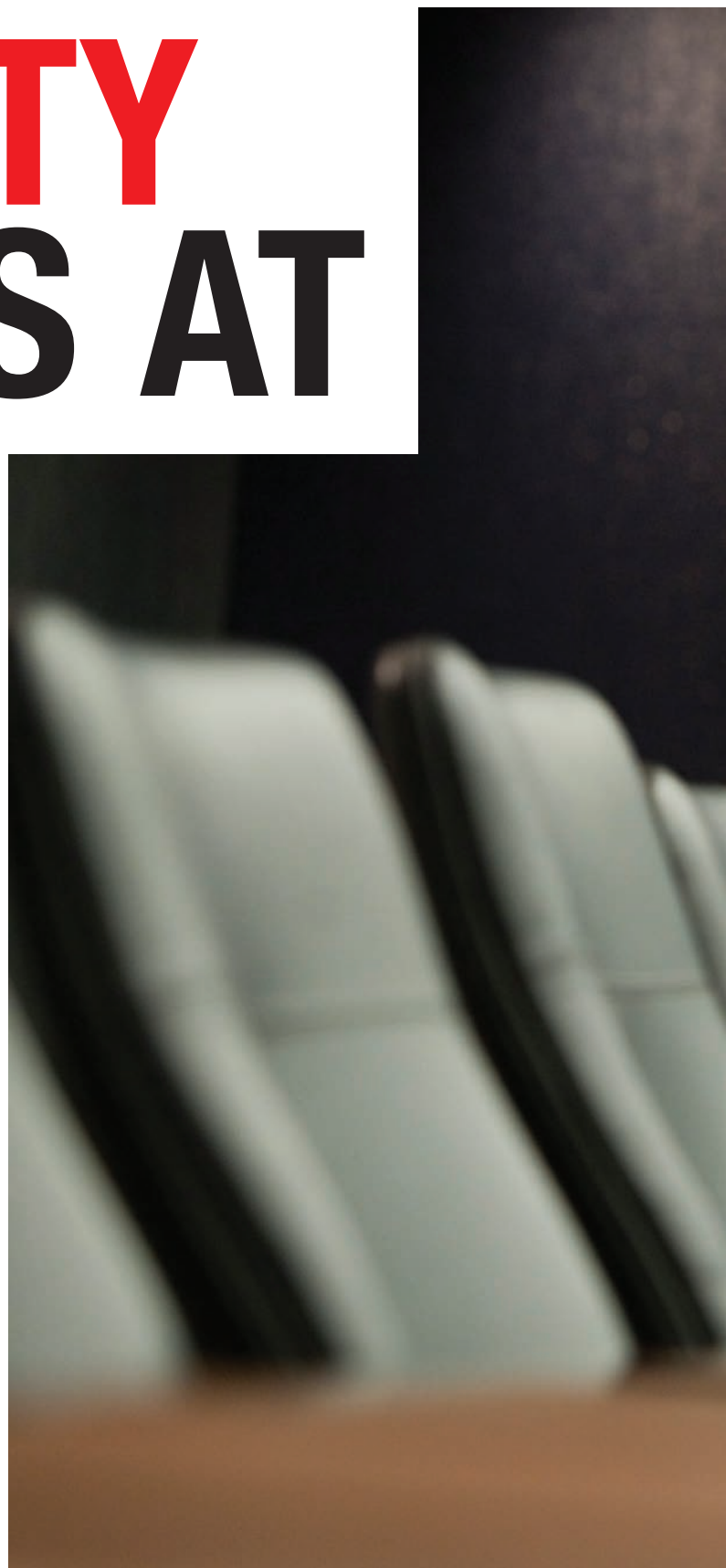


CHARITY BEGINS AT WORK

KPMG LLP is fortunate to have someone like **Bruce Pfau** at the helm of its ambitious HR department. He's an enthusiastic leader for a firm that goes to spectacular lengths to attract and retain the best staff. Though our interview lasts the best part of an hour, you get the feeling he'd be happy to talk for far longer, if only his hectic schedule would allow. "Getting the best people, keeping competitive and being best in class is something that fully occupies my time."





