

2009

SHRM
Annual Report



“It is often in the darkest skies that we
see the brightest stars.”

Richard Evans

The background of the lower half of the image is a solid, vibrant orange. Overlaid on this background is a complex, abstract geometric pattern. This pattern consists of numerous overlapping, semi-transparent shapes in various shades of orange and red. The shapes are primarily rectangular and parallelogram-like, arranged in a way that creates a sense of depth and movement, resembling a stylized, layered architectural or crystalline structure. The colors transition from a bright, almost white-orange at the top to a deep, dark red at the bottom, with many intermediate shades in between.

A Message from the Chair and the President

Dear Members,

The 2009 SHRM Annual Report tells the story of your professional association withstanding the most challenging economic circumstances in more than 70 years. SHRM's story is one of focus, service, and new opportunities for continued success. While other organizations were forced to take drastic measures, we invested in your future and prepared for what's coming next.

You'll notice that's the title of this report: "We Know Next," which is also the theme of the Society's new external visibility campaign for the HR profession. It's about identifying trends in order to prepare for and take advantage of change – exactly what SHRM did throughout 2009.

The SHRM 2009 Annual Report explains the results of the Society's recent strategic business review and its early implementation through the first half of 2010. This plan – and its six elements – will position SHRM and the profession as a more active, influential voice on emerging workplace and business issues. As our revised vision statement says, SHRM strives "to be a globally recognized authority whose voice is heard on the most pressing people management issues of the day — now and in the future."

While much has changed over the last year, SHRM's commitment to its members has continued to grow stronger. This report illustrates that dedication to you, and to your affiliation with the Society for Human Resource Management.

We hope you enjoy reading about SHRM's recent accomplishments and all the ways we are helping HR professionals everywhere prepare for what's next.

Sincerely,



Robb E. Van Cleave, SPHR, IPMA-CP
SHRM Board Chair



Laurence G. O'Neil
President & Chief Executive Officer

2009 SHRM Board of Directors



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SPHR, IPMA-CP

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Bette J. Francis, SPHR

Vice President/Director,
Human Resources
Wilmington Trust
Wilmington, DE

A worldwide recession certainly darkened skies in 2009. Economic stress created unprecedented challenges for organizations everywhere. It was a time when the best was needed—and the best responded. The stars emerged.

Battered employers looked for ways to restructure responsibly... to weather the storm, and to position themselves for rapid recovery when the skies brightened. HR was there to find the way.

Organizations sought to retain key staffers and—despite the turmoil—continue attracting the best and the brightest. HR was there.

Employees watched as more than 8 million U.S. jobs were lost around them. They saw the face of their teams change and their own workloads expand. They saw benefits cut and budgets slashed. They needed to be kept engaged, not alienated and adrift.

HR was there.

At the same time, the profession's leading organization was going through similar challenges and finding innovative ways to meet them. The story of the Society for Human Resource Management during 2009 and through the start of 2010 was one of incredible change, opportunity, and promise.

By the end of that period, SHRM could rightfully declare victory. While other organizations were struggling, downsizing, and slashing costs, the SHRM team found ways to avoid the worst. During 2009, staff furloughs were suffered by every member group of the Council of HR Management Associations—except one. Through careful planning and responsible fiscal management, SHRM was able to protect its present and invest in its future.

Avoiding furloughs was just one indication that SHRM recognized early in the economic downfall that creative steps had to be taken. Led by a new CEO, the Society made it a priority to get *ahead* of falling revenues, to cut expenses judiciously, and to allow no drop-off in the services its 250,000 members needed and expected. More than at any other time in memory, members turned to SHRM for cutting-edge solutions to extraordinary conditions. And SHRM had positioned itself to respond as needed.

But the Society knew it had to do more. Even early in 2009, in the midst of widespread economic collapse and urgent responses to the needs of the *present*, SHRM knew it had to address the future. It had to know *what's next*.

It's at the core of HR's skills and expertise—being able to foresee the next storm, the next call for the experience and perspective needed to meet challenges with confidence. Not only did it become the theme—"HR: We Know Next"—of a new SHRM public relations campaign launched early in 2010, it described the imperative of making an important business decision, even during a time of turmoil.

Other than its pre-emptive display of financial responsibility, that decision may have been SHRM's most fundamental achievement in 2009.

