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Recorded Message: The Hennessy Report from Keystone Partners. A free flowing conversation with leaders in the HR community talking about themselves, the industry, and their work. Brought to you in cooperation with NEHRA, the Northeast Human Resources Association.

Dave Hennessy: Welcome to The Hennessy Report by Keystone Partners. I'm your host, Dave Hennessy. And today's guest is Lorraine Vargas Townsend, the Chief People Officer from Mendix, a Siemens company. Wow, Lorraine is very challenging to all of us. She really goes head on at the structural racism built into corporate America, and challenges the nine box grid, and also discusses how we can better structure the HR profession inside organizations. She is very interesting and provocative. You'll enjoy this episode. Coming up in the next couple episodes, we have some people who I want to mention to you. We have the CHRO of Partners Healthcare, and now being named Mass General Brigham. Her name is Rose Sheehan. And the CHRO of Akamai Technologies, Anthony Williams. Look forward to those episodes. And now our conversation with Lorraine Vargas.

Lorraine, welcome to The Hennessy Report.

Lorraine Vargas Townsend: Thank you. I'm happy to be here.

Dave: Before we talk about HR and all the things we want to cover, it'd be good to know a little bit about you. In fact, I know one story about you. Did you want to be president of the United States at one point?

Lorraine: Yes, I did. I always wanted to be president of the United States, thank you. So my mom immigrated to the United States back in the '70s, and she is the most patriotic American I've ever met. She's from Colombia, she's from South America. But when people ask her where she's from, she gets really cheeky about it, because normally it's because they're about to say something racist. And so she says, I'm from Round Rock, Texas.

Dave: That's a good R roll by you. Impressive.

Lorraine: Oh yeah. It's genetic. But basically, she used to get so excited to vote once she became a naturalized citizen that all of the family would be late to school, everyone had to put on their Sunday church clothes, and we would all go to the polls with her for her to vote in every election. I'm talking city elections to the president, everything. I mean, even to this day, she's at my house right now and she asked me if I would help her research some of the issues before the next election. She takes it super seriously. And so we just grew up like that, believing in the political process, believing in our country. I studied government at school and I always thought I wanted to be the president.

Dave: Well, I'm still holding out hope for you.

Lorraine: Thank you.

Dave: Anything else from your past that still inform your work today that you would like to share?



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Lorraine: I'm a high school dropout. A lot of people don't expect that from a chief people officer. I dropped out when I was 15 because that's also the year that I came out. And we grew up in a small Texas town. And I was a really good student, I had a 4.3 GPA on a five point scale. So when I would walk down the hallways, the *teachers* would whisper, there's the lesbian. I was always a teacher's pet up until that moment when I started to kind of come to terms with who I was. So anytime we're talking about putting labels on people, about labeling people high potential, my hackles go up, because I just think if you put a bunch of labels on someone like me, I wouldn't be here today. And I have lots of times when the statistics would have held me down. My mom was a single mom, immigrant, I dropped out of high school. I've had cancer twice, with my first diagnosis they told me I would die in six months. So I'm kind of an underdog and a fighter. So I'm always watching out for those folks in my role.

Dave: In fact, you were at an event that Christina Luconi at Rapid7 hosted us at last year. I was quoting a former guest on the podcast, Kim Scott, when I questioned the panelists about the nine box grid. Another one of the past guests we've had, Juna Pierre, the founding president of NAAHR New England. She's also a VP of HR at Eastern Bank. The things that Juna brought up and the nine box comment that Kim Scott has made about, it's almost immoral, I think those things started coming back to you.

Lorraine: Yeah. So we're at this panel and I'm identifying with everyone on the panel. They're my peers, it's the CHROs in Boston. And Juna basically stood up and said, "When I'm passionate about something, you stereotype me as the angry black woman. And so I'm never going to end up in your succession plan or in the top right corner of your nine box." So the nine box, as it stands today, works completely against her. And I was just sitting there kind of punched in the face, because I mean, I hate the nine box; and I think labeling people as high, medium, and low potential is one of the most ridiculous things we ask people to do as an HR function. She put it in exactly the right way for me to go, hell yes, that's why. And so, I followed her out like a total stalker, and I was just like, oh my God, I'm not doing enough. I'm not doing enough. How do I blow up the nine box?

