

TRANSCRIPT FOR LUCIEN ALZIARI: THE FUTURE OF WORK AT PRUDENTIAL FINANCIAL (EPISODE 44)

Dr. Harpreet Singh: [00:00:09] Hello, everyone. I'm Harpreet Singh welcoming you to the Future of Work Pioneers podcast. Today, we are speaking with Lucien Alziari, Executive Vice President and CHRO of Prudential Financial, a Fortune 50 financial services company. Prior to joining Prudential, Lucien was the CHRO of A.P. Moller-Maersk, a shipping and energy conglomerate with ninety thousand employees with operations in 130 countries worldwide. Lucien's also a fellow and director of the National Academy of Human Resources, a founding member of HR50 and chair-elect of the Board of Advisors of the Center of Executive Succession at the University of South Carolina. Lucien, welcome to the show.

Lucien Alziari: [00:01:00] Thanks, Harpreet. Very happy to be here.

Dr. Harpreet Singh: [00:01:03] Lucien, you've had a very international career and have led HR teams at some great organizations, would love to start by learning about your journey so far.

Lucien Alziari: [00:01:18] Well, as you say, I've had a career that I never would have imagined and very lucky to work for some very good companies. And like many, I kind of made my name at PepsiCo as chief talent officer there. And now I'm now in my third go up being a chief H.R. officer. So hopefully it gets better each time you do it. But this is the last one and they were wonderful roles. And in the course of that I've visited, 85, 90 countries have had a life that I never would have imagined. And I've always found the chief H.R. officer role just to be right at the center of the best company. So there's nothing else that I would rather have done.

Dr. Harpreet Singh: [00:02:10] Lucien, COVID-19 has had a great impact on all of us and has been a force of change in many ways. What would you think are the key lessons and challenges that are going to stay with us long term and specifically for Prudential? What has changed?

Lucien Alziari: [00:02:33] Well, the way I like to frame COVID is it's been a terrible experience for the world and there's no way of dressing that up. Having said that, it's been a real moment in time for the HR function across all corporations, all companies. And I like to tell people that in the great financial crisis, what got you through is having a great CFO and a great finance function. And in this crisis, companies have already had to lean on the H.R. function and they kind of get the function that they deserve. So if they saw HR as just an administrative function, they probably got less than they hoped for. And if they really understood the pivotal role that HR can play in helping companies to think about how to compete differently, how to keep employees engaged and productive through really rapid disruption and then come out the other side better off of the experience, then they're going to get even more than they hoped for. So I hope the latter is the experience that Prudential Financial, as head of H.R., I think one of the phrases that I've learned along the way, as you try and make lemonade when you give them lemons and Lord knows we've been given enough lemons over the last year. But if you just think about the speed, the flexibility, the decisiveness that we've all had to demonstrate, those are the things that we kind of we need to buckle them up and keep them and make them part of how we do business in the future.

Lucien Alziari: [00:04:21] And coming into the pandemic, like you, I was involved in many, many discussions about the future work. And I tell my colleagues that at Prudential if 15 months ago we would have said, let's take six of our highest potential leaders and ask them what would it take to move 98 percent of our US workforce to working remotely within 36 hours, it would have been an 18-month project that would have been 12 meetings that the risk committee. At the end of it, we would have decided it was too risky to do it, but we did it, right. And so a lot of the conversation that we're having with ourselves now is this isn't about us telling you what you're capable of. Just look back at what you've done. All right? Look at the change that you've taken and look at the adaptability that you've done and let that be kind of an inspiration and in some ways a provocation to us. We can't go back. We have to take the lessons from this and move forward.