Bruce Pfau, PhD

joined KPMG LLP in September 2004. He is responsible for all KPMG's US human resources activities, including the group's focus on retention, recruitment and workplace initiatives. He also oversees the firmwide employer of choice strategy. As Vice Chair and Chief Human Resources officer for KPMG, he is a member of the firm's management committee.

Featuring prominently in both *Fortune's* Best 100 Places to Work and *Working Mother's* Top 10 Companies, KPMG is a business that takes looking after its employees very seriously. As Vice Chair of Human Resources, Pfau explains that he tries to create an environment that is not only a great place to work, but also a great place to build a career. The firm boasts a raft of programs that focus on making workers feel they are receiving continuous career value creation. This is a particularly impressive feat for a Big Four accounting firm that employs 23,000 people in the US alone.

"While people are employees here we do a lot to develop their marketable skills and their technical and professional competencies," says Pfau. "But even after they leave us, we want to create an environment where they're still tethered to the firm in terms of their identification as a KPMG alumnus." The aim is to develop the firm as an anchor that employees can turn back to for mentoring, career guidance, technical development and relationship building. Obviously, fostering such relationships has benefits for KPMG in the form of staff who boomerang back into its arms, but Pfau insists this is not the sole motivation. It is about creating an atmosphere where career development is mirrored by job satisfaction. Work shouldn't have to be a chore.

Consequently, KPMG places a great deal of emphasis on striking a balance between work and play. "There are a lot of important things that we do, but we also want our people to enjoy their time here so we do a lot to make that happen as well," Pfau explains. He believes that KPMG's success springs from the core values that every employee lives by. "We talk about these when they join us. We talk about it every year when they do their ethics and integrity training. We talk about our values and our professionalism and our integrity in their performance reviews. We do a lot of training with our people and every one of our training programs involves a foundation segment on our values."

"The firm is very oriented towards community service, volunteerism and charitable activities"

Pfau is clear that commitment to values is far more than a gimmick at KPMG, describing what he considers to be model ethics and compliance programs that have a genuine impact on the company's day to day workings. "We reward people who demonstrate these values," he says. "We reward people who raise their hand and ask questions about the values and whether they're actually being implemented in the workplace. We survey our people on these matters several times a year." Outlets are provided for employees to talk about their concerns, be it with their own boss, an ombudsman or through a hotline. It's all part of communicating that KPMG is serious about being a values-driven organization.



KPMG's core values

- We lead by example
- We work together
- We are open and honest in our communication
- We respect the individual
- We seek the facts and provide insight
- We are committed to our communities
- Above all, we act with integrity

This ambition to communicate a strong sense of values transcends the everyday nine to five. KPMG is involved with an almost unprecedented number of initiatives that aim to share the company's successes with those in less fortunate positions. "The

firm is very oriented towards community service, volunteerism, and charitable activities," asserts Pfau, before going on to list just a few of the ways in which the company contributes to the wellbeing of the wider world. A good example is a program called Reviving Baseball in the Inner Cities. The firm is contributing millions of dollars over a three year period to support the program while hundreds of employees and partners are also volunteering their time. The program is a blend of summer school and little league for underprivileged children in the inner cities of the US and Latin America.

"We support the establishment of these teams, getting fields and equipment for the kids to learn the skills of baseball," Pfau explains. "Half the time they spend in an academic setting, where they're given tutoring and mentoring around academic and social skills. The slogan of the program is 'Driving Home the Values of Life.'" Pfau believes that the children learn vital life lessons through teamwork on the field and the hard work and academic focus in the classroom. "The contribution that this makes to the lives of these kids is just immeasurable," he says. To help those involved move on even further, to college and beyond, KPMG also sponsors a scholarship fund with Major League Baseball.