And so, I've been trying to come up with a talk for HR leaders called Your Nine Box Is Racist, just because I know it'll make them squirm and maybe get them to listen. If we want to do right in the world, this is our moment to really be questioning the system and questioning the bias and racism in the system that HR supports and HR moves forward. And we're not doing it with bad intentions. I'm not saying that all the white ladies who run HR are racist, but I am saying that the system has bias built into it that it's continually keeping people down who are typically held down, and keeping people up who are typically held up and moved forward. And this is our moment. It's like in the '60s and '70s when the whole world was going under this social revolution, and HR at that moment took a change.

Before that we had always been doing HR in line with what was happening in the external environment. So Industrial Revolution, we're worried about health and safety. During World War I and World War II we focus on talent acquisition, because all the men left and we had to find alternative people to be doing the work. Then the Great Depression, the government and the economy was collapsing. And so companies had this one place that they could focus on really taking care of the people. That's when we became the really sexy personnel function, because we were focused on payroll, and benefits and pensions.



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Dave: Right. In the 1940s, getting service people back into the workforce too, coming back from war.

Lorraine: Absolutely.

Dave: In fact, our industry, the career management outplacement industry, is rooted in that. That's how it started, actually.

Lorraine: 100%. So it was all noble. It was all noble, until the '60s when everybody was out burning their bras. And I don't know, social revolution, HR was like, we are the compliance police. Please make sure you follow all the rules. You need to clock in and clock out before you come back from that protest. That's when we started to worry about risk, and compliance, and being the police, and we stopped being activists for our employees in that moment. And this is our time to make it right. This is the time.

Dave: You're saying HR has to go back to the roots.

Lorraine: It's kind of like defund the police. I mean, okay, I like to say provocative things. But, who is the police of the workforce? We are. And so, when you think about the way that we spend money or the way that we spend resources and time, if what we're doing is not making the collective community and the collective people who work for us better, more prepared, more equipped and growing their careers, and especially the unusual suspects, elevating those people, then we're focused on the wrong freaking thing and I'm tired of it. I'm just tired of it.

Dave: Mendix now is owned by Siemens based in Germany. And Siemens has corporate HR meetings globally that you've been part of. Can you share what you're presenting at some of those meetings? What topics you're talking about and how you're being provocative inside the larger organization?

Lorraine: At our company kickoff meeting in the Netherlands in January, I gave a talk called Human Resources Is Dead. And I said, "What does HR stand for? I had a big HR on the screen and it said, "Hindering results, hardly reliable." And oh my gosh, the people who were not from Mendix were really uncomfortable or stressed by what I was saying. But what I was saying was not meant to offend HR people, though at first glance, it would. What I was saying is that it's time for us to stop calling humans resources, and we have to really put people first. That's what our job is. But now, my Siemens boss has asked me to give a talk to the broader Siemens North America Organization for a digital symposium for Siemens North America.

I found that leaders, they're the only ones who can create inclusion. They have to use their privilege for good. They have to develop talent equitably. And the systems don't help them do that. So they have to go out of their way to develop talent equitably, and they have to check their own bias. And that's really hard, and it's scary, and no one wants to feel like the things that they do might be racist, unintentionally, but they are.

Dave: Well, you can't let everybody off the hook. Some of it is intentional, but I think for the vast majority people it's unintentional.



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Lorraine: I think you're right. There are people who do it on purpose. Of course there's people who want to maintain the status quo because that serves us, us being white people. So unintentional bias is the hardest thing to uncover, and I found the perfect example to put in my talk for Siemens today. I recently came across this recruiting plan at Mendix where the hiring manager told my talent acquisition team to look for a coxswain as their ideal candidate. But you know what, I didn't know what a effing coxswain was. I had to Google it. It's the person on a rowing team, the one who sits at the front of the boat with the megaphone, in my imagination.

Dave: It's the person that doesn't row.

Lorraine: They don't row, and they yell encouragement and instructions or something to the rowing team. So they're like the motivational speaker of the boat.

Dave: They keep the timing, and when to speed up, and making sure that everybody's together and all those things, right?

Lorraine: Absolutely. Great skillset.

Dave: If anybody that wants to really understand it, read *Boys in the Boat*, which is a great book.

Lorraine: So where do you find coxswains? The top 10 schools for rowing, 5 of them are Ivy League schools. So the tuition for those schools is easily more than \$50,000 a year, not to mention dues and rowing club. You have to have access to water. You have to have money.

Dave: Right. You probably have rowed in high school, right?