Lucien Alziari: [00:05:22] And so we've really kind of taken that as the spirit. Another thing that we've done much more actively throughout the pandemic, just because we really wanted to know how our employees were feeling and we wanted them to feel that they were our number one interest in terms of how we bring our business through was

we've done a much more formal sort of surveying of employees, soliciting feedback. And that has turned into a bit of a practice with the surveys around the American worker so that we can share what workers across America are feeling about employment. And just in terms of culture, which is really, I think, the biggest differentiator and something that you couldn't create on the fly, you had what you had. But for us, the the emphasis on empathy, leaders really connecting with their people, the expectation of flexibility and the way in which providing that has paid back 10x for us as a company, and the fact that we will operate like this now, it's much less hierarchical. It's easier to kind of get to each other. Those are all things that I think we're trying to take forward as we are as we're moving into the next chapter.

Dr. Harpreet Singh: [00:06:42] And that's very interesting. So many companies are now doing future work, but they're doing it in bits and pieces for that show. You know, I see you have a future work function. You have a natural group of people with that title for quite a while now. So you actually have a strategy, maybe talk about what that strategy is and how that strategy is involved with the pandemic.

Lucien Alziari: [00:07:13] Well, as you say, we have a team already in place looking at the future work. And then, of course, we found out while we're at it now, it's no longer about the future work. We're in the future of work. And so a couple of things became evident to us very early. And I don't think we were especially insightful about that. I think a lot of people were having some of the same questions. I think the thing that may differentiate is we really acted on these insights. And so I hope we're sort of pretty well along in our journey. And the research that I've seen of peers is that many are considering the same issues few have made that we've made up at. So we're moving in a particular direction. So, insight number one was really for the first time which separated work and the workplace. Right. And before those were always inextricably linked. And you wanted to be able to do things, but you never quite could get over that. That link. Once you separate work from where work is done, you can think in very imaginative ways about how to do things very, very differently. And that leads you on to then what's the role of the office or at what is the role of the workplace and the workplace before it is the place where you want to do work. Right? Now we know that it's not the case because we've all been doing work away from offices. And so that led us to really rethinking why would we have offices and what would their role be.

Lucien Alziari: [00:08:53] And essentially, it comes down to three things for us. One is that there are certain kinds of work, but I would caution everybody. There are very few kinds of work, but there are some where you can demonstrate beyond doubt that that work is better done by having people together and working together. So for us, the trading desk might be a good example, but it's pretty strong evidence, although I've even seen some questioning that. But there's pretty strong evidence about you get better results by having that team together. So there will be some work where that's necessary. The second role then of the office is bringing people together for parts of work that require collaboration, agile teams, team building, idea generation, and sharing together. So anything, where collaboration is kind of the driver of effectiveness, would be the second use of an office. And then the third is what I would call cultural objections, where you bring people together to keep that sense of human connection to that sense of belonging to an enterprise belonging to a team and sort of building up the supplies to get through the next period of time where people may well be working for part of their time at home or remotely whatever their choices around that. So for us, what we've tried to do then is to say, let's be thoughtful about what does work actually mean. People talk about the future of work, what the answer is, it's the work. You have to become much more expert and work.

Lucien Alziari: [00:10:40] And then what does that mean for the role of the workplace, the office? Recognizing that most work can now be done away from offices. And then the third thing that we really tried to pay attention to is where every culture and purpose-driven company. And so continuing to connect people back to the underlying purpose of why do we exist in the world? And our purpose is we make life better by solving the financial challenges in a changing world. And if you look at how that's played out, our employees know that we were pretty focused on making their lives better than they might otherwise have been, and they've more than repaid our trust in them. That then played it into you can imagine the interactions with customers when there was a real financial credit squeeze going on. People wanted to know what the options were. And so we had service centers that were close to being overwhelmed because of just the volume of interest from customers, but the way in which our employees quickly shifted to doing that remotely and went out of their way to support customers because they know that's what keeps us in business. That's our culture in action. And as I said before, you couldn't make that up on the fly. You had what you had, but that was the

result of years of other investment and really sort of internalizing why are we here and what is it that makes Prudential hopefully a better place to work?

