



From traditional corporations to innovative technology companies to international organizations, Michaela Oliver has run the gamut of human resources. The one thing that stays constant is her enthusiasm and eagerness to break tradition and think outside of the box to make human resources work best for the situation at hand.

# Breakthrough HR

**M**ICHAELA OLIVER, SENIOR VICE PRESIDENT OF HUMAN Resources at Rosetta Stone, has a mischievous gleam in her eye that betrays her intense curiosity and driving desire to find unorthodox solutions. These often work exactly because they are not based on tradition. Her office is sparse, lean and does not rise above the others in her corporate headquarters. It is all whiteboard on one wall. Each time I visited, someone else's innovative ideas were drawn there, often with comical characters or provocative statements. I came away with the impression that her people come in and share cool ideas there regularly.

I chose Oliver to be one of our keynotes at a recent Strategy+Innovation symposium. She refused to do a traditional presentation because, in her words, 'They don't work!' Instead, the two of us had a conversation that involved the audience. The day of the event I arrived, my tie not yet tied but draped around my shoulders. 'You're not going to wear that,' she told me. 'But it's my tie,' I said. Instead I ended up with it stuffed in my jacket pocket and worked alongside her with an open collar.

Ordinarily that might not seem like a big deal, but what I have discovered is that when you are by her side you soon find yourself

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dealing with the environment in nontraditional ways that at first seem awkward but ultimately work. She herself was wearing reptile skin shoes that bespeak the wildness you feel when you talk to her, like something exciting is about to happen, something not at all expected. And she delivers. When it comes to strategy and innovation, she knows how to bring the two together in an unconventional game plan that delivers on results. Here are some excerpts from our conversation that day:

**Seth Kahan:** Michaela, I know you spent some time in Kazakhstan. What did you learn there that influences your work today?

**Michaela Oliver:** I went to Kazakhstan with Mobil Oil. An opportunity came up with my husband. He was offered a position there, and it just so happened I had previously been working with someone who worked in Kazakhstan. I talked to my boss and many other bosses until I ended up in front of the general manager of our former Soviet Union countries. He asked, 'Why would I want someone as junior as you?' I thought that was a good question. I told him, 'I have a lot of energy. I like to learn and I learn fast. I move fast, and I know people here in the U.S. I can help get things done and help you with your business.' It must have worked because I worked for Mobil Oil for about two years in Kazakhstan.

It was an eye-opening experience. I was in a different culture. I didn't speak the language. I was in an industry that is over a hundred years old. They think they know exactly what they are doing when going overseas. However, I saw how we could do things better.

An opportunity came up to do a joint venture with other companies, but we had to figure out how to work together. They would come in and say to me, 'These are the policies, this is how we are going to do it.' Very black and white. I shared with them, 'There are better options. Oh, and by the way, I just heard that Kazakhstan is trying to change their labor code that's based on the old former Soviet Union labor code; shouldn't we be talking to these guys about how to change it to make it more business friendly, which would lead to more businesses interested in coming over and bringing more money, which would help Kazakhstan? Shouldn't we help them figure out how to do that?' This was a surprise to my people. They had not thought about it

and agreed it was a good idea.

We ended up getting all the other oil companies to work with us as well as some of the consulting firms there. We started working with their department of labor on helping them get input from outside, from their customers, from people who might be coming in to invest. We took their perspective into consideration. This was not typical of an HR person; it was more similar to a government relations job, but it was fun and I put myself into it.

I wanted to learn Russian. I learned it mostly by running around. Mobil wanted to put me in the compound with everybody else, and I would not go. I did not want to be isolated. I wanted to be in the community. I wanted to be with people, learn the language and understand the people. So, I was a rebel and didn't live in the compound. I agreed to have a driver to and from work but not on the weekends. I would then take taxis by myself. It is how you learn a language, meet people and learn about the culture.

At the end of it all, I had a real influence over the country's labor policy. I learned how far I can stretch in service to my organization, and I can do it without going through the expected channels.

**SK:** Michaela, the more I get to know you, the more I appreciate your way of doing things, often not by the book. Tell us how you view human resources.

**MO:** I look at HR as being right there in the middle of the business. It's about the people. So much of the time companies think about HR from an administrative standpoint. They don't think about it being key to the business, so they operate that way, with HR as administration.

I start every assignment by talking to people about their business to understand the drivers. I seek to understand what is shaping the success of the business. You then can identify the opportunities and challenges that matter most to the business. The interesting thing is that it almost always comes down to the people involved. HR is in the middle, the very middle. HR is core.

