite easy to use because once you’ve consolidated the information you know where you are, and if you know where you are, you know where you want to be in your business. It helps you identify where your gaps are. Once you know where your gaps are you identify what are the key areas you need to focus on as a business to ensure that you are driving the right practice.”

“So the job evolved from the Career Development Manager into Strategic People Resourcing Manager, which evolved into a bigger department taking on board other areas like recruitment. And then I got the offer here at Miller.”

**How did your family and childhood experiences influence your educational and career choices?**

“I’ve always had to be very independent. I looked after my family from a very young age.”

“I come from a small, small farm town where I didn’t speak English at all. I had to learn to speak English. My native languages were Afrikaans and Zulu. So I learned to speak English and we moved off the farm to Johannesburg to go to English schools where I grew up very independently. I always had to look after myself.”

“I made sure I got a good education, good degrees, to help me later in life.”

**Are there any people who especially influenced your career direction?**

“I would say there have been a number. In high school, Morris Bernstein was the top actuarial scientist in South Africa at the time and he was my boyfriend’s father. He said to me, “If you don’t become a lawyer, you should look at psychology because in the 21st century there’s going to be a ‘greening’ of business and that means that psychologists are going to be important in business. I started sort of dabbling around and thought maybe I ought to look at psychology. He’s a very smart man and a top businessman who gave me sage advice at a very young age.”

“Steve Bluen, the head of the university psychology department who is now the senior HR VP of Southern Africa, which is our Center of Excellence. Nothing I ever did was ever good enough – he just pushed me to things I didn’t think I could get to. He was very hard on me. He’s an exceptional mentor and friend. He’s a very smart man.”

“And Johann Nel, the current Group Head of HR based in

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London, who's taught me how to have fun at work. It's key!"

"My mother. My mother thinks that I walk on water and nothing I can do is ever wrong. I'm very hard on myself so it's nice to know that somebody is my biggest fan. I'm very self-critical and my mom gives me balance."

**How has your background in I/O psychology been a value-add for your career?**

"I think my training has been incredibly valuable. The training you get as a psychologist teaches you to think in a certain way. You're taught to think and do causality – you don't just assume something, you want to know where it's coming from. Once you know that there's evidence for it, you want to come up with a solution. The solution has to be multifaceted and cover all bases. That's psychology 101 research. I'm a student of psychology."

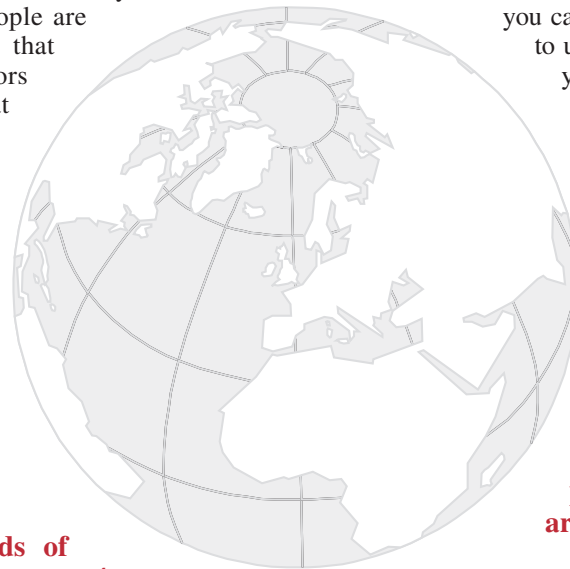
"The university I attended was systems oriented so I got a rather eclectic psychology study, which has been very valuable to me. The starting point to make any process work is to make sure that people are driving it effectively. To understand that you need to understand the behaviors that enable that – and that's what psychology is essentially about."

"Assessment is a big part of this business so it's helpful that I'm a technical expert in that piece – I can give the line managers advice. I can bring the two worlds together. I can bring the people information and the line manager's world together and give them good advice on what that psychology mumbo-jumbo is telling them and make it real for them."

**SABMiller has tens of thousands of employees in over 40 countries across 4 continents, how do you get your arms around the issues generated by this global marketplace reality?**

"Over 100,000 employees, I believe."