Strategic Business Review

We wanted to know how to best serve our members in these tough times... and in the future. We wanted to know how to position ourselves to succeed in a fast-changing global environment.



Before the recession, plans were being made to conduct another Strategic Business Review in 2008, because it had been six years since the last review was done. But when former CEO Sue Meisinger announced her plan to retire, the leadership team decided to delay the review until a new executive was in place.

Given the unsettled economic conditions, an even longer delay could have been justified. But new CEO Laurence G. O'Neil said the stormy environment made it even more important to move forward with the review: *We needed to know what's next.*

The review launched on January 5, 2009. We retained two nationally recognized consulting firms—Booz & Company and Celerant—to conduct the process, ensuring that findings weren't colored by our own internal preferences and priorities.

What followed was an extremely intensive process of examination and analysis. It was an exhaustive job, reaching hundreds of people. In-depth interviews were conducted with not only our own staff, members, and prospective members, but also with people across the country: business leaders; government officials; vendors; and outside experts. Every one of SHRM's key target audiences—everyone with a stake in SHRM doing its job the best way it can—was included.

Between March 29 and a presentation to the Board of Directors on May 1, our leadership team sharpened and refined the conclusions of the review—and the framework for a dynamic new five-year Strategic Plan was created.

The entire process showed us how much things had changed since our last review in 2002. More importantly, it gave us what we wanted and what we needed.

We wanted to know how to best serve our members in these tough times...and in the future. We wanted to know how to position ourselves to succeed in a fast-changing global environment.

And even though we knew we wanted a journey to continued success, we needed the right directions, the right road map. And we got it all. Our Strategic Plan reflects all the analyses and deliberations that preceded it.

With this plan, SHRM reaffirmed its unshakable commitment to the member—to giving him or her the world's most credible, evidence-based expertise about the modern workplace. Whether in good times or bad, it puts the Society on a path to be even more influential, and to be even more successful as an advisor and advocate—so it can better serve its members.

What's Changed —What Hasn't

We formed a new vision for SHRM; we created a richer and broader mission for the Society; and we defined six strategic priorities that will guide our growth for the next five years.



There were three principal outcomes of the comprehensive review process and the crafting of the new strategic plan that emerged from its findings: We formed a new vision for SHRM; we created a richer and broader mission for the Society; and we defined six strategic priorities that will guide our growth for the next five years.

But what *haven't* changed—by deliberate design—are the SHRM values that we adopted in 2004:

What we do matters.

Our members matter.

Our people matter.

Our culture matters.

How we do things matters.

Those values will continue to guide our efforts in pursuing SHRM's new vision statement: "To be a globally recognized authority whose voice is heard on the most pressing people management issues of the day—now and in the future."

Realizing that vision demands a broader mission, one that is even more challenging than any we've had in the past. Its key elements are these:

To build **partnerships** that address people management challenges and influence the effectiveness and sustainability of organizations and communities.

To provide a **global community** for human resource professionals to share expertise and create innovative **solutions**.

To provide **thought leadership**, education, and research.

To be an **advocate** on the most critical issues facing workplaces and the human resource profession.

Finally, what we learned from the Strategic Business Review was that our members want us to change in key ways. So we're changing. We're re-directing. We're getting *better*.

They told us they needed more timely ideas and resources, plus consistent and rapid response to shifting trends. They told us they value advocacy even more than we thought. And they told us to keep promoting the recognition of SHRM and the HR profession to all their key audiences.

So we will meet their needs. But that extensive review also told us a few other things.

We found that some of our products and services have a misbalance between value and cost; others have outlived their purpose. And we found we could spread recognition of SHRM and the profession by expanding into largely untapped markets of potential members, and by reaching out to business leaders.

We're responding to what we found. Our new strategic plan has locked in six strategic priorities that will support our growth and success for the next five years and define our future as a professional society. In essence, these six priorities illustrate what the new plan will mean to *members*; what began being implemented in early 2010 and what they can expect to see in the next five years:

1 **Serve and Strengthen the Core Membership**

The number-one message that emerged from the review: Serve the core membership. Keep the primary focus on what's most important—serving the member you *have*. That reaffirmed what we already knew and what drives us every day: Meeting member needs is the heart of who we are and what we do.