Dr. Harpreet Singh: [00:12:19] You just mentioned the importance of having a culture and a sense of purpose. How do you inculcate that kind of a sense in a mission when people are distributed, when people are remote? How do you see that happening?

Lucien Alziari: [00:12:40] It's actually been one of the sort of existential questions that we've been trying to answer. So if you'd have asked me 15 months ago, we would have said, you know, proudly with a very small part, because we believe in humility at Prudential, but we really believe in our culture. And we put a lot of time and effort into onboarding, having people feel like that. They're part of a culture that is relatively unusual, particularly for our industry. And then, of course, we went remote and we've hired probably twelve hundred, fifteen hundred people over the last year and we've never met them. All right, and it's pretty strange when you put it, but we've never met them, we've got direct reports to the CEO that I have a very good relationship with. I've never met them. All right. And so one of the things that we were really intrigued about was what what is the impact on the culture of having this influx of people who are coming to us through other means and our conclusion so far, and I hope I'm not wrong and we haven't noticed any discernible difference in the impact on culture and the way in which we can bring people in and have them feel part of the family, having them feel just as attached to their colleagues. I think everybody would say, boy, it would be nice to see each other from time to time, but I think the impact there is on the margins. I don't think it sort of fundamental to your ability to keep the culture you want to have. You just got to be very purposeful about

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Dr. Harpreet Singh: [00:15:19] Our workforce has changed over the last few years with the entry of millennials into the system. We've got baby boomers leaving. So with a new generation of workforce entering, you've got different expectations from employers careers. And then you also have this context where A.I. is becoming more prominent and there is a fear around are displacing jobs. So how do you see Prudential grappling with this new context as you move forward?

Lucien Alziari: [00:15:57] Yeah, I'd start off by saying, forgive me if I sound like a bit of a dinosaur, but I've heard you know, this generation is fundamentally different, probably seven times in my career. And so I'm a little bit skeptical that this generation is fundamentally different from any other group that that's ever worked for us before. Having said that, I do think sort of two or three areas where the people who are coming into the workforce now are different in terms of point of emphasis. One is comfort with technology that they grew up with a sort of second nature to them, that's a positive for us as a company. Secondly, the expectation of diversity and inclusion that, again, that's the world that they've grown up with and they expect that of their workplace, which is again, a positive for us. The comfort with doing work wherever it needs to be done, so remote for them. That's not a big deal, much less a big deal than it was for some of the rest of us, including me. And I think another interesting thing that's playing up their expectation, the company that I work for shares their values and is prepared to advocate for their values on public issues that I think in years gone by companies would have been saying nothing about. And that, I think has been a major change over the last year. And they expect us to be taking positions on sort of societal issues. And the message is very clear that saying nothing is saying something. And so obviously you've got to be choiceful about that. But I think those are three or four dimensions that they bring to the overall diversity of the workforce. I think about you can good for us.

Dr. Harpreet Singh: [00:18:01] The former vice professor, Clayton Christensen, and his book, *The Innovator's Dilemma*, he wrote about the high costs that are paid by large companies when they fail to empower their innovation teams. And one of the big themes in reinventing the future of work underscores this idea that autonomy needs to be present in the workforce so people can innovate. So what is your sense of what companies can do to foster that freedom, to innovate within the teams while also

providing them a clarity of purpose so that they don't veer away too much from the mission of the company?

Lucien Alziari: [00:18:44] If that's a really interesting issue and Clayton Christensen was certainly, I think, one of the foremost thinkers of the last 20, 30 years. So, I think as we've gone through the pandemic can reflect on how companies have treated employees. So you've heard of some companies that are frankly, skeptical of other employees going to be doing work when left to themselves, so time and control systems. And how do I know that they're working, that they're not doing something else? We didn't do any of that. Right. And we just said to people, we trust you to get the work done. And we recognize that there's a whole other set of issues that you're dealing with that you didn't have to deal with in terms of family issues, health, looking after elderly parents, or whatever else. And so our expectation was will show as much flexibility as we can do in terms of expectation around how and when work gets done. And we'll trust you to get the work done. We can pay back 10x on that. So the first is kind of people will perform in the way that you do kind of indicate to them that you expect them to perform. I think the second thing that we've learned from the way in which we work has changed so dramatically is that a lot of things that before we would have said, it's all about getting people together and destructive process and hierarchy and all that stuff. We've proven to ourselves we couldn't have it. So we learn to live without it. And then I think one. I think there are two ends of the spectrum that are both tracks. One is companies that say we want everybody to execute a nobody to innovate.

