



Spencer Clark recently retired as Chief Learning Officer of Cadence Design Systems Inc., the industry leader in the electronic design automation space. In this role he built Cadence University to drive global implementation of technical, professional, executive and leadership development. He was also responsible for implementing an organizational development practice within the Cadence culture and the development and integration of an explicit talent development program into the Cadence succession planning process.

He is currently an Executive Director of EDA Networks where he is responsible for facilitating the Chief Learning Officer Forum, a network connecting senior executives responsible for enterprise-wide learning and development with their peers in other leading companies. This network is designed to take learning & development to the next level at a time when it's increasingly common for companies to view talent as a major source of competitive advantage.

Spencer's background is a blend of practical business experiences combined with a strategic formal education in support of his professional objectives. He has earned roles as President, Chief Operating Officer and General Manager with Fortune 100 companies including General Electric, Litton Industries and Black & Decker, as well as serving small privately run companies.

Committed to facilitating people in the process of their professional development, Spencer has acquired additional expertise in the deployment of 360° feedback programs, change management, and executive coaching.

For the five years preceding Cadence, he was President of his own consulting company using his skills to improve the performance in a variety of industries and disciplines, including Power, Defense, Human Performance, Security, and Manufacturing.

Spencer holds degrees in mathematics and physics, an MBA, an Executive MBA, and is an accredited Professional Nuclear Engineer. He has completed GE's prestigious multi-year Leadership Development Program at the Crotenville Learning Center. The Crotenville experience became Spencer's inspiration for his recent role as CLO of Cadence and the foundation of his enduring passion to contribute to the building of great companies.

Spencer is a member of the Board of Directors for the Zhongguancun-Cadence Institute of Software Technology, the Advisory Board for Leavy School of Business Santa Clara University, Board of Directors for Project Hired Inc, RFI Enterprises.

Greg Selker: As the world we live in becomes increasingly flat, we're really confronted right now as leaders by issues of inter-generational, cross cultural workforces and increasing demands on our time to do more with less. How are you leveraging your knowledge and leadership experience to deal with these changing circumstances?

Spencer Clark: It feels to me just like more of the same. The challenges that we had twenty years ago when I was working at GE under Jack Welch, doesn't feel much different than it feels today, except that we're doing what was predicted. Things are speeding up – technology is becoming so readily available and so easy to use

that the world is shrinking – and you can look at it as being flat, but I think of it in terms of how it's shrinking. How you move knowledge and work from one continent to another as you follow the sun, is really gotten to be the differentiator and is becoming that already for some companies, especially the high technology companies.

So when I think about the question, it's really how do you build teams and assuming that you've learned how to build them globally, how do you then translate that into doing it virtually. It can be done, technology helps, and so the first piece of it is that you have got to be good at building teams and moving knowledge around. Then you need to know how to do it virtually.

Greg Selker: What new leadership capabilities do you see need to be brought forth today to build and manage teams that are different from what was required in the past?

Spencer Clark: There are two things that you and I talked about before that are part of my belief system. One is that if you don't value diversity – and not just inter-generational and cross-cultural, but diversity of all kinds – then you're not going to be successful today. The other part of it is, as a leader, how do you instill the same values across this diverse work force that may look at values differently?

For example, there are five or six core values that are adopted worldwide, things like integrity and telling the truth. So how do you get people to align around that so that your common vision works no matter what spin they put on it? I believe you can get to the core that I think people everywhere have, but you've got to have the skill to do that.

Greg Selker: So given that regardless of ethnicity or cultural background, you want to get understand how each person behaves with respect to those core values – what do you think are the best ways today to –do this?

Spencer Clark: I always believe the first step is to ask. If you ask people, they'll generally tell you. So the skill comes in how you ask. There are also some nice psychometric tools that you can use that will give you some real good hints into what a person's values are, and what his/her belief systems and skills are. Although as an HR professional you have to be certain that those tools fall within any legal requirements. However, if you're bringing someone into a team, I think that both methods are a fabulous way to get a good start on understanding someone's values.