This is just one of the areas where the firm seeks to make a difference. It also partners with the American Cancer Society, the Red Cross, the March of Dimes, and the American Heart Association. Quite aside from the real-world benefits that recipients of KPMG's programs experience, the fact that the firm is such a conspicuous charitable source helps it to stand out in today's increasingly competitive job market.

"We hire 2500 new employees off campus every year, along with another couple of thousand interns, and we find that they're very interested in this kind of thing," Pfau says. "We have programs that involve our interns and our recruits in charitable activities. They get involved in community ser-



Pfaus at KPMG's Baby Day

vice activities, and I think they consider it a key element of what they're looking for in a firm. It's not just some place that they go to work, but some place that's going to make a difference and that they can be proud of."

As the younger generation of emerging workers become ever more ecologically and socially conscious, a strong and visible corporate social responsibility (CSR) policy can be the factor that makes a company stand out. KPMG recognizes this and devotes considerable energy to their CSR programs. The firm has brought in a global leader of CSR to co-ordinate the many initiatives in place to eradicate poverty and deal with environmental issues. "It's important because people want to have a sense that they're making an impact in a broader way, and it is also something that attracts them to a firm from a recruiting standpoint," Pfaus continues.

But with virtually every company in the world trumpeting its social credentials, it's easy to be cynical about genuine levels of commitment. KPMG has the habit of putting its money – and resources – where its mouth is. Pfaus tells us about the firm's volunteer time release program, which allows every

CSR/Volunteering

In fiscal year 2006, KPMG LLP donated more than \$16.2 million to charitable organizations. KPMG partners and employees donated another \$5.3 million to support non-profit organizations. During the calendar year 2006, KPMG partners and employees donated more than 150,000 hours of volunteer time.



Chasing Daylight Bike Tour 2007



Reviving Baseball in Inner Cities

employee to take 12 hours of company time every year to engage in community service. At first glance, 12 hours might not seem like all that much, but for a firm the size of KPMG, the effect is considerable. "Our people have donated over 200,000 hours in total on that basis, so it's a tremendous way for us to say, "Look, it's not just that we want you to do this and we want you to do this on your own time. We'll actually give you time to do it."

To ensure that good works done by employees receive the recognition they deserve, KPMG hosts an annual function called the Chairman's Award. Here the entire senior leadership of the firm turns up to celebrate 25 people from around the firm who have made the most outstanding contributions to community service. The firm also donates \$1000 in each of the winner's names to the charity of their choice.

Just rewards

But awards for employees are not solely linked to their philanthropic activities. KPMG understands the importance of recognizing and rewarding good work as well as the effect that a bit of old-fashioned fun can have on a busy workforce. "We have a spot bonus program that called our

Encore program,” explains Pfau. “That’s for individuals or teams who go above and beyond the call of duty. We can provide them with a \$100, \$200 or \$500 spot bonus depending on circumstances.” And these off the cuff rewards are not doled out sparingly: Pfau estimates that they account for about one percent of payroll expenditure.

Cash is only one way to show appreciation. In an increasingly busy world, time is an ever more valuable currency, something that Pfau obviously understands. “We have a time off program for the summer called Summer Weekend Jump Start, where people leave at three on Friday afternoon,” he explains. There are also initiatives such as Barbecue Bonanza, which took place around the Independence Day holiday. Here a hamper of food is delivered direct to employees’ homes, sparing them the hassle of shopping and saving more time to spend with their families.

Seasonal awards play a big part in KPMG’s philosophy, though on account of the business they’re in, these don’t always tie in with the country at large. “We just began our new fiscal year,” Pfau says. “This is when our year end performance management and compensation systems kick in and our people receive their merit increases.” The past fiscal year has been a good one for KPMG’s staff, with nine out of 10 workers sharing a bonus pool 25 percent bigger than last year. “We also typically do something else to recognize the entire team right at the beginning of the summer and after some of the heavier activities of the audit season and the tax season and so forth,” Pfau continues. “When the spring hits and Memorial Day comes on, we usually provide something.”