Lucien Alziari: [00:20:47] But actually the other one is we want everybody to innovate. And frankly, those companies tend to trip over on execution. And so I think part of the answer is being choiceful about where is the premium in your business model on just world class execution. And so you've got kind of people working in the system. And how do you create time, place resources for people to work on the system, to innovate the business model, innovate how you compete and recognize that quite often the DNA of those two types of groups are different and not similar, blending them all together and expecting you're going to get both at the same time in the same place. To me, it's been a learning about separation helps. And then you've got to think about how you integrate that work back together after the thinking around innovation has taken place. But when you think about innovation, we sort of capitalize as a large concept and you think about what we've all had to do to survive and thrive over the last year. It's probably more

innovation than we ever thought any of us were capable of doing. And that, to me, is just so validating, so kind of inspiring them around if you treat people properly and that this we're not social workers, we're business people. We've got high standards of performance and outcomes. But the happy truth of particularly being a chief H.R. officer, if you treat people properly, they tend to outperform those that aren't being treated properly. And that's why I love doing the work that I do.

Dr. Harpreet Singh: [00:22:33] You're totally right, and, you know, at the beginning of the pandemic, we saw people like Ray Dalio compare it to the Great Depression. That was all doom. And then you had, on the other hand, folks like Warren Buffet saying, you know, don't bet against America because, you know, people are very innovative here. And that's really, really come out very nicely with what every company has been able to do here. Yep. Let's shift gears and talk about the role of technology in H.R. how are you using or leveraging technology when it comes to managing your people and also when it comes to acquiring talent?

Lucien Alziari: [00:23:20] Well, I will preface my comments by saying, as I said before, I've been a chief officer H.R. office to now is my third time in this role. I've really had much more technological innovation than any previous role, but I'm very clear it has nothing to do with me. I really am clear about that and the reasons why I'm kind of blessed to be in this situation. Before I came to the company, it had already made investment decisions in terms of Global Workday and many of the sort of contemporary tools and software that you need these days that that decision had been made. And then secondly, I've got some team members who are just really into this stuff, understand it. And, you know, one of the pieces of wisdom you hopefully get along the way is find the people and get out of the way, because could do much better than I could ever do it. And so we've actually been very active in technology. We've done our Global Workday, but we were relatively early in the use of selection tools. And I would say we've also been pretty thoughtful about how to use them because we heard the lessons that some of us have had in terms of rights, the bias and the actual achievement. If done badly, they take you away from the goal of using them in the first place, which is actually to attract more, more diverse employees into your model.

Lucien Alziari: [00:25:05] And then we've taken that sort of foundation of technology. And through the work on future of work, we got into the notion of a skill accelerate. So