Now if you've got a team already that you're working with, I think the same tools apply to find out what that team is made of. Then you have some insight into managing to whatever the challenges are based upon what you discover. But you know, I had the good fortune to work in Black & Decker for a while – and I worked for Nolan Archibald, and Nolan used to say over and over again that 90% of all games are won when you chose up sides. So how you chose the people that you have takes care of so much. So if you

ask people who you are interviewing questions that give you insight into their values, you will gain good insight into who they are.

Greg Selker: And so given the critical importance of choosing the right people, what do you see being done today and what have you done to make certain that the entire organization – not just the HR or OD component but the business side of an organization, interacts with the hiring process as a critical leadership competency and obligation?

Spencer Clark: Let me start with part of my beliefs. I don't want to bore you with it, but I think you have to have the context to understand my answer. First, I believe that a corporation must be clear on what their values are and be able to easily articulate them. This is mandatory to having a really good organization. Second, I believe leadership begins as an inward journey. You must look within and understand what your values are, and then of course, the ideal situation is that you have individuals with clear articulated values that match with the clear articulated values of the company.

So now that you've got that, the next step is to identify the competencies that you need to run the company. Once those are identified, they have to become part of your evaluation process, your reward and recognition processes and part of your hiring process. When I say competencies, it falls within the context of having a clear strategic intent and vision, and having your imperatives identified. So you must have a clear vision. You've got to have the values that align between individuals and corporations and the competencies identified. When you've got that, then your hiring process has to be through the operations people more than through HR. And you have to have tools for assessing whether people align with those values and then have the skills against the competencies that you have. So the way that we do it is that the competencies are written out. We use those to prepare our interview questions, typical kinds of interview questions. We ask candidates to do a psychometric assessment and then we have consensus meetings after the interviews of each of the candidates. And we use a Kepner and Tregoe type of scoring system just to also help us with that.

Greg Selker: With weighting and individual scoring given to different elements?

Spencer Clark: Exactly right. It's not a test where you pass or fail, but it's a nice facilitation tool in having a conversation about the individual candidate. I have never failed to go to a consensus meeting where someone from another organization who interviewed the person just saw them through a different lens, and saw different strengths and weaknesses than I saw. So when you bring everyone together who's done the interviews, you just get a beautiful picture of who the person is and what kind of fit they would be.

- Greg Selker:** A candidate consensus meeting is clearly one of the best practices that we advocate. Unfortunately, we find that this component is missing most organizations' hiring process and when they do happen, they tend to occur via email versus a real time dialogue. And in our experience, it's just not the same.
- Spencer Clark:** I agree.
- Greg Selker:** In 1998, McKinsey published the report "The War for Talent" – and that was a pretty extensive study, as I'm sure you remember.
- Spencer Clark:** I do. And I happen to know a bit about Axelrod too. So we've had the pleasure having a conversation around some of that research.
- Greg Selker:** It was pretty seminal piece of work at that point, and it says that the most important corporate resource over the next twenty years will be talent – smart, sophisticated business people who are technologically literate, globally astute and operationally agile. And what I'm struck by in reading that report is that what McKinsey pointed to perhaps was only the fringes of what was to come. And I'm very interested in what your thoughts are on the war for talent and how it has affected you and your organization?
- Spencer Clark:** I think most of what they said was right, I'm not sure that I agree with everything. I certainly agree with the requirements for the talent that is needed and becoming more sophisticated than it was. And that the supply is going down. There's another great work by Ken Dychtwald, Tamara J. Erickson, and Robert Morison called "Workforce Crisis: How to Beat the Coming Shortage of Skills And Talent." It's about the demographics of what's happening with the workforce and the speed with which people are now retiring because the baby boomers are going out of the workforce – or at least partially going out. And I can't recall the exact numbers, but she also talks about the number of new jobs that are created – and the percentage of them that are required to have a college level degree and the number of our kids that are actually finishing college and getting a degree. There's like a 20 or 30% miss on those. You add the two together and it looks like half of the new jobs being created won't have domestic people available to be able to fill them. So the numbers are just staggering, and the crossover was late in 2006 – so we're beginning to enter it.
- I saw another study that said only 14% of the HR people are doing anything about this – less than 40% of them even recognize it as a problem. So my first reaction is it will be a catastrophe before we really recognize how big a deal it's going to be.
- Greg Selker:** So what do you see that could be done from a leadership position as either an HR executive or business executive to forestall this catastrophe or produce a different outcome?

