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MIKE JORDAN

Opening

- Thank you ... and good morning.
- Today, Tina and I will give you a glimpse into EDS' journey over the last few years ...
- To show the link between a company's DNA and business success ...
- And to discuss the critical role HR plays in connecting the two.
- First, a little background on EDS.

EDS overview

- EDS is a large, complex, global company.
- We have 117,000 employees ... who speak 42 different languages ... and work in 60 countries.
- We run technology systems and business processes for the Fortune 1000.
- Which means we manage thousands of networks ... applications ... servers ... and desktops for as many clients.
- Adding to the complexity of our business, every year we bring in hundreds of new people as a result of signing new accounts.
- Many of the people who run the computer systems for our clients are their former employees transitioned to the EDS team.
- Our job is to make what's complex look simple and seamless.

- What makes us unique compared to most companies our size is that we don't make a single product.
- Our services – our people – are our product.
- It is in this service orientation that we find our DNA.

Harnessing your company's DNA to mobilize your work force

- Every company – like every individual – has its unique DNA.
- It's what separates EDS from IBM ...
- Coke from Pepsi ...
- And Mike Jordan the CEO ... from Michael Jordan the basketball player.
- A company's DNA transcends time, as well as cultural and geographic boundaries.
- It's the esprit de corps that drives behaviors.
- Once you're able to fully tap it, you can mobilize your work force to deliver strong returns to the business.

The DNA of EDS

- EDS' DNA took root in the military background of our founder and the company's first employees.
- EDS founder Ross Perot transferred that strong sense of mission and service in the military to an intense focus on service to clients.
- His first priority was to hire those who exemplified strong character ... matched by a strong commitment to get the job done ... no matter what.
- Ross knew technology was important.
- But he believed that people would make the biggest difference.
- And so that's what he focused his time on.

- The first dollar went to recruiting the right people ...
- And the second went to training and development.
- He wrapped everything he did around the company's DNA.
- That philosophy obviously faired well.

View of EDS as a former client vs. when I joined the company

- That ingrained focus on service was still very much alive when I first got to know EDS more than 20 years ago.
- The qualities I admired about EDS then were its disciplined work ethic ... precision in execution ... and dedication to getting the job done.
- Over time, in the course of many changes in leadership and direction, the company strayed from this original focus.
- The symptoms were easy to spot when I joined EDS as chief executive.
- I saw a less unified work force ... and a work environment where enthusiasm and the fun of winning were in short supply.
- But the one thing that has never changed ... is that sense of mission and achieving success for our clients.
- Our goal in recent years is to take our service orientation to a higher level ... with technological sophistication and efficient management systems to rejuvenate our original DNA in new ways.
- This was not only a matter of focusing our investment dollars ... but also drawing from the expertise and resources of our HR team.

The role of HR

- HR's traditional role is to ensure a well-trained, motivated, competitive work force.

- This is central to every business' core strategy, but especially to a services business.
- Key to a competitive work force is the ability to effectively communicate the company's business objectives throughout the organization.
- Ultimately, you must fully engage front-line leaders in the company's business journey.
- A complex organizational structure and a large employee population make goal clarity a real challenge.
- While all leaders have a stake in this ... I believe HR has a special role as a catalyst for business growth.
- When your company is facing a turnaround – which EDS was three years ago – HR's role takes on even more importance.

HR's role in a turnaround

- Today, turnarounds are fairly commonplace.
- That's due in large part to accelerated globalization and resulting competitive pressures.
- Turnarounds place a premium on acquiring top leadership talent in the first few layers of the organization.
- Because the market is constantly changing, we also have to invest in our people to make sure their skills stay relevant.
- HR must be able to analyze your industry and forecast the company's business needs to quickly respond.
- This additionally requires a companywide assessment of leadership skills measured against a definitive leadership competencies profile ...
- And then coming to grips with any talent gaps.

- EDS has made a bold investment in training and work force planning that targets the skills we need to stay aligned to the marketplace.