Lorraine: 100%, yes. So by adding this coxswain requirement, we were unintentionally setting ourselves to hire someone who was wealthy, white, and probably male. And in fact, it's so unusual to have a person of color in a rowing team that there's a documentary that's coming out about it, it's called *A Most Beautiful Thing*. But it's so unusual that there's this all black rowing team and they're using it as a pipeline to get to colleges, to get to top universities. But I think that's what I'm talking about, you unintentionally exclude people who don't have access to your same social circles or who didn't grow up with the same advantages as you when you come up with this cool idea from your own background. It's not a bad idea, no one did that on purpose.

Dave: Right. That's great. Well, tell us a little bit more about Mendix. Tell us about your organization and the product. I think I understand, it's visual application software.

Lorraine: Yeah. So basically we democratize technology and make it so that anyone who has a problem that they need to solve can build apps to solve that problem. You do not have to be a programmer. I have built an app, I am definitely not a programmer. We're building an app also that Siemens is trying to use taking your temperature, asking the health questions about COVID, and assigning you a desk when you come to an office, if you're at an office that's opening, so that way we can do the contact tracing if somebody in the office comes back with COVID, then we can figure out who was in the office at the right



time. We just built an app for it in no time, ready to go. We're using it in our Dutch office, and when we open the office in Boston, we'll be using it there too.

Dave: Wow. So is your software being used in every industry?

Lorraine: Lots of leaders are going, hey, how can I unlock the data? An insurance company used our app to give you a life insurance quote by you taking a selfie, because taking a selfie can kind of say generally your age, if you look active or not. It takes your assumed data and comes up with a really quick quote for life insurance for you. And they built that on our app. And right now we're focusing on industrial, and we can really help Siemens and Siemens' customers with their digitization. So thinking about predictive maintenance on big machines in a manufacturing plant, building apps to help you know when to go service your machines, or how to keep things up and running that different industries can use over and over again. We have big customers because of our partnership with Siemens, and then we have small startup companies too. So anyone who needs to build an app can use Mendix.

Dave: That's amazing. How's the acquisition affected the culture of Mendix? It's two years now, and I know you came in during that process.

Lorraine: Overall it's been positive. I joined, we were 500 people, as of this week we're almost 900. And that's been 16 months that we've almost doubled our head count, in the midst of a crazy time too. We haven't stopped hiring. Siemens is very serious about their investment in us, which is amazing. We have a great culture. We have a tremendous Glassdoor rating. We just did an employee survey, 92% of our employees said we're a great place to work. 96% said that they are Mendix Blue, that's what we call our culture and values. And so it's really important for us to protect it.

Dave: Were you already pretty remote workforce already before COVID?

Lorraine: What's funny is that we were really not remote before, and for a tech company, that's a little bit bizarre. Siemens was more remote than Mendix really.

Dave: Wow, that's surprising.

Lorraine: It's bizarre. Our work really did get done by the informal connections in the hallway kind of thing. I made the decision to close the office on March 13th, and I felt resistance from my peers and uncertainty from my boss. And they were like, for a week or two? And I'm like, sure, sure. The office is shut. Sure, it's going to be a week or two.

Dave: Sure, then we'll talk.

Lorraine: And I think it's actually been so freaking cool to see how this has impacted the way that we work together because everybody's on a level playing field. But I think people are getting burned out, people like me who have toddlers who are insane monsters. I was coming to get on this podcast and she thought I was leaving the house to go to work, and that's what made her have this huge breakdown and



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made me late to this. And I really don't know what will happen when I have to leave the house to go to work.

Dave: Right. Because we have new habits that she's getting comfortable with.

Lorraine: Yeah. I think it's going to be just as hard to reenter as it was to adjust to being home.

Dave: Yeah. What's your plans for that?

Lorraine: I suspect that we're going to start having round two of COVID. I think it will be a year before we actually get back to the office, honestly.

Dave: Isn't it amazing?

Lorraine: Because even if there's a vaccine at the end of this year, fingers crossed if that really happens, I just think getting it out to everybody, figuring out who's going to pay for it, what's going to...

Dave: Who's afraid to have the vaccine in the first wave? Some people might say, I'll wait and make sure it doesn't cause another problem. There's so many different things.

Lorraine: Exactly.

Dave: Boy, it's not going to be anything close to normal for a while.

Lorraine: It's so weird. It does feel almost normal in the Netherlands. And their kids have gone back to school, outdoor sports are allowed again, restaurants are open. I think people are mostly doing patio dining and stuff like that. And so you can come back to work, but most people just aren't. I think it's just personal responsibility and people thinking, how do we keep the risk low?

Dave: Yeah. Let's talk more about HR. Keystone produces The Hennessy Report in cooperation with NEHRA. And our question for you is, what advice would you give to somebody up and coming in the HR profession that might want to have a job like you someday?