- Members said we need to find new and different ways to serve them. So that's what we're doing.
- We're working even harder to provide timely and innovative solutions and to make rapid responses to shifting trends.
- We will get the right information... to the right people... in the right way... at the right time.
- Also, to serve the member better, we are working to make the Annual Conference even *more* the world's must-attend HR event of the year.
- And, because current members benefit from their Society being a vibrant growing organization, we are launching targeted efforts to grow our membership in specific industry, demographic, and geographic markets.

It's an uncomplicated strategy and a powerful lesson: Don't forget who *got* you to where you are today.



2 Be a Global Organization

The stronger and wider our reach as the voice of the HR profession, the more our members will gain from their association with SHRM.

Becoming a truly global organization is a business necessity today. This is an increasingly global, inter-connected, and inter-dependent world. And we have the experience, information, and tools that much of the world is seeking.

- We are streamlining the business processes that link headquarters and SHRM India, to help meet our membership and revenue goals there. Our membership target is 8,000 new members in India.
- A focus will be on engaging multinational corporations with a large presence in India.
- We continue to actively engage CEOs and Chief HR Officers for proactive thought leadership that will advance the profession throughout the country.
- In the near future, we will prepare a growth plan for China.

Beyond India and China, we will go wherever the need takes us. Wherever we go, we will tailor our products and services to be in synch with the local content.

In short, we want SHRM to be a “go to” organization for HR in any country where there is a need for smart people strategies.

3 Be Financially Sustainable

Anyone who runs a household budget knows the basics: Spend wisely. And don't spend more than you earn.

To serve our members and grow as their representative, we need to remain financially stable now and in the future. The stronger and more efficient we are, the bolder and more effective we can be in serving our members. For instance:

- We've never had a uniform product or content development process across all departments. By early 2010, we did. The process will ensure that our products and content offer true value, serve specific member and corporate client needs, and advance the image and perception of the HR profession.
- It's important that our technology systems keep up with us, and with member expectations. So, we're developing a multi-year Global Enterprise Technology Strategy—a “road map” to ensure that SHRM's plan is supported with the necessary technology.
- We're improving the goal-setting process that managers use, to ensure that our resources are being used prudently.

The worldwide recession was a harsh reminder that we always have to keep our eye on finances. So we'll focus on growth opportunities that meet two criteria: they must promote fiscal responsibility and reinforce our mission. As the economy moves forward, we'll advance with it.

4 Evolve to Be More of an Advisor and Advocate

No one in SHRM wants it to become a “commodity”—a run-of-the-mill organization, no different than any competitor. We’re not “just another association.” That’s not us. We’re the voice of a proud and vital profession, and we intend to be even more of a trusted advisor to business and HR leaders around the world.

- We will engage senior executives, media, governments, colleges, and universities—and we will build offerings to them that go beyond the basic tools of HR management.
- We will develop the HR competencies and leadership abilities of entire HR departments.
- Whether as a facilitator of debate, or the source of the best front-line information about the modern workplace, we will continue to be an aggressive advocate for the HR profession.
- Through executive forums and other activities, SHRM will reinforce its status as a critical “go-to” source for high-level HR thinking.

We will never blend in with the pack. We will pursue our new vision statement: “To be a globally recognized authority whose voice is heard on the most pressing people management issues of the day—now and in the future.”

5 Engage HR Executives and Business Leaders

An extension of our plan to be more of an advisor/advocate is a greater focus on the C-suite—the offices of “chiefs” who run businesses and other organizations, and their HR departments.

We’re going to engage... work with... learn from... and support all business and organization executives. Through SHRM’s public relations campaign, strategic partnerships, sponsorship of high-impact events, and advertising, we will showcase the best thinking in our profession.

- Every effort will reaffirm the Society as a thought leader providing high-level strategic thinking on human capital issues.
- By bringing together executives, academics, policymakers, and opinion leaders, we will increase the profile of SHRM and the HR profession.
- SHRM’s bold new “**We Know Next**” public relations campaign will include print and online ads in leading outlets such as *Fortune*, *Forbes* and *The Economist*... events in Washington and business centers around the country... and proactive promotion of HR news coverage by both traditional and social media.

As we gain visibility, both we and our members gain greater influence—a bigger voice in shaping the workplace of the future.

6 Engage Non-HR Professionals

As we increase the strength and prominence of SHRM's voice, our members benefit by association. Because... they *are* SHRM. Exploring every practical opportunity for growth is in their best interest, as well as being important to SHRM's long-term stability.