Maximizing human capital by maximizing your company's DNA

- As with any investment, you expect a strong return from HR investments.
- Human capital is business capital.
- Maximizing that capital is imperative, especially in a business like ours.
- How do you maximize human capital?
- The people in this room know that talented knowledge workers are a key differentiator in the knowledge economy ...
- And training can boost your company's knowledge quotient.
- You also know that, beyond talent, the people who will make the biggest difference in your organization are those who have a passion for your culture, who fit its DNA.
- And I would add that, more than ever, you also need people who are flexible and competent enough to wear many hats.
- The people I look for as CEO are multi-dimensional players who fit your culture.
- These are the corporate athletes who make an impact anywhere they work in the company.

My vision of EDS

- My vision of EDS is a disciplined company led by energized people who know how to build and sustain profitable growth.
- People who own the vision of the company and know how to move from mind ... to market ... to margins.

- A work force that's engaged and motivated to keep pushing and moving the company toward market leadership.
- If we can do that, then we *will* create an environment where the best people want to work ...
- And we will become the preferred company to do business with in our industry.
- I look to Tina and her team to help make that a reality.

TINA SIVINSKI

Thank you, Mike.

Good morning ... it's a privilege to be here.

Mike didn't mention that we flew in last night from Las Vegas, where we've been honoring our top 200 performers of the year.

As you can imagine, it's energizing to be around our company's best people.

People who represent the DNA of EDS.

[Pause]

When we were looking through the companies you represent, it's clear that you know what DNA is ...

Cisco ...

Dell ...

Kraft ...

Starbucks ...

Weyerhaeuser ...

Just to name a few.

These organizations may provide routers, laptops, cheese, coffee and lumber ... but that's not their DNA.

DNA comes from inside ... it's the culture of the company reflected in the character, passion, and actions of your people.

It is what sets you apart from your competitors.

If I walked down the aisles ... anyone of you could probably fill the next half hour talking about your company's DNA.

It's the core ... the foundation of your company.

[Pause]

EDS' core is precision ... process ... discipline.

An unwavering commitment to the mission ...

Conviction.

That was the foundation of this company in 1962 ... and that's our DNA today.

[Pause]

I remember Mike's first day at EDS like it was yesterday.

Within the first few hours, the question came ... What is the culture of EDS?

I said, command and control.

Now, when you tell your CEO your culture is command and control, . . . the advantage is . . . that you're command and control . . . and the downside is . . . you're command and control.

[Pause]

So let me give you an example.

Mike wears blue shirts and yellow ties.

And historically, the hallways of EDS were filled with white shirts, red ties and cuff links.

I told Mike to just watch it.

A few days later at a meeting with 25 leaders . . . low and behold . . . many showed up in blue shirts and yellow ties.

In the same meeting, I took the experiment one step further.

I said . . . Mike, take off your jacket.

He asked why? and then, he humored me.

He took off his jacket . . . and within minutes . . . eleven people took theirs off.

Case closed – command and control.

[Pause]

This was our first important choice.

To crash the wave of our culture . . . to try and change it . . . or ride the wave and mold it into the kind of company we needed to be.

For EDS, we knew crashing the wave would be painful.

And in the long term, not sustainable.

We decided to ride the wave.

To work our DNA.

[Pause]

So, we established a few ground rules for dealing with our DNA.

1. First, we lost our “individual agendas.”

Meaningful dialog and change could not happen if we came in with preconceived answers.

This was not about what the culture of the company *should* be.

It was all about understanding *what it was*.

2. We stopped searching for a silver bullet.

It didn't exist. Programs would not sustain our DNA.

The journey was on.

3. We removed the barriers.

We stopped saying no – and instead . . . said let's figure out a way!

4. We checked our egos at the door.

The transformation was about the company.

[Pause]

That's where we've been for the past three years since March 2003 when Mike came on board.

Getting real ... getting grounded in our business.

Removing barriers.

Thinking big ... but implementing it with composure and relentless focus.

[Pause]

Throughout the process, the “whiteboard” became our best friend.