Spencer Clark: There are two things. All corporations are in the education business whether they want to be or not. So knowing how to develop your talent is going to be a key thing for corporations. If you don't have – and these are my numbers and I'm making them up from my belief system, but if you're a half a billion business and you don't have a strong and developing learning and development organization – I think you're going to be in trouble.

Second thing is that these corporations must learn how to capture some of the great minds in other parts of the world. And that means knowing what they need. For example at Cadence, we were at \$1.3 billion dollars in revenue with only software when I left. When we looked for the kinds of people that we needed to write code, we found that for the analog people they were in Russia. They have people with those skill sets. So we set up relationships with the top five technical universities in Russia and we're now shipping a lot of our code writing to Russia in the analog studies. We know that there's a different set of strengths in China and a different set of strengths in India, but the question I would ask is what are you doing to identify where those kinds of minds are that you need to have and how are you going to export that work to them. So the skill with being able to both identify and to move it is important.

Greg Selker: It also sounds like what you're saying is, once you have identified those people and recruited them into your organization that there needs to be some significant commitment and resources that are made available to continually develop those individuals so they are retained.

Spencer Clark: Yes, that's right. Because you talk about it being such a fast moving world, one report that I read said that we'll change careers about seven times during our work life. If that is the case then you're not going to stay very long in any one of them. So the skills that you have when you're graduated and enter the workforce simply won't stay. At Cadence we found that even with a Masters degree, most new graduates weren't ready to be contributing engineers. We set up under Cadence University a six month program in Austin just to move them from what they had at the Masters level to being able to begin to contribute as a software engineer for us.

So our entry level employees right out of college with a Masters in electrical engineering or computer science weren't at the level we needed them to be in order to be productive quickly. We found their time-to-productivity was between 30 to 36 months. If we hadn't recognized this and put a mechanism in place to get them up-to-speed, our services and products would have been slower to market. Time to market is one of the key differentiators between success and failure in this industry. This means corporations must have the capability of continuing to develop their people.

Greg Selker: When you have a university that is set up within a corporation, what do you see as the ideal mix in terms of focusing on

expansion of functional skills versus expansion of overall leadership and management skills and competencies?

Spencer Clark:

Well you know that I grew up in GE, and one of the things that I think makes them strong is that they have a belief that everyone should have general management capabilities. So even if you're in Research & Development, you are taught general management skills, most everyone can read a P&L statement, a balance sheet. So I believe in the holistic approach and what I'm doing now that I've left Cadence and working with Align Technology, is we're building general management capabilities.

Right now we're focusing on the top 36 people of the company. First of all we've done the competency work to know what we need. Now we're going through and doing general management assessments and we're running week-long simulations to give them at least management awareness if not skills. So they understand the impact of their decisions on the broader organization. I think that's a key thing, but that's making the assumption that you're functionally competent. So there are basic blocking and tackling skills that you have to have in each of your functions. If you're in IT and you don't understand enterprise systems, then obviously you're not going to be successful. Or if you're in manufacturing and you don't understand "just in time" inventories or the latest in automation, then you're not going to be successful.

So you have to continually do those refresher "skill buildings" as a function, but I think the key to it is having appreciation of what an entire organization looks like – or what the entire business looks like. If you've got a top person who can't answer very succinctly the question, "How do we make money here?", then I don't believe that person is contributing as well as he or she should be. So I think these are the responsibilities of leaders and their people.

Greg Selker:

It all comes back to leadership – doesn't it Spencer?

Spencer Clark:

Leadership matters.

Greg Selker:

Given that leadership matters so much and is at the heart of much of what we have discussed this afternoon, when you look at executive search firms, what do you think the role an executive search firm should play in these processes of hiring and developing leadership?

Spencer Clark:

In terms of the hiring process, search firms are critical. It is important the firm and the company have shared approaches which are integrated. Accurately defining the position can best be facilitated by the search firm who then provides candidates that both meet the skill requirements and fit the culture. When this happens, it becomes a team effort.

Greg Selker:

Spencer, thank you so much for your comments. I've enjoyed this discussion immensely and look forward to speaking again soon.