Running alongside performance-related rewards are a number of programs that aim to bring entertainment. “We want to try and inject some fun into the workplace, and we try every few weeks to do something that is essentially just for fun,” Pfau explains. A recent example is the Movie Madness program, where employees picked Oscar winners for chances to win a variety of prizes. “It seems sort of trivial, and we didn’t know what kind of reaction we were going to get from it,” Pfau recounts. “We had some hard boiled, cynics among some of our managers saying, ‘Nobody’s gonna pay any attention to that.’” In the end roughly 10,000 employees took part.

Career construction

But rewards and incentives are only one element in an attractive working environment. In a business world where competition for the best candidates is fiercer than ever, employees need to have a clear idea that they are building a lasting career. KPMG has instigated a major program called Employee Career Architecture (ECA), which allows staff to track and plan every stage of their working development. Pfau explains: “It’s a multimedia set of web-based resources that sits on the web and is aimed at helping to prepare an individual employee to have a fruitful career discussion with their boss, mentor or career coach. It’s also a portal for the coach or boss to have the right information, skills and resources to have a fruitful conversation with the person that they’re counseling.”

ECA uses presentations and guided tours to outline the firm’s different practices. Real employees share their experiences of what it’s like to have a career at the firm, what kinds of people succeed, what kinds of people will like it and what kinds of people won’t. The system also boasts a career path modelling tool which allows employees to examine different avenues of career progression. “It shows you what kinds of marketable skills you gain at every stage in your career,” Pfau says. “So you create a shopping cart of marketable competencies and skills. It shows you what formal training opportunities are available in each one of these jobs at each level, as well as what kinds of developmental experiences you should be seeking out at each level.” The system also demonstrates how compensation grows over the course of a career. A particularly interesting feature allows an employee to track compensation progression both inside and outside KPMG. “We want our people to thrive,” Pfau continues. “Obviously we want them to stay with us, but if it turns out that their career would be better served by going on the corporate side, we want to help them do that as well.”

Given that KPMG gives its employees such ample opportunity to see what life outside the firm might be like, it must be heartening that so many choose to stay. The firm’s headcount is up 10 percent on last year’s figures, and the years prior to that also showed strong growth. “We’re hiring more people than we ever have,” says Pfau. “Our turnover is down and that’s another way to respond to the war for talent. You have excellent recruiting and you also keep your people.” The figures speak for themselves. Over the last year KPMG made 3500 experienced hires alongside 2700 off-campus hires and a further 2200 interns in the US.

That’s a lot of people bring to the door, especially when turnover is down. Even those who do make the decision to leave generally do so on very amicable terms. In exit interviews, 82 percent of departing employees say they would consider coming back.

In light of the sheer amount of effort KPMG puts into training and rewarding their people, it’s no surprise that the firm has built up such an impressive reputation as an employer. In Bruce Pfau, it has an HR leader who marries the practical and the pleasurable with rare effect. Before he hurries off to another appointment in his busy day, Pfau says, “We want our people to feel that they’re working for a winning organization with KPMG.” There is little doubt that they’re on the right track. ■

Encore Awards
 In fiscal Year 2006, KPMG LLP gave out more than \$6.2 million in Encore awards, with 62 percent of KPMG employees receiving a recognition award. The firm distributed 23,419 awards in total.

Esprit de Corps Rewards

- **Movie Madness** – Nearly 10,000 employees participated; 166 received prizes including plasma TVs, DVD players, iPods and free movie tickets
- **Barbecue Bonanza** – All employees received a gift of steak, chicken, burgers and hot dogs to start off the summer vacation season.
- **National Vacation Challenge** – Nearly 7000 photos submitted for chances to win a variety of prizes