In conference room after conference room, we took down the corporate artwork ... and put in floor-to-ceiling whiteboards to capture our thoughts all around the room.

It was liberating and scary at the same time.

Just think. No egos ... no preconceived answers ... no bad ideas.

We faced the brutal facts about our business on those whiteboards.

We had great people in the wrong positions or, in some cases, people who were just not right for the future of EDS.

Our structure was too complex.

We had 91 presidents ... all battling over titles and turf.

We had multiple sales teams calling on the same client.

We had more than 117,000 employees spread out and sometimes duplicated among five different databases.

The only thing we could tell you for sure is that everyone got a paycheck.

[Aside to audience ... We were the Cobbler's kid ...]

That's when we decided to tag every employee around the world with a payroll number ... creating a single global database.

That was an important step because we are a large, global company.

At that point, three years ago, we had amoeba-ed into confusion and layers upon layers of bureaucracy.

It was not the real EDS.

Bureaucracy ... redundancy.

And our people got lost in it ...

So, we set out to win them back.

[Pause]

So . . .first order of business: we moved.

We literally moved offices.

For years, EDS executives sat perched on the seventh floor of our Plano headquarters ... high above the Texas plains ... in mahogany-paneled ... oriental rug-covered ... glassed-off offices.

We were running our business out of the pages of *Architectural Digest*.

It not only distanced us from the rest of the company, it closed us off from one another as leaders.

We wanted to signal that things would be different, so we moved into a central, more open location ... with conference rooms . . . full of . . . you guessed it ... white boards.

We removed barriers piece by piece.

We revived our open-door policy.

The policy reads:

EDS employees can, without fear of retaliation, go to any EDS leader to discuss ideas, issues, concerns or questions.

That's any employee. Any leader. Any time.

We clearly signaled that the EDS that appreciates you and your ideas and opinions is back ... down to the e-mails and the intranet boards.

We have a group ... like many of you ... who consistently post on our message boards.

We didn't just respond via e-mail.

We made the direct call to them ... to work with them ... to hear their opinions, suggestions, concerns.

We also started trending those messages and e-mails to get the pulse of the company, so we can identify the trends before they turn into problems.

[Pause]

Reading and responding were just the beginning.

HR's role in the revival of the company's DNA was part detective ... part psychologist.

We had to dig in and find out how our people across the world felt about their jobs and the company ... what they needed from us.

But to do that, they needed to trust us.

As you know, trust is earned over long periods of time based on actions ... so we got out a map and plotted a world tour to engage with our employees.

Our trip would have made a great concert t-shirt ...

Plano ... Detroit ... Sydney ... Auckland ... London ... Budapest ... Rome ... Toronto – and back again.

And by the way, we made a point of working the night shift along the way because our operations are around-the-clock.

And guess what?

Employees on the night shift didn't have cafeterias ... because they're not open ...

They don't have the same interaction with the company ... because most of their colleagues aren't around ...

Their entire view of the company is different . . . because of their hours.

Yet, they are the heartbeat of EDS.

[Pause]

One of the great things about working with Mike Jordan is he knows the importance of getting out there.

For instance ... when Mike was president of Frito-Lay ... and he wanted to test the quality of the chips being produced ... he'd go out and buy his own bag.

Why?

Because Mike knew – from experience – if he asked for a bag off the factory floor ...management on the production line would make sure he got a perfect bag of chips ... nicely shaped ... nothing crunched or smashed.

Clever on their part.

Smart on Mike's.

[Pause]

So along the way, we decided to test our own “chips.”

We didn't always tell people we were showing up ... or if we did, we'd veer off and find groups to speak with us who didn't know us ...

In the UK, for example, . . . we followed the people going back to their offices ... heads down – not looking happy.

We sat with them ... we discussed business – we listened ... and listened again.

[Pause]

When we went back to Plano, we followed up on each and every action item.

30-60 days later, we cross-checked to ensure change had taken place.

[Pause]

Engaging our employees really revealed to us who our toughest customers are.