**SK:** In some of your previous incarnations, you were part of very large organizations doing business strategy: Mobil Oil and AOL. Your work was not always about the organization's overall strategy. Instead it was a way to accomplish ends for a piece of the organization. But now at Rosetta Stone, you are responsible for the organization's human resources strategy, and your impact is at the corporate level. You are up there in the captain's cabin, and you're looking at the way forward. How is that for you?

**MO:** It is exciting and fun. What I found is that there's always someone else to report to, and now it's the CEO and the board. Even though I am the head of HR working closely with the CEO, I serve the board and the investors.

Yet, I am still digging into what the business needs, what drives our success. It is very situation-dependent, and it comes down to finding the right people for today's challenges. I never thought I would be a recruiter. But what I have found is that I am

constantly recruiting. I am recruiting internally. I am recruiting externally. It is constant. And it is not just me, not just HR. It has to be done by all our business leads. This is critical to understand. I am teaching our other leaders how to find and develop talent even as they are teaching me about their business drivers. We are involved in a partnership here.

It is critical to get the right people in place, the right talent at the right time. We must ensure we have the talent. We first had the right people who could get us to the IPO. Then we had to think ahead about who is going to take us forward, find them, and give them what they need to succeed.

I often wish we had more time to develop and get people exposed to new experiences, but sometimes in life you are handed a crisis, a fire, and you have no option but to change people out completely and fast. Everything comes back to the people.

**Audience Question:** What do you do when employees go too far? How do you create policies that anticipate the guidelines you want to establish in the workplace?

**MO:** Let's take a seemingly innocuous dress code policy. People are in charge of their own dress at Rosetta Stone. If they are not meeting anyone and want to come to work in flip-flops and shorts, we are fine with that approach. On the other hand, if they have a meeting with a client, I expect them to dress appropriately for the type of client they are meeting.

But I do not have a policy; that is how we dealt with it. I take a different approach. If someone were to cross the line, we would have a conversation. It happens, and it is typically someone who is junior who may not be thinking about it. They think, 'Oh, there is no dress policy, I can wear whatever,' but then all of a sudden they are going in with a client and their manager sees them and gives them feedback that is not how they want them to dress with a client.

**AQ:** So, if you don't have a policy, I would assume somewhere along the line, lawyers may get involved and say that's discriminatory. You told someone they can wear such-and-such, but they can't. Have you encountered that at all?

**MO:** No, because it comes down to, you have to wear what's right for you and for the business. If someone does not get that, it is an opportunity for feedback from the manager. They are not in trouble. Instead it is time for them to reorient towards work. I would ask, 'Do you want to be successful?' That is a

good conversation to have. If your client does not relate to them and does not give them the business, then they will not hit their performance targets. Focus the conversation on performance and results, not what is someone is wearing.

We work in Washington, D.C., and it can be more conservative than New York. We have to wear ties and suits when we meet with certain people here in Washington. And so, you come back to a business perspective. We don't get into a situation where we are penalizing. HR should not be in the policing business. Believe me, you do not want to be in the policing business.

When I came into this role, that was how HR was viewed, as the police. I was not about to be the police. I blew up as many policies as I could get rid of that did not put me at risk from a compliance standpoint. I reviewed them with my team, identifying what was mandatory, and eliminated others that did not add value to our business. For us, the dress policy was not an issue.

I think there is a balance. You need courage to find the balance, not play it safe. If you are playing it safe by being the police, you will find that people adopt an attitude of not needing you. Instead you've got to figure out how to communicate in a way that makes sense to the business and makes the right things happen. Then, all of a sudden, people start inviting you into their discussions and earlier in the conversations at the point where you can make a real difference, a substantive difference. That is when you find yourself involved in strategy at all levels, big and small.

**SK:** Do you see what is going on here? Other people look at this and think this is about compliance; Michaela looks at it and sees this is an opportunity to have a conversation, get clear on what Rosetta Stone is about and build in a mindset that will consistently lead to success even outside the issue being discussed. It takes deep inner clarity and a desire to work the organization. It is much easier just to write a policy and give people a hard time. Instead Michaela is jumpstarting important conversations.

**AQ:** How do you work with a new CEO? Do you have any experience doing staff surveys and sharing the results with a new leader?

**MO:** We have done employee surveys and exit interviews. Our previous leadership did not want to hear some of it. When our new CEO came into place, he was much more open to hearing from our people. We launched a new CEO feedback survey, followed by an engagement survey, and after it went out he met and talked to people to understand the results more deeply and to let

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everyone know that he had heard their feedback.

