

# An Engine for Growth

BY LADAN NIKRAVAN

Susan Burnett has made learning a vehicle for business transformation at Yahoo!, developing leaders and helping the company weather layoffs.

In January 2009, Yahoo!'s board brought in CEO Carol Bartz to get the Internet company off a rocky path. In June of that year, Bartz recruited Susan Burnett as senior vice president of talent and organization development to develop the company's discouraged, shrinking workforce. At that point, the company's stock had been falling for nine years since its peak in 2000. Stock closed at an all-time high of \$118.75 a share on Jan. 3, 2000, but after the dot-com bubble burst, the company settled at a low of \$4.05 on Sept. 26, 2001.

In late 2009 Bartz and Burnett did something every executive at Yahoo! had neglected to do since the company's inception in 1995 — they envisioned a strategy for growth.

"Before I started at Yahoo!, Carol interviewed me, and I asked her, 'What does success look like?' She said, 'Number one thing is improve the quality of management and leadership here because that will improve the quality of our results.' I wrote that down. It's what I've executed against since day one, and it's what has gotten us on a steady path of transformation," Burnett said.

Founded early and grown aggressively, Yahoo! was able to store away enough cash to get through tough times at first, but when the company began mass firings to boost its earnings, Burnett had to create a platform to promote employee engagement, performance management, career development, succession and learning technology strategy — plans that didn't exist before.

"The last two years have really been retrofitting the foundation of Yahoo! from a technology business perspective and also from a cultural, behavioral perspective," said David Windley, chief human resources officer at Yahoo! "We grew with many different properties, but we didn't have a baseline ... It's almost as if we woke up one day, and on the surface we knew we were a big company, and you would think we'd have the advantages of a big company, but the reality is, we were a set of small companies and there was no leverage.

"What we've had to do over the last two years is redesign the underlying platforms, the technology of

the company, from a business perspective. Then from an HR, cultural perspective we've had to align with the new culture, which is a much [more] influential, interdependent company versus people operating under silos."

Burnett wasn't a stranger to development. As managing director of talent development at Deloitte, she collaborated with the head of strategy to build a new talent development strategy for the firm, one with an integrated learning and development process to be delivered at Deloitte University. As chief talent management officer at Gap Inc. she built the company's first succession and career development system and refined the leadership pipeline by defining competencies and experiences needed to produce business and personal success at each level in the organization.

Burnett's passion for learning and employee growth came from her 22 years at Hewlett-Packard (HP), where she held a variety of HR and line management roles including a position in HP's corporate training division. Almost half of Burnett's career at HP was in line positions in marketing, where she led a variety of global marketing services and sales support functions.

"When people ask me about my career goals, I have to say I never had this goal," Burnett said. "My goal was to learn, and my goal was to contribute to the business. That was it. What interested me was unlocking the potential of people. At HP I would work with the learning organization, my HR partners and say, 'Look, here's the transformation I'm trying to drive in marketing, here's what I need globally: I need to increase the size of deal and shorten time to deal — what solutions can we put together for that?' They'd look at me and say we don't have anything for that. I would end up having to build it myself. That's where I began to ask myself how learning becomes an engine for business growth, business transformation, not a transactional process."

In her last role at HP as chief learning officer, Burnett was responsible for organization effectiveness and pulled together more than 75 training and organization development groups globally from pre-merger Compaq to create a loose federation of employees committed to developing a competitive workforce. Burnett owned the learning budget and was able to



use the dollars as leverage to get a focus on strategy. Since leaving HP, Burnett has controlled her company's learning and development budgets but has had to learn to do much more with a great deal less.

Burnett's learning budget at Deloitte was \$100 million, and her budget at Yahoo! is approximately \$35 million. Although it's modest compared to what she's used to working with, Burnett is grateful for what she has, given that it's nearly tripled since her commencement two years ago. The reason for its escalation is simple — she has proven results. As Burnett stands alongside peers asking the executive committee for more money to accelerate her initiatives, she can support her request with evidence of business growth.