Lorraine: Find your allies and fight the system. I was lucky, early in my career I had this leader who's a very big wig at Schneider Electric right now. I had just started working at Schneider, I was annoyed with their website and I was just like, I'm so stressed, because I came from Dell. Dell had awesome websites and awesome technology. And I could attract people to come work at Dell, and I could not attract people to come work at Schneider Electric. And I just want to give up. And he was like, "No, Lorraine. Don't give up. Let's fight the system. You fight it with me, I'll help you." I was just never afraid to call out the stuff that I thought was horrible. But I always did it with an ally.

Dave: You built that alliance of somebody that believed the same thing.



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Lorraine: Right. Because if you do it without an ally, then you just look like an angry feminist, and nobody likes that. Fight the system, but find your allies.

Dave: Do both. That's great. Beth Grouse gave me this question, TripAdvisor. She was on that panel at Rapid7. What advice would you give to your 25 year old self, if you could write a letter to Lorraine at age 25, 30?

Lorraine: I had a really mean boss when I was 25. You can tell, okay, I'm 43 now, so I'm really opinionated and I just say what I'm thinking. And I did that too in my 20s until I had this boss, she really changed who I was at work and made me second guess myself. And that was negative. I would really have a strong talk with that little girl to say all those reinforcing messages that your momma gives you, I mean, hopefully your momma gives you these, you're so smart, you're so tough, you've survived so much. Don't let people hold you down. I needed that voice really strong at that time, because the things that I was fighting for were the right things. At the end of the day, I've always been an activist. I've always been a person who wants to fight for the underdog.

So, if it's hard in my bones that I need to go do it, then I just need to do it and everybody else be damned. I've been always the only woman in the boardroom kind of syndrome where you're just, okay, I need to speak out, but then you start asking yourself, should I say it this way? And if I say that ... And then by the time you figure out what you want to say, the moment has passed. So don't do that. And when you're in your 20s, if that starts happening, it's hard to break that.

Dave: Just like we can have really positive influences in our life, somebody that builds us up, there are people that can really set us back. You got to watch out for those people and get away from them.

Lorraine: Get away from them. Get away from them. No job is worth that person. If you really feel like you're being pushed down, you have to go.

Dave: Yeah. What else about HR do you want to see improved in general?

Lorraine: I think if we spend most of our time figuring out how to help people gain marketable skills, unabashedly invest in people, and especially the unusual suspects, and really tap into, what is the thing that really makes them passionate? What are their hidden strengths? What are their multipliers? That's one of the most impactful things that we could be doing as a profession for people. And as HR leaders, I think what we have to do is really take a strong look at how we're using HR business partners. I spend a lot of my time thinking an HR business partner isn't a real job, and I don't mean any disrespect to the people in those roles. But you spend a lot of your time trying to figure out how to keep those pesky managers out of trouble, how to deal with those problem employees, how to be the schoolmarm of the office, or the police.

The HR profession itself, especially for HR business partners, attracts a lot of those people who are like, I really want to help. I really like people and I want to help. A lot of times they're unknowingly or unwittingly helping by being an accomplice to a system that's broken or to processes that are not fair. But this is the thing that they've always known and this is the way HR has always done it, and so this is



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what they continue to perpetuate. And I think if we just spent all of our money turning HR business partners into full time coaches for people managers, and we taught people managers just how to be the best versions of themselves, they would create the culture and create the kind of growth mindset at any organization, and they would be the ones helping you to grow people's marketable skills.

Dave: Isn't it interesting, I like that. So turn them into coaches of the people managers, is what you're saying. That should be...

Lorraine: Yeah, 100%. And I also think you should throw away your L&D Department. And I think you should spend all that money in building up coaches, internal coaches, who really do sit with people. Because I've led executive development before, I've led L&D organizations. Everyone walks away happy, you get the cookie scores. How were the cookies and milk? They were great. And then you go, oh, I did a great leadership program this week. But when you look down the road, you still have shitty leaders or your leaders aren't changing their behavior. So what really changes someone is having a real coach who helps them, who walks through their life with them, who really understands how their team is performing and how to drive team performance.

Dave: And the accountability aspect, measuring, right?

Lorraine: 100%, yeah. Every leader in your company has the coach, and they are just becoming better and better. That's the secret sauce to having the best company on the planet.

Dave: That's great stuff.

Lorraine: I don't want to have good enough people managers anymore, because those are the people who can really screw up your system or make it great. I only want to have the best people managers in the software industry, in my business.