we recognize that our workforce in the future was going to be much more focused on skills and experiences rather than years of experience or kind of pedigree on a resume. And so we were fairly early users of the idea of a skills accelerator, basically saying to people, help us understand the skills that you have. And so I think a lot of people got excited about the idea of skills as a way of unlocking talent that comes into the company. So maybe it was, boy, we know a lot more now about the fifty thousand people that work for us. All right. And so we've got eighty-five percent of our employees have imported LinkedIn profiles. We've partnered with very good technology partners. We've got skills-based systems now that actually help us understand the skills that are resident in the organization. And so the way that's playing out now is where people want to take on the opportunity to upskill-reskill. We're doing that through skills academies, the skills accelerators. And then the latest breakthrough, which is the one that I think is just really cool, is this notion of the talent marketplace where before. Somebody's career opportunities were based upon reality, that boss, if the boss was willing to make them available to opportunities and the rest of the company, how well-connected their boss was, control, and that tended to work better if you look like the boss and everything was similar, and with the talent marketplace through the use of AI and the skills data that we've now got, the software is reaching out to you as an employee saying, hey, we think based upon the skills that you've got, here are some new opportunities that you might not have thought about. And not just we don't want people doing the same job in disguise. Time after time, that's not good for them. It's not good for us. And it's not just the adjacency right next door, which is pretty obvious. You don't need to do that. But the idea is now starting to realize that based with these skills if you thought about this opportunity over here. So it really has the potential to unlock a lot of the potential. It was always kind of latent in the organization. And the sort of the real icing on the cake for us is we believe that it's going to be a real promoter of true inclusion, of unlocking the kind of transparency, access to opportunities that our diverse employees said that they always wanted. So we're early days on this, but we're really excited by it.

Dr. Harpreet Singh: [00:28:29] Your embrace of this talent marketplace concept is very admirable. Have you gathered any data to see where you're seeing more traction in a certain kind of employee, certain demographics? And are you providing any incentives for people to participate?

Lucien Alziari: [00:28:48] Um, we probably had. At any time you make one of these changes, you have the early adopters, people that were most sort of tech-savvy. They were into this, um, so we did a lot of what I would call kind of encouragement of employees. So we got a 30 percent participation quickly after that. It was hard work. And then once we said to people that if you want to be considered for internal mobility opportunities, we're going to be doing that based upon the skills that you tell us about. And your chances are going to be much better if you tell us about the skills you've got, rather than leaving us to guess that way. We got to eighty-five percent much, much more quickly. So that first phase, quick, middle phase slow, third phase quite fast and then another 15 percent, but probably in um, in professions where they really are experience-based models where there actually is a lot of mobility. The nature of how value is added is years and years of experience in a particular space. So I think also once you can share some stories with employees about know salary here, use the talent marketplace. Now she's doing the job that she always wanted to be able to do because of her participation in all of those, I think is sort of reinforcing the direction that you're trying to get people to take.

Dr. Harpreet Singh: [00:30:24] And what kind of opportunities show up on the talent marketplace are these gigs or are they longer-term projects?

Lucien Alziari: [00:30:34] They started, which started with full-time roles. We certainly see other places that go so into geek's short-term projects and stretch projects. That's what we're weaving in now. We are weaving in external hiring into the talent marketplace as well. It's the same tools and technology. And obviously, at some point, we're going to be accessing the external market as well to bring in sort of short-term spot talent to particular opportunities. So once you've got the framework and the technology, it's pretty scalable. And I think that's a big difference. Then, you know, we had these kinds of thoughts 20 years ago. We just never had technology that was scalable and still reliable to be able to do this, you know, in large numbers.

Dr. Harpreet Singh: [00:31:29] And in terms of the external of the financial sector, I used to be on Wall Street a number of years back, so generally, they are not willing to embrace external workers, frankly, gig workers, largely because of regulation. There are other issues. Right. So security is a big issue. So how do you see that evolving with the pandemic?

Lucien Alziari: [00:32:00] I would say I've only seen change at the margins on that, and I'm not sure that that is all together for good reason, other than I think most of us were very, very focused on the employees that we had and making sure that they were sort of safe and healthy. And then what the pandemic has done for a lot of companies is sort of disruptive business models. When you disrupt business models, you disrupt employees. And so we were primarily using technology as a way of trying to give the employees who were good people being disrupted by change. They had nothing to do with other opportunities within the company. And so I would say for the last year if that's been our focus and it's a natural evolution to think more about sort of the market for external talent. But as you say, there are some constraints, particularly in financial services, that I don't think we should overdo, but that there are more considerations in financial services companies than there would have been in other companies that I've worked for along the way.