"Marketing wants more money for the brand,

products needs more money for investment in small markets and acquisitions we want to do," Burnett said. "We got invested in, and we're the only department. Carol said to me, 'We saw when we invested in you, it made a difference, so accelerate development programs and make a difference across the company.'"

The first plan Burnett put in place at Yahoo! was an internal development program, Leading Yahoos, an organization development and learning initiative for all leaders — a targeted 2,000 employees. The goal is to engage leadership teams in a development experience that increases effectiveness at setting measurable goals and metrics for results, creating a personal leadership brand and a development plan based on feedback, coaching for accountability, leading the new beliefs that

will enable breakthroughs and leading alignment up, down and across the organization.

“The most powerful parts of this program are how we’ve developed team beliefs and an alignment of objectives on how to change the culture and behavior of teams to execute against goals, goals we didn’t have in place before, as a team,” Windley said. “This isn’t theoretical, it’s not sitting around the table and discussing nice values we’d like to have, it’s practical. To accomplish Yahoo! business objectives, this is how teams need to behave. Using this strategy, beliefs tend to stick more simply because they’re actionable.”

Lessons from Leading Yahoos are sticking. Some 2010 scoreboard results from employees who have completed Leading Yahoos — including 1,472 total

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Yahoo! leaders — indicate that 98.1 percent of participants would recommend this program to their peers, 97.1 percent apply new skills and concepts learned from the program on the job, and 90.2 percent believe what they have learned will enhance their performance. Further, Leading Yahoos participants have higher employee engagement scores on career development by 9 percent compared to their peers who have yet to complete the program, by 6 percent for performance and accountability and 5 percent for decision making and manager effectiveness.

“The program is customized to drive the strategic changes in our functions and in our geographies,” Burnett said. “Blake Irving, head of products, is using Leading Yahoos to drive the product changes he wants to drive as he develops the vision and design of Yahoo!'s global consumer and advertiser portfolio. The collaboration this brings to his team is imperative

to Yahoo!'s success. You drive transformational change through human beings interacting with each other and building trust and confidence in the strategy and new direction.”

Prior to Burnett and Bartz stepping into their roles, there was no transparency. There were no written company goals, metrics, quarterly business reviews or analyst meetings. All of those things have been implemented under Bartz's leadership.

“Half of this is the discipline of leadership and good management that didn't exist before,” Burnett said. “When employees see positive results, both for the organization and their own engagement, being broadcasted over and over again, they know there's good direction, there's a vision, there's a mission, there's a brand proposition, that we're winning.”

In May, Yahoo! shares tumbled when Alibaba, a Chinese Internet group, transferred its online payments unit, Alipay, to a local Chinese company controlled by Jack Ma, Alibaba's chairman. Yahoo owns 43 percent of Alibaba through a variable interest entity, and Yahoo! investors placed considerable hope in the future growth of Alipay as a reason to own Yahoo! Further, Bartz's decisions to slash costs in the organization with layoffs and a search partnership with Microsoft left both employees and investors questioning her integrity and heart.

Despite criticism, Bartz has improved financial performance and established Yahoo! as a top online destination for news, sports, finance and entertainment, according to survey results conducted by comScore Media Metrix. Yahoo! operates one of the world's largest private cloud infrastructures. It handles more than 11 billion page visits per month and 100 billion events a day and is the third most visited site in the U.S. with 4.7 billion visits, averaging 26.3 visits per consumer, in March 2011.

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“The learning philosophy I've created is to stay current and be competitive, learn all the time and know what's going on in the world around you,” Burnett said. “The economy and world of work is very different now. It's turbulent. Staying competitive with your skill set and knowledge and being a performer is really the message for success. It will be front and center through our career development messaging, and it's front and center in our learning portal. If you think about the employer brand of Yahoo!, people come here for growth; they come here to impact because they know they can impact. It's our job to provide that room for growth, and we're finally doing that.” **CLO**