There are as many as 12 million people in the U.S. alone who have HR responsibilities, but they're not HR professionals. That's a massive untapped market.

- In the future, a focus will be on helping line managers, foremen, office administrators, small business owners—anyone who manages workforce issues, but doesn't have "human resources" in their title.
- Even chief financial officers can benefit from having at least basic HR knowledge.
- With access to some SHRM tools, research and other information, these people can be more effective and more supportive partners to our members.

Engaging this group is not a 2010 priority, but it will become a focus later in our five-year strategic plan. These people have needs—and we're going to be an excellent source to provide them with solutions.

These six priorities mark the guideposts on our road map to continued success. Fundamentally, they represent as important a turning point for SHRM as when we embraced the dual goals of ATP and STP... advance the profession and serve the professional.

By the first quarter of 2010, elements of the plan shaped by those priorities were being implemented—and SHRM was embarking on an era of exciting change.

Building from Within Implementing the Six Elements

Reaching that critical point of implementation, however, required a vital final step: drawing the blueprint for bringing the plan to life. For that, SHRM turned to the experts in its own halls.



Temporarily putting aside the element of engaging non-HR professionals, SHRM's leadership broke down the other five strategic priorities and identified eight key areas of operational activity that would enable those priorities to be achieved in the next five years. Employees from a variety of disciplines were recruited to serve on teams linked with each of those eight operational areas.

Their charge: Be creative in designing the processes and tactical plans to achieve the strategic priorities. Make the changes and chart the new directions that are needed. The teams weren't bound by an allegiance to "how we've always done it." They took a fresh new perspective. As the new year began, they were already discovering and implementing innovative ways to better serve our members and achieve our ambitious goals.

The eight teams were:

Membership Growth and Renewal

Exploring Effective Ways to Engage New and Existing Members

Our goal is to achieve global membership of 255,000 by the end of 2010 through a combination of acquisition, renewal, and engagement strategies by:

- Conducting research that "informs," enabling SHRM to better deliver the specific information and resources a member needs.
- Reaching out to more HR young professionals (ages 22–30). This segment is vital to SHRM's and the profession's sustainability.
- Developing innovative ways to engage our new members.

Conference Innovation

Making SHRM's Conferences and Seminars Even Better for Members

Our Annual Conference is the biggest and best HR conference in the world, and the event in June 2010 will be even better. These initiatives are part of the reason why SHRM had already met its goal of 9,000 paid registrations by early May:

- Developed and executed a planning process that integrated all of the annual conference-related efforts across SHRM.
- Through market tests and member reviews, selected general-session keynoters who registered the most interest among members.
- Optimized the SHRM.org web site to make conference registration easier.
- Offered a premium upgrade, enabling online access to more than 100 sessions.

Global Growth

Building SHRM's Ability to Support HR Professionals Everywhere

In its efforts to support HR professionals around the world, this cross-functional team focused on the following strategies and goals:

- Linking SHRM headquarters in Alexandria, Va., and SHRM India, to provide the support needed to ensure success in meeting membership and revenue goals.
- Creating a contract framework and templates for engaging multinational corporations with a large presence in India.
- Growing our membership in India.
- Actively engaging CEOs and CHROs for proactive thought leadership and to craft solutions that advance the profession in India.
- Preparing a growth plan for China.

Corporate Solutions

Delivering the Best Existing and Custom-Designed Training and Development Programs

The focus of this team was one of SHRM's fastest growing areas: sales to major corporations and organizations.

- SHRM members, plus corporations and other organizations, are asking for training and development programs for their entire HR teams.
- The team developed an approach for delivering a mix of existing and custom-designed programs to meet that expanding need.
- The team's efforts are successful: We're already working with large, successful, "brand-name" companies that are looking to the Society for answers on improving their HR functions.

Be creative in designing the processes and tactical plans to achieve the strategic priorities.

Product Development and Content Integration

Creating Products and Services that Members Want and Need

As mentioned earlier, SHRM has never had a consistently effective means of determining the best products or services to develop for members. Considerable effort has gone into producing work recognized for its quality, but not found to be practical and useful for as many members as we would like.