You've probably got these same customers .

The people in the organization who just sit there and nod at you as you speak – agreeing without saying a word.

You know ... the people who say “we were here before you got here and we're gonna be here when you leave.”

Unleashing our DNA could not happen if our people were going to sit there waiting for us to leave... nodding ... not changing ... not engaging.

By our nature, EDSers are problem-solvers.

We deal with complex issues every day ... nodding is not in our DNA.

It sent a clear message that our people were either not connected ... not listening ... or not believing.

[Pause]

Another signal came from our Voice of the Employee survey ... the VOE.

Our people scored the company off the charts in teamwork ... intellectual horse power ... commitment to serving our clients.

However, the scores for training and development were less than impressive.

People didn't have the tools and skills they needed.

Over the past few years, we had moved to 95% online training.

Technology is important ... it's necessary for global companies ... but, high tech should never replace high touch.

Today, we're 60/40 ... 60% online ... 40% classroom or leader led.

In that process of re-introducing leader-led teaching, we started a course called the EDS Way to help our people reconnect to the company.

Mr. Jordan ... and the entire executive committee ... personally teach in EDS Way Classes.

No PowerPoints ... just open dialog. Week after week.

Clear direction, straight from our lips to their ears.

Otherwise the "telephone game" takes over.

You say blue ... it gets translated as red. You say green; they hear yellow.

So, when we tell our employees blue and they nod in agreement ... we still need to make sure we're on the same page.

Because they may be thinking navy, light blue or even teal ... when you're really thinking royal blue.

None of those are wrong answers, but when you expect them to execute blue ... you need to make sure they understand exactly what you're thinking.

Since we transition a tremendous amount of people into our company every year ... setting the message straight at the beginning is critical to success.

[Pause]

The list of what we uncovered could go on and on ... but let's cut to the common denominators.

Underlying the things we've shared was this:

People wanted to belong ... they wanted to deliver value ... but they didn't know how.

People wanted to grow as professionals but weren't getting the training they needed.

People wanted the company to succeed and they wanted to be personally connected to its success.

[Pause]

When we got in front of a white board with Mike, we asked "What would the perfect EDS look like?"

It would be leaders who were right for the job.

A well-trained, disciplined work force.

Transparent, inclusive and encouraging.

It would be the magic of the EDS of the 1960s and '70s with the passion, attitude and conviction required today.

In the end, what our people wanted and what we wanted as leaders were very much the same.

We may have had the same end state in mind, but getting there would not be easy.

We couldn't make it happen overnight ... we picked our spots to get it right.

[Pause]

You know Mike shares his business philosophy in what I call his pearls of wisdom ... he just cuts to the heart of the issue.

At this turning point, the one that resonated with our team was:

“It's not what you expect ... it's what you inspect.”

We had to keep it simple.

Three areas became priorities: removing barriers ... leadership ... and training.

That's what our people and our business needed.

So we made our plans ... executed day by day ... and inspected piece by piece.

[Pause]

So . . . let's talk leadership.

If you've ever heard Jim Collins speak, you've heard about the "who" ... you've got to deal with the who ...and then the what.

And when you've got 13 layers of the WHO in the company, getting the who right at the top is a make or break situation.

In our business, we have 1,200 senior leaders.

We have to ensure they not only fit with our DNA ... but also bring it out in their teams.

The best way to do that in a turnaround . . . because you don't have time to go in and develop it . . . is to find your corporate athletes.

They can go into any situation, pull the team together and get results.

We started injecting these athletes into challenged areas of the company and things started changing . . . the business started improving.

One very clear example of how this worked is our biggest client, the Navy Marine Corps Intranet.

It's the largest, most secure private network in the world.

Things were not going as planned . . . financial challenges, concerned clients . . . you know the story.

So - we got in front of a whiteboard.

Reverse engineered the job – the priorities - . . . the contract . . . the leaders we needed.

We made a list of athletes from across the company.

We assigned, but we didn't abandon.

We were in there working with the team.

This was EDS' DNA in play.

With a total focus on the mission, the leader and his team turned this contract around.

We were bold about the approach, but it worked.

Was everyone happy along the way? No.

But this is how HR adds value to the business.

Knowing how to put people in play who get results for the business.

We didn't stop there.

We studied our athletes ... you could say that we literally mapped the DNA of an EDS leader.

We profiled them in three areas:

- o Flexibility
- o Leadership
- o Thinking

To sum it up, the profile is somebody who is ...

- o Quick on their feet.
- o Thrives in ambiguity.
- o Driven by conviction and passion.
- o Extremely humble.
- o And plays well with others.

That's our leadership profile.

[Pause]

Transparency ... leadership ... the last piece is training.

As Mike said, our business is the services and skills of our people.

Our people need to be highly trained ... not online only, but in person by their leaders.

That's why our leader-led teaching reaches across the organization.

If you're getting technical training, you are going to be led by one of our technical leaders or Alliance partners who provide it.

117,000 employees with role models ... 50,000 of which are getting skilled ... that's powerful.

It's also a process that never stops.

We used to have EDS University ... until we found out that only 20% of our courses were being utilized ... and it was treated as a one-time training session.

It's not about one-time training ... it's about continuous learning and development.

That's our focus.

We went directly to 90,000 of our employees last year with an e-mail ... we sent it to them directly ... copied their leaders ... and said . . . it's time to reskill.

Why did we do that?

Because we're still dealing with the frozen middle in areas of our business – frozen management layers who sometimes do not cascade information to their teams.

We couldn't wait for this to trickle down ... it would have lost its power.

27,000 signed up immediately.

We went out again and signed up more.

Last year, we did 2 million hours of training.

We also introduced development tools that made sense for our people ... like *My Work Life* portal.

[Slide: screen shot of portal.]

It's actually one of the HR patents we're filing.

It was actually a concept that started with a conversation about having a tough day ... because what happens when you're having a bad day at the office?

You want to find a new job.

[Tina describes in own words.]

[Pause]

So, Phase One: Transparency. Training. Leadership. These were the essentials.

Now – we're emerging . . . from the trenches to study how to pass down our DNA to new generations of EDSers.

If you haven't noticed, these are very different generations.

I assume I'm not the only one in here with teenagers ... so I want to show you this message.

[Slide: cn U mAk a dep n my acownt?]

Translation, please.

[Slide: Translation. "Can you make a deposit in my account?"]

Answer.

[Slide: K.]

This is how their world works. One line. Instant information. No waiting.

There are major implications for our company.

For those of you without teenagers ... or if you haven't yet experienced generational diversity ... let me show you what we found ...

[Video rolls.]

I love that last line ... life without the Internet would be harmful.

This is our future ... the future talent pipelines have been logged on since birth.

[Pause]

Currently, at EDS ...

- 63% of our work force are Gen X and Gen Y.
- 75% of our leaders are Baby Boomers.

The majority of EDSers are leading ... or are being led by someone of a very different generation.

There is major potential for disconnect.

[Pause]

This year, EDS HR sent out 700 messages – memos, e-mails, letters.

It's simply too much.

For the newer generations - no memos.

They want the *Headline News/USA Today* version ... sound bites text-messaged to them.

They capture the essence of a message in the first line ... finish the job ... and move on to the next project.

So, rather than sending out something ... hoping they'll read it ... we need to start thinking of better ways to connect with them.

If not, we'll be singing to an empty church. They're not there. They're out living their lives. They want and expect – a work life balance.

In the past year, our wellness programs have gotten more attention than compensation packages.

The new generations are coming into the company wanting to know about the attitudes of their leaders, not the job description.

Look at performance management.

Forget the traditional annual review.

Five minutes of feedback and coaching every day is what they need.

Rewards and compensation.

These generations don't want the gold watch or the glass bowl on their service anniversary.

They want freedom and lifestyle choices.

Give me an iPod, a digital camera, or an extra day off.

Don't even mention long-term incentives.