"The reality is that we're at different stages of maturity in the different businesses. To be the top beverage company in the world, without doubt, is where we want to be. To get there we need to have the right people, and to have the right people you have to have the right practices. It's a non-negotiable for us to have good HR practices; it's not a nice to have! That makes it a really interesting place to work if you are a person who likes challenge, because it means that even if you're doing the best, and even if you get recognized for it, it's still not good enough. We need to be pushing to the next level and drive for excellence with whatever we do in HR, which makes it real exciting."



**Considering your extensive experiences within the global marketplace, what do you see as the major business issues facing HR professionals?**

"Differing demographics are always a challenge that you have to get your mind around. You have to get a handle on who you're dealing with is the first challenge."

"Understanding who your labor market is and I think because of the diversity of the labor market, that is a challenge in itself. Because it's easier to be one thing to all people and it's very difficult to be all things to all people. We don't always talk to our labor market in the most effective way we should."

"Attracting people to your organization is a challenge – it's a competitive market and being an employer of choice is tough."

"I think the age of technology is a challenge to HR because people are much more fluid, much more informed – that means we have to be smarter and fleet-footed in the way that we deal with people."

"I also think a challenge to HR is justifying HR's existence in an organization. Everyone goes through cost cutting, and the first thing to go is the L&D (learning and development) budget, which makes absolutely no sense to me whatsoever."

"Globalization is a challenge to HR. It means you can't just understand your world, you have to understand a whole lot of worlds to make your company effective because who you're selling to is so different and who you are recruiting is so different."

"The biggest challenge for HR, if I had to say, is getting your hands around the diversity of what you're working with. The world is becoming a smaller place but with lots of different people and that means you have to understand what that means."

**What advice do you have for HR professionals whose organizations are facing the global marketplace?**

"I think the starting point is that you've just got to understand your business; you've got to get hands-on and really understand what your business needs are because there are so many differences. And you need to understand the nuances of those differences and understand the context of where they're coming from. If you've got a company in Czech, read the history of the Czech Republic. It'll tell you an incredible amount of the impact it's had on the economy and the business."

"One can always act locally but you have to think globally. From an HR perspective, even if there is no global part of your business, doesn't mean you mustn't think globally because there are best practices all over the globe. The mindset needs to be geared towards thinking broadly."

"My advice would be to get credibility with the line managers and it is the first and most important step. So get credibility from

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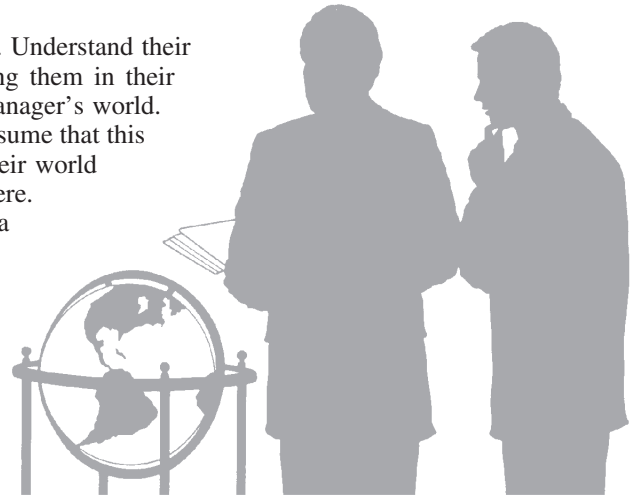
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and understand who your people are internally that you need to work with to deal with some of these challenges.”

“To get credibility with a line manager, be impressive, know your stuff. Understand their business so you can help them to understand what your role is in helping them in their business. Don’t underestimate what it takes to have an impact on a line manager’s world. So my advice would be to understand what their world entails; don’t just assume that this policy or that procedure applies to their world. You have to understand their world before you can impact it. And you do that by learning, listening, getting in there.

“The first thing I did when I joined Miller Brewing Company was, once a week, I used to go down to the production line, walk around, and say hello to people. I need to understand the business if I’m going to impact it; that means I need to touch it and feel it. I need to get involved in it.”

“From a strictly HR professional’s perspective it would be to keep yourself informed – read the research. Cross pollinate – talk with other HR professionals, talk to businessmen and ask them what their issues are. Stay on top of your game.” ■

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