Dave: I really like it. In that model, how would all the employee relations, the other stuff you talked about, what HR business partners do, where would that get done?

Lorraine: We have to have that 1-800 number in case someone is getting sexually harassed or something's really going wrong. But if we spend all of our time really building the best people managers in the world, if that's really your mission, then you won't have employee relations issues. Being a people manager, I think people don't take it as seriously as they need to. Because you are in charge of making people's lives good or bad at work, you can be the horrible boss that I had...

Dave: Right, I was just thinking that.

Lorraine: ... or you can be the greatest bosses. Right?

Dave: Right.



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Lorraine: And so it's a big responsibility. You want to be the leader who sends all your people home feeling really energized and ready to come back and kick ass tomorrow.

Dave: Yeah. When organizations have a lot of really talented people that go on and do other things, it helps that organization attract new people, because those people become ambassadors of that organization being a great place to be from.

Lorraine: Yeah. I started doing exit interviews with people a year after they left the organization. So they're really settled in their new job, they have gotten through whatever the thing was that triggered them to leave. And it's been so eye opening for me and so great, because they really do give you insights about what's going well or what's going wrong in your culture. And I think even having a conversation and being asked that far out also makes people ambassadors after they leave.

Dave: It's not just that one phone call on the day they leave.

Lorraine: Yeah, here's how you get your Cobra.

Dave: Yeah. What's the kindest thing anybody's ever done for you professionally?

Lorraine: I had a male colleague who went to our leader and pointed out that I was being paid a lot less than him, even though we had the same qualifications, the same background. This was early in my career. I knew that I was making 48% of what that guy was making. And side by side, we work at different competitors, we had exactly the same jobs, we were the same age, and I was paid half of what he was paid. I knew and I had already tried to address it, and I just couldn't make any traction on it. And when he went to talk to our leader to be like, hey, I see what you're doing. That's when I started getting some kind of hefty increases. So having that ally not only put some money in my pocket, but it also opened my eyes to what people with privilege could do if you use it for good.

Dave: Good. And pay equity, do you want to talk a little bit about that issue, because it's been something that's been a big concern of a lot of people?

Lorraine: Really, if we stop trying to do this false thing called a meritocracy where we do performance reviews at the end of every year and then give every performer a shitty 3% increase, and we start paying what the market demands for every position, paying people for what their mastery of their role is, then we kind of get away from the conversation about pay equity. But in every role I've ever had, my very first stop as an HR business partner or leader in a particular place is to start pulling the report to say, okay, where are my women? The people of color? And where's anyone who's not part of the in crowd, and how do I be aggressive and addressing their pay?

Because there's nothing I hate more than an HR person who says, well, I can only give you a 15% increase because that's the maximum of what our system will allow. I know that that's bullshit. This is just part of being an ally. I have a position of power now, and so I have the ability to route that stuff out and go address it without reservation, and without hesitation, and without excuses. And so I hope that anyone in my seat would be doing the same thing.



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Dave: You see it as the responsibility of your function.

Lorraine: Yes I do. And if that's not our responsibility, then I don't know why you need us.

Dave: Exactly. Exactly. What's the greatest show, performance, musical event you've ever seen?

Lorraine: I am the biggest Hamilton fan. I love Alexander Hamilton so much because he's an immigrant. And I love Lin-Manuel Miranda's production, basically the fact that the whole cast is people of color. I think it's just incredible. It just gives me so much joy. I've already seen it like four times.

Dave: And I'm sure you've seen it on Disney+ as well.

Lorraine: Obviously. Yes. Yes. And my daughter sings, "I'm not throwing away my shot," all the time. So I'm also influencing her.

Dave: If you could go to dinner with any person living or somebody from history, who would it be and why?

Lorraine: No, this is an easy one for me, it would be my brother and sister. I'm so lonely for my family in Texas, and I just feel like I'm never going to get home again. My brother, and sister and I are...

Dave: Oh, because of COVID you haven't had a chance to see them for half a year.

Lorraine: Right. And I normally go to Texas every two or three months, and I usually also take a sibling trip in the summer. That's no kids, no spouses, just the three of us. We're really best friends.

Dave: Wow, that's great.

Lorraine: And so I'm just missing them like crazy.

Dave: That's awesome. Lorraine, this has been so much fun having you as a guest on the podcast. Look forward to seeing you again in person someday soon.

Lorraine: Me too.

Dave: Hopefully.

Lorraine: I hope that happens. That would be great.

Dave: Thank you so much.



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