- The team developed a comprehensive process to be used organization-wide for the approval and development of new products and services.
- Required testing and evaluation points in the process will ensure that we're producing the best products and services, and the ones that SHRM members need.
- The team also developed a portfolio review process to evaluate individual products and the overall SHRM portfolio on a periodic basis, ensuring that we focus our resources appropriately.

Technology Integration

Ensuring SHRM Has the Technology to Support Its Business Goals

With SHRM sharpening its strategic priorities and pursuing new or expanded directions, it's important that our technology systems keep up with demand. Just as important, our technology profile must remain consistent with member expectations.

- The team developed a multi-year Global Enterprise Technology Strategy—a “road map” to ensure that SHRM's plan is supported with the necessary technology.
- More immediately, the team focused on enhancing technology that will create better user experiences and improve satisfaction among members.
- Those enhancements will be evident in such products, services and events as e-Learning, the annual conference, SHRMStore®, and the development of new “virtual” conferences.

Management Systems

Improving Major SHRM Business Processes for Peak Efficiency and Effectiveness

Like any business producing and marketing products and services, SHRM must be managed efficiently to ensure that the Society remains financially sustainable.

- The team improved SHRM's "top-down" goal setting process, along with our prioritization, control, and variance reporting procedures.
- The team developed and implemented Management Control Reporting Systems (MCRS®). It provides an effective mechanism for identifying gaps, monitoring actions taken to address problem areas, and measuring progress against key goals.
- Operating reports were developed so that results can be tracked, and appropriate and timely actions can be taken when needed.

Executive Engagement

Engaging and Partnering with CHROs and Other Business Leaders

The team explored ways to engage the C-suite, through SHRM's public relations campaign, partnerships, events, and other means.

- By bringing together C-suite executives, academics, policymakers, and opinion leaders, we can showcase the best thinking in our profession and increase the profile of SHRM.
- SHRM's bold new "**We Know Next**" public relations campaign will highlight the importance of the HR profession through high-profile events in Washington and business centers around the country and advertising.

Economically, 2009 began under dark clouds for most of the world. Employers everywhere were reeling from financial downfalls, and the impact those pressures made on workforces. No organization went untouched, including SHRM.

But HR professionals answered the call for leadership and critical expertise in human capital management. With their assistance, damage was minimized, and ways were found to shape *opportunity* from refocused priorities and directions.

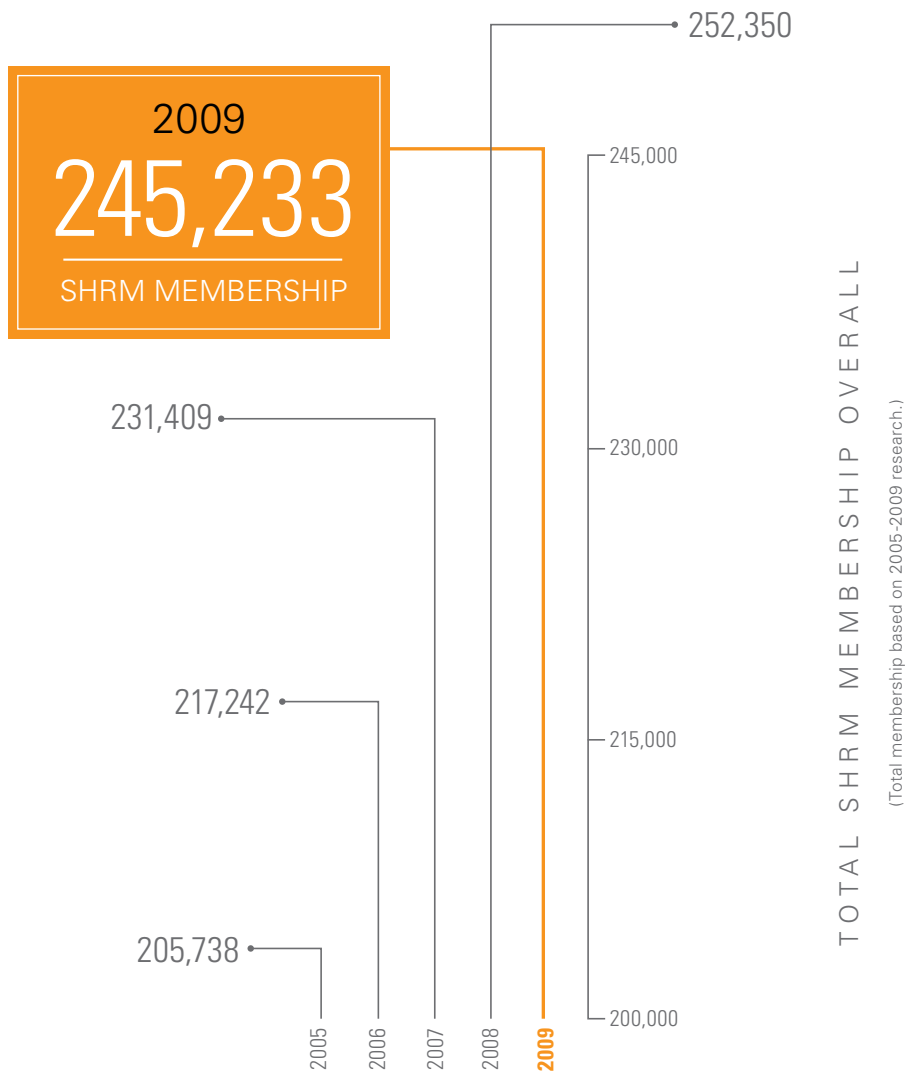
Similarly, SHRM faced unprecedented challenges. But it trimmed expenses where necessary, and embraced a new strategic plan that promised to make the Society more efficient, more productive, and more responsive to its members than ever before. Its team remained intact, and with the dawn of 2010, exciting change began.

