An interview with Michael Lutz
Lucent Technologies

Interview by Fred Niederman, University of Baltimore

Since its creation as part of a “trivestiture” by AT&T in 1996, Lucent Technologies has been a global leader in telecommunications equipment manufacturing and service. In 1998, it posted $30.1 billion in revenue and supported 147,000 employees in 47 countries. Faced with an organizational strategy aimed at creating the structure to be competitive with nimble Silicon Valley high technology firms, the challenge for the human resources management staff was to increase the ability to attract and leverage the talent of personnel, largely comprised of high-technology engineers and information systems professionals while decreasing HR staff and reducing costs. Michael Lutz, Lucent’s director of HR Systems and Technology and project manager for the implementation of a Global HR information system discusses the nature of the project and some of the lessons learned from it.

JGIM: I would like to start by asking about your background. How long have you been with Lucent?

LUTZ: I joined Lucent three years ago and at that time, I had been working in human resources for 16 years beginning with the hotel and casino industry, going into the glass manufacturing industry with Corning Incorporated and then into consumer products with Sara Lee Corporation.

JGIM: How did you come to be the director of HR Systems and Technology?

LUTZ: I was given a project at the end of 1996 to start up a Human Resources call center very quickly. The project was successful, so they looked for the next opportunity to solve a particularly troublesome problem. The PeopleSoft project fit the bill, so they asked me to take it over. That was in February of 1997.

JGIM: What else does your position involve in addition to the Global HR Information System?

LUTZ: I am also responsible for a global HR Intranet.

JGIM: Could you tell a little bit of the nature of global HRIS? First of all, how do you measure its size?

LUTZ: Our system supports 147,000 employees in 47 countries.

JGIM: What are the major areas in which you collect data regarding these employees?

LUTZ: The package we use is an enterprise software package called PeopleSoft, which is organized in modules. We have deployed four of these modules. The first module is called “Manage Workforce” and keeps track of general employee demographic information. It contains people’s names, phone number, home and work address, job titles, compensation, etc.; all the things that you might think about as employee demographic data.

The second module is “Track Global Assignments.” This module supports international assignments. As people move from one country to another, there is a lot of information that needs to be tracked. For example, let’s say there’s a car allowance as part of the international assignment. That information needs to be managed. The track global assignment module houses this type of information.

The third module is “Manage Competencies.” This module allows companies to manage and track the skills, knowledge, and ability of the workforce. It gives the ability to align a set of competencies and skills with both an individual and a job. Between those two things, you can drive a lot of functionality. For example, you can say, “I’ve got this person with a specific set of skills. What jobs do I have available that require those skills? If a certain job opening is on the person’s career plan, but the person is not yet ready for the position, should the person go to training?” If you look at it on a more macro-level, you can say, “What kind of workforce planning opportunities do we have? We know we are going to need 500 radio frequency engineers in two years and currently we only have 200, what are we going to do to close the gap?” It allows for that kind of workforce planning.

JGIM: Do you capture both hard skills and softer skills like the ability to speak different languages?

LUTZ: Yes. We have the ability to set the granularity at any level we would like. Right now one of the things we are working on is finding the right level of granularity to do this on a corporate basis. The backbone of this particular functionality is a skills dictionary. This skills dictionary wants to be very big in order to satisfy all the detailed needs of all the different business units, but wants to be very small in order to have a manageable tool. So we’re trying to find the best
middle ground.

**JGIM: How do you get the assessment of the individual’s skills and maintain that?**

**LUTZ:** The process is managed locally. For example, there is a large group in Europe that needs to track skills relative to servicing certain equipment. When the employees show up at the customer’s workplace to work on the equipment, they are required to provide documentation certifying their skill in servicing that equipment. That is not the same need as, say, an accounting group might have.

**JGIM: How about the fourth module?**

**LUTZ:** That is the “career planning module.” This module is really more large field text data. It contains resumes and career plans.

**JGIM: There’s also a component like an organization chart.**

**LUTZ:** Yes. There is an attribute within PeopleSoft called the Department Tree, which is like an embedded organization chart. It enables both reports and security. For example, the head of one of our eleven businesses within Lucent might say, ‘We are restructuring and I want a report showing all the people in my business.’ The way PeopleSoft is able to do that is that it searches this tree and picks up all the records hanging off that particular branch of the tree.

**JGIM: Could you tell me a little bit about the underlying technology components of the system? Hardware, data warehouse, vendors.**

**LUTZ:** We have five HP servers with Oracle databases, placed in different cities around the world. We’ve got one that serves Europe, the Middle East, and Africa; one that serves the Asian-Pacific region; one for the Caribbean and Latin America and one for the USA and Canada. The fifth one is a global worker data warehouse that has a truncated data set pulled from all four regional servers.

**JGIM: Does it pull mainly summary type data?**

**LUTZ:** It has a smaller set of data required for corporate reporting. There is some data that is useful at the local level and other data that is useful at the corporate level. Take home telephone number, for example. This is important information for people at the local management level, but not useful for corporate reporting.

**JGIM: Do you have some pointers in there so that if for some reason someone at the corporate level did want to go back, they could trace that back to Singapore databases?**

**LUTZ:** There is some limited access to regional servers from the central organization, but we are very careful about that because of all the data privacy issues in the world.

**JGIM: What were the HR systems like prior to this implementation?**

**LUTZ:** I need to answer that question in two parts. The U.S. had a very robust systems environment but it was fragmented and redundant. We had something in excess of sixty different systems in the U.S. that managed human resources in some form or fashion. There was very little crosstalk between the systems. There were people whose job it was to pull data out of system who, as the first step in their process, would go back and double check the accuracy of the system generated data.  
Outside the U.S., we had a mixed bag. Some places that had good local systems and other places had no systems at all. We had some people running off three by five cards and in the middle we had people running things off spreadsheets.

With the introduction of PeopleSoft, the company now has one source of HR data for the whole enterprise. That is a major step forward.

**JGIM: How did you go about the development and installation of the new system?**

**LUTZ:** It started off more as an IT project than an HR project. The Chief Information Officer group, (our IT group) had chief responsibility for the project. When I first got on board in February of 1997, the CIO folks had figured out where the servers went and how to structure the databases, etc. But we had just begun work on the HR processes.

The vision was to have a single system that enabled us to manage our workforce on a global basis. In order to do that, you have to have a measure of commonality in your HR processes. The work, therefore, was to build HR processes globally that have enough commonality that you could run them off corporate tables. Here’s a real example. Our HR group in Asia-Pacific wants to be able to track a “college hire” versus a “market hire,” i.e., somebody recruited from a college versus somebody who came in “off the street.” They need this information in order to shape their recruiting strategy. There is a specific table in PeopleSoft that carries the values that would track that information. In the U.S., the recruiting group wanted to use the same field, but for a different reason. They wanted to track whether a person had a college degree. We obviously could not allow the same field to have two different definitions, so it fell to my group to devise a solution that allowed both groups to store and retrieve the information they needed.

And that is just one example. There are hundreds of such details with an organization of our size and complexity. The team has been very busy on these details for the last two years, and will continue to be for a long time to come.
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