Dr. Harpreet Singh: [00:33:15] So you've touched on skills and in this area we are in, skillsets are evolving rapidly, thinking about the skills that you need for an H.R. manager to thrive. What advice you would give to H.R. leaders who are trying to transform their H.R. function?

Lucien Alziari: [00:33:43] Yeah, I would say the one skill that continues to be the priority for all of my colleagues that I respect and talk to a lot, we are all focused on business acumen, certainly in our top two or three. So I'll get on to other skills in a minute. But the thing that we can never, ever walk away from is H.R. people are business people. You cannot be a business person unless you're curious about business, knowledgeable about the business. You can talk business and be credible in discussions around the business and all of your H.R. skills. You don't get to use them unless you've got that kind of credibility with your colleagues. So for me, the one that I will continue to emphasize until I'm done with my career is the biggest lever for H.R. folks is credibility on business issues, just the sheer curiosity, and acumen around the business. If you believe my thesis about the future of work. The clue is in the title. It's about the work. If I think about all of the things in which H.R. is built expertise during the course of my now pretty long career, we industrial relations, employee relations, then we got into talent and organizational development, management, development, analytics, all sorts of things. The one thing that has never been expert in his work, the

work of the organization. So one of the things that we're promoting quite hard at Prudential is if you're in an H.R., you need to be furious and an expert about the nature of work. So, that doesn't mean everybody needs to be an expert, but you need to know how to leverage the expertise of colleagues in this area so that that's one emerging skill set that I think is really important for people. The other ones, I think are probably more obvious clearly is with technology is put data. Empathy counts more than it ever has counted. Curiosity counts more than it's ever counted. But I think the next big leap forward for expertise in work.

Dr. Harpreet Singh: [00:36:18] So given the last few months, let's say you are in E.M. Forster or Aldous Huxley writing the next novel on the future workforce, what does it look like?

Lucien Alziari: [00:36:27] I remember when dinosaurs walked the Earth. I remember as a young sort of entry-level person hearing about theories to sort of the core and the periphery, and it was the idea of the corporation as sort of in the middle of a set of concentric circles of, you know, these are the people who are kind of the core of the enterprise, who will be the full-time employees of the enterprise. And then there would be various levels of interaction with segments of talent further and further away from the core. And really what we've done over time is we've given those new labels. Now we call them geek workers and whatever else. But we could never do it in a sustainable way because we didn't have the tools and the technology to do it. So I think that's where we're going. The thing that's going to make it effective is really the understanding of the nature of what is the work that drives the competitive advantage of companies? What is the work we need to be doing ourselves versus the work that we can have done for us by others? Where can it be done? Who can do it? How can it be done? At what cost level or what location? All of that.

Lucien Alziari: [00:37:58] I think now the ability to sort of pull all of those elements together into a framework. So I'm not describing anything in that answer. Harpreet, that is fundamentally different than what we've learned over the last 12 months. But what we learned over the last 12 months was fundamentally different than what we believe for the previous 10 or 15 years. All right. And so I think sometimes in there's the fascination of I need to go and create a new mousetrap. And I think the the key to success for us in the next few years is to stop learn from this experience. Plenty of people have the same

experience. Some people learn from others. It passes them by. We need to be able to learn from the experience that we've we've had, take all the positives out of that. And that becomes a new playbook for how we move forward with confidence, knowing that we don't know what's coming at us because that's the nature of the world that we live in. But the adaptability that we've proven that we've got, the ability to sort of pivot, to use the cliché of the day and so attached to the challenges and know that we can do it. I think that's priceless.

Dr. Harpreet Singh: [00:39:20] That's great. Thank you so much for this wonderful opportunity. I've learned a lot.

Lucien Alziari: [00:39:26] Well, thank you. It's great to know that we have people like you trying to make sense of all of this and help us see the patterns that will take us forward. But it's a great topic and one that I'm very enthusiastic about.