When skies were darkest,
the brightest stars had emerged.

SHRM Membership

Being able to stay so close to our
2008 level in such a challenging
economic environment was a
tremendous accomplishment.

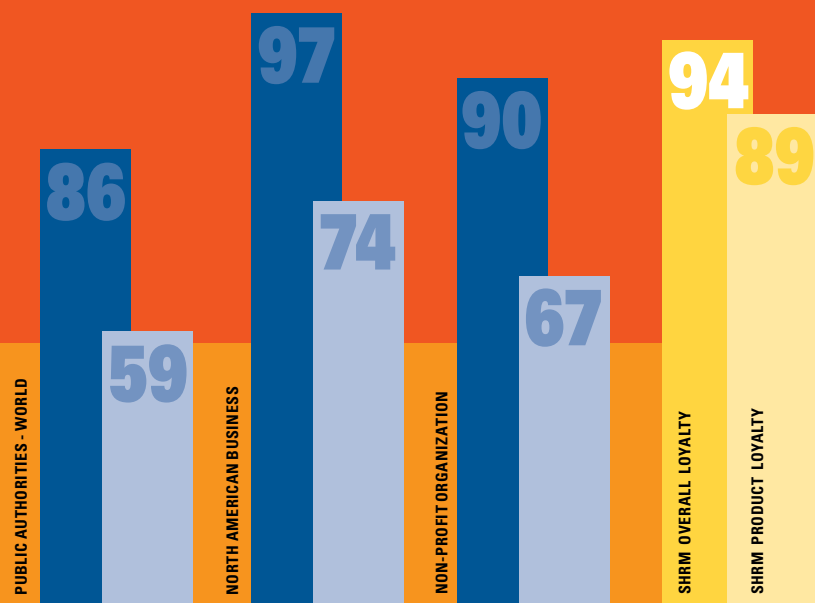




At the end of 2009, SHRM had a total membership of 245,233. Being able to stay so close to our 2008 level in such a challenging economic environment was a tremendous accomplishment. It reflected the ability of our employees to monitor and respond to the changing external landscape, ensuring that our members had the resources they needed during a difficult time. SHRM also extended free membership for one year, through its Transitioning Program, to nearly 3,000 individuals who were unemployed and seeking new opportunities.

Some Other Highlights of 2009

- Despite the recession, the 2009 SHRM Annual Conference attracted 6,896 paid attendees. Combined, all other SHRM conferences and seminars attracted nearly 13,000 HR professionals.
- SHRM research reports—many of them focused on the effects of the economy—not only assisted members but were also featured in hundreds of media outlets during the year. Both our monthly Leading Indicators of National Employment® and the new *SHRM Labor Market Outlook* became sought-after predictors of market conditions.
- Our Transactional Member Satisfaction Index showed SHRM has an overall loyalty index score of 94 for 2009, and an average score of 89 across products. Those results place SHRM among the best organizations in the world that measure loyalty similarly.
- The Society was designated as