At the time, we were struggling with our product. But our employees loved our product. Even though there were some issues with it, the employees didn't want our new CEO to go off in a completely different direction.

At the same time, there were other things wrong with what we were doing. I began to think it had to do with our values, and maybe we needed to update them. But when the survey came back it was clear that people loved our values, they wanted to keep the values but wanted to ensure that leaders were actually representing our values.

The survey pointed us toward making sure that everybody was in alignment. As a result, our CEO did a number of roundtables to listen more deeply, and that generated tremendous alignment. I attribute a lot of our recent success we are having today to those being open to feedback from our people.

**AQ:** You have had some significant changes: a new CEO and an IPO. How were you rolling this out on a global level? How did you include the offices in Asia and Europe? How do you ensure that everyone is on the same page with the culture changes and advancements?

**MO:** All our surveys have been global, and they have all been translated to the local languages to ensure that there was not any confusion. Afterward our CEO went on the road. I went on the road. Other leaders have been on the road to talk to employees in the different offices overseas to understand any disconnects. We put in a real effort to connect everyone, to provide a cohesive message, to include everyone. We also recently relocated our head of Global Consumer to Tokyo, Japan, as a way of messaging that Asia is central to our business and not all of our leadership sits in the U.S.

**AQ:** I work with a firm that recently went through a CEO change that went through a similar exercise gauging what are some of the issues within the firm. And what we found is that there were some suggestions shared that the firm does not wish to carry through on. And so I am wondering how you address it when an issue is identified, but a change won't happen?

**MO:** I would start with conversations that include the CEO and leadership team to get clear on the rationale. Then I would engage employees, be up front with them. I would say something along the lines of, 'We have received your feedback and leadership is choosing not to act on it.' Rather than ignore it, acknowledge it. It is okay. People would rather hear why than be ignored. If there is a business reason why you won't be changing, let them know. Maybe there is a core cultural issue the leadership does not want to change. That is fine, too. Make it known.

By all means share that information. Then your employees know where they stand. They may not like it or even appreciate it, but you are starting from a common ground. You may wish to kick off continued feedback about it, conduct employee engagement surveys and include information about it in exit

surveys. All of these can help leadership see it from an employee's point of view. That does not mean they will change their minds.

While exit surveys are good, they are lagging indicators, so it is too late to address concerns for a particular person. But you can feed that information back to leadership. With engagement surveys and new hire surveys, you have leading indicators so you can be proactive. Whatever the decision, sharing the data is the way to go. At the end of the day, it is the CEO's decision about what he or she wants to do.

**AQ:** It occurs to me that three organizations you have worked for, Mobil Oil, Rosetta Stone and AOL, have very different cultures. I am curious if there was a different receptivity to HR being a strategic partner in each of those organizations? And did you have to make adjustments either for yourself or for your department to really be perceived as a strategic partner in each of those three places?

**MO:** Definitely. The cultures are different. With Mobil Oil, they were going through a staff function transformation, and so HR, finance and some of the other groups were going through changes. I would say they were more accepting. Although from a business standpoint, they operated for a very long time in a certain way and so changing things was a lot harder. When I went to AOL, it was accepting of HR as a partner, but we had churn from a business, leadership and people standpoint. We were constantly changing our business strategy, bringing in new leaders and thus starting from scratch constantly. It was hard, challenging but fun. Now at Rosetta Stone, I am fortunate to be working in a smaller organization with a CEO who is fully aware of the power of HR to contribute to strategy.

**AQ:** How do you choose to structure your Human Resources department so that it best aligns with the initiatives of the business?

**MO:** That's a good one. I actually just shifted things around to more of a global perspective. I had people who were more regionally oriented. I am in the middle of shifting, so, for example, I am not having the head of Korea HR just focused on Korea. She's going to be working on performance initiatives as well so that she brings in the global perspective. She now reports directly to me. Before it used to be a dotted line to me and a hard line to the country director. These things change, though; it is cyclical. I tell people, 'Don't get worried about it. This is just a normal thing for HR functions.'

I like to keep people from feeling stuck in the local mindset. They can lead some of the global initiatives that we're doing, and if they do something we haven't done in the U.S., let us look at it and share it. I would say this is essentially my approach in other key matters. I want people to contribute to the overall culture as well as the local one. I don't want anyone to get stuck in a particular mindset. It is that cultural openness that makes it possible for innovation, which directly contributes to strategy.

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