

Cargill Reaps Rewards through People Investments

FACTS ABOUT CARGILL

No. of Employees:	101,000
Total Revenue (USD):	\$60 billion
Services:	Processor, marketer and distributor of agricultural, food, financial, and industrial products and services
Others Interesting Facts:	Cargill has over 90 business units in 60 countries, across a number of food industries ----- Cargill is privately owned ----- It currently provides solutions for many large and successful companies such as Coca-Cola, General Mills, Nestle, PepsiCo and McDonalds

Human Capital is viewed as a business strategy at Cargill and not an HR program,” says Ben Redshaw, Team Leader of Employee Engagement at Cargill Inc. To put human capital in perspective, Cargill is an international provider of agricultural, food and risk management products and services. It has 101,000 employees in 60 countries. This privately held company comprises approximately 90 business units with annual sales of \$60 billion. To complicate the situation, Cargill has a diverse population of employees across a wide range of countries. The work varies from high intellectual capital positions such as commodity and debt traders, to high “sweat equity” positions such as plantation workers and slaughterhouse employees. In this diverse and challenging environment, Cargill

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has found a way to invest in its people and produce a tangible and quantifiable outcome in performance.

Five years ago, Cargill began a corporate transformation centered on changing from a commodity/ products supplier to an integrated food products and food services company—from a supplier of ingredients to a provider of solutions. “We want to provide expertise that helps our customers succeed,” says Redshaw. While Cargill primarily solves business-to-business issues, they offer a wide range of products that consumers use every day—oil in foods, starch in napkins, beef for burgers, and many other products such as salt, sweeteners and flour. The end goal of this transformation is to become the global leader in nourishing people.

Convinced of the importance that people have in helping the organization succeed, Cargill made human capital measurement one of four corporate-wide performance measures, along with satisfied customers, enriched communities and profitable growth. In 2000, Cargill took the first formal step in the journey of measuring and acting on human capital information. They partnered with Hewitt Associates to pilot an employee engagement study in four separate business units comprising 7,500 employees. Following the successful pilot, Cargill then worked with Hewitt in 2001 to conduct an engagement study of 25,000 salaried and some hourly employees around the world. This was a benchmarking year for Cargill—it was the year they obtained their first picture of engagement across all business units and the year they committed to annual global engagement surveys. “We want all employees to know that their opinion and their engagement matters,” Redshaw says.

The results from these initial studies solidified the position that to achieve its goals, Cargill needs to focus on its people. Nancy Siska, Corporate Vice President of Human Resources at Cargill, explained, “We benchmarked a group of companies and ended up with compelling evidence that to succeed as a customer solutions provider, we have to excel at employee engagement.” Research from Hewitt supports Siska’s assessment. Analysis of more than 1,500 companies shows that organizations with engagement scores above 60% deliver higher total shareholder return than those with lower scores.

Cargill was fully committed to continuing and expanding this work. Gathering data from 101,000 employees speaking in 28 languages in far-flung places and meeting the needs of HR managers responsible for coordinating the survey were among the challenges Cargill faced.

Hewitt and Cargill also built an online reporting system that allows managers to view and model the data for their employees online anytime, worldwide. “Our global structure really drove that,” Redshaw says. “Managers in Brazil shouldn’t have to rely on me, working in Minnesota on a completely different schedule, to provide them with results.”

Cargill has also used this information to drive the business forward. The initial focus was on three areas:

- 1. Strong commitment from leadership to employee engagement**—Leadership visibly demonstrated their commitment to engagement by following up with their direct reports on engagement actions and making the engagement measure part of the business performance contract each business unit had with the CEO.
- 2. Development of action plans to improve Engagement**—This was done at the location, department and workgroup level to drive employee engagement and behaviors. The data have prompted some Cargill business units to redesign their compensation discussions with employees and establish individual recognition systems. Others have made changes to day-to-day work activities or enhanced their career development programs, and several have improved communication between senior management and employees.
- 3. Demonstrating a link between engagement and business results**—Established a positive, directional relationship between their key financial measures—return on gross investment and employee engagement.

Throughout this journey, Cargill’s view and use of human capital measures continued to evolve and it’s thinking progressed well beyond measurement to actions and results. During this process, they have learned some valuable lessons on how to create a competitive advantage through their focus on people. As Redshaw says, “Cargill believed in the concept of engagement but was lacking a framework.” Hewitt was able to help in three areas. “First they provided a model of employee engagement that was both applicable and understandable. Second, they provided administrative support

to a large, complex and diverse population. Third, they helped Cargill understand engagement results and how this could help improve business results.”

There were certainly surprises during the process. Employees were skeptical at first. As Redshaw points out, “They did not believe that their feedback carried any weight or that the organization would act on the information. With concrete action planning and communication of results, Cargill was able to build employee trust.” This was helped by the actions of managers and leadership. Managers embraced the notion strongly, and there was support from senior leadership.

One key to success was the de-emphasizing of a single score such as engagement, and focusing more on action planning and intended results. As Redshaw summarizes, “We focused on measuring behaviors not attitudes. Action planning is tangible and the right actions will motivate our people. People who are properly motivated will correctly mix feed and minimize the amount of red meat that hits the floor, reducing shrink.” To succeed, action planning was carried out at a granular level, thus addressing the fairly specific needs of employees. Based on this success, Cargill is building a pool of committed, engaged employees that will help grow the business.

Cargill was not satisfied to stop here. It moved to the next level of human capital measurement—quantifying the return on investment. Working in Cargill’s favor was a strong and inherent belief in people measures and their importance to the business. In 2004, with Hewitt’s assistance, they undertook an analysis of how employees impact key performance indicators.

To succeed, it was necessary to develop an approach that was both practical and rigorous. The approach that Cargill and Hewitt used included the following:

- Focusing on a single business unit in North America to control and minimize variables (like geography and industry) that would impact both their people and business performance;
- Focusing on a unit with a relatively large number of locations, to provide a sufficient data set;
- Utilizing a set of consistent financial and non-financial business performance metrics across locations;
- Selecting a unit where employees have a good understanding of how they fit and why they matter; and
- Utilizing three years of employee engagement data at the location level.

The results of this analysis were quite compelling. As Redshaw says, “We were able to demonstrate that

engaged employees can make a big difference. They impact the company operations in many areas. These focus on efficiency, turnover and reducing shrink, and on satisfying Cargill’s customers. Retention in this group of employees is higher, resulting in an experienced and high-performing workforce. The net result goes to the bottom line, with a higher Return on Gross Investment (ROGI).”

So how did Cargill get here so quickly? Siska explains, “We believed from the start that human capital was critical, and that engaging our workforce would help us achieve sustained business results, lower turnover, and increase retention of the right people. Now, we are able to maintain a ready pool of qualified people to promote as the company grows. We also know that it improves employee’s alignment and understanding of how their work impacts the company’s business results.”

The employee engagement concept enjoys tremendous support from Cargill senior management, starting with Chairman and CEO, Warren Staley. “Engagement is synonymous with high performance at Cargill,” Redshaw says. “Our CEO talks about it in virtually every speech he gives.” This support encourages cooperation from HR managers around the world. Clearly, employee engagement at Cargill is not only viewed but also practiced as a business strategy and not an HR program. ■■■