The average number of years an employee is with a company today is 2.6.

EDS is a little better at 3.4 years ... but the newer generations are ready to move.

As a company, we're taking a hard look at each generational issue because, quite frankly, these are our competitive issues.

If the company isn't giving them what they need, they will find it elsewhere.

And by the way, this isn't just a U.S. issue ... this is global.

Options are more important today around the world.

Take India.

Attrition rates in our industry are among the highest in the world ... we're attracting more job candidates by having the bus go an extra mile so employees don't have to walk as far to catch the bus to work.

Bottom line is this: we must change in order to attract and keep the best new talent.

Because that's the way we're going to pass down our DNA ... generation by generation.

[Pause]

We've covered a lot of ground at EDS over the past three years.

We've had some proud moments, but our work is just beginning.

Nearly one third of our work force transitions from other companies.

Bringing them into the business . . . and getting them acclimated to The EDS Way . . . is a special skill we have honed over the years.

We are the melting pot for IT professionals from financial services . . . telecom . . . retail . . . transportation . . . government . . . practically every industry.

Unleashing our DNA will never be a one-time event or journey.

It's a constant investment . . . in the business and in the people.

There's so much more to do.

- o Employees to be visited.
- o New skills to be learned.
- o Corporate athletes to put in play.

It's all part of the ongoing process.

In summary, it requires a relentless focus and understanding of the facts.

- o Fact one: Be brutally honest and ground yourself in reality.
- o Fact two: Dig deep inside the organization. Don't assume, listen.
- o Fact three: Set a course, take action.
- o Fact four: Everyone counts. Every single person counts.

The CEO ... your HR staff ... your people working the night shifts ... all of your support teams count.

It's not about us as individuals. It's about us enabling the people.

It's about getting people to believe they can connect with the company again and accomplish more than they ever imagined.

[Pause]

Earlier I shared one of Mike's pearls of wisdom. I'll share another.

“The tragedy is not making a mistake, the tragedy is living with it.”

Those are words we live by.

We encourage you to take risks ... do the hard work ... go out there and make it happen.

[Pause]

One final quote:

[Quote on screen]

“A leader is best when people barely know he exists. When his work is done, his aim fulfilled, they will say: ‘We did it ourselves.’”

That quote was shared with me by one of our business partners.

It sums up what our legacy is ... it's when we leave EDS ... everyone will know it's a great place to work and a great place to do business ... but they don't know how it happened.

They won't remember our names.

If we can do that, every second of the work has been worth it.

[Pause]

It takes an army of people to do this work ... and an army is only as good as its general.

And there's not a person who represents that quote more than Mike Jordan.

I've been privileged to work with Mike on this journey.

We never could have accomplished what we have without Mike's leadership.

Now – he is our role model for the future of EDS.

I'll turn it over to Mike.

Mike – the stage is yours for some closing thoughts.

MIKE JORDAN

Closing

- Knowing ... and harnessing ... your company's DNA is simply good business.
- And as you heard from Tina's remarks ... it takes a lot of hard work to get there.
- Tina and her team are taking the time to do it right. And they've done a great job.
- It's an investment. But again, it's something we believe will pay off ... and is paying off.

- When you consider the cost of recruiting, training and employee benefits ... you can understand why chief executives today are asking how they can fully leverage their human capital.
- This is, in turn, raising the bar for HR departments.
- How do you engage HR directly in the business and make it an integral part of your growth?
- How do you elevate the role of HR from the transactional to the transformational?

- As CEO, I have to remove barriers to enable Tina and her team to be more strategic and tap their intellectual capital.
- So, we're outsourcing and automating HR work wherever possible.
- This, too, is an investment ... but one we believe will enable HR to make a stronger impact on the bottom line.

- It's also a trend we see taking hold among our own clients ...
- With increased incentive coming from the competitive pressures of globalization.
- Companies are now focusing on their core – what they do best – as a way of becoming more competitive.
- Understanding and working with your company's DNA is the right place to start.

[Mike and Tina remain on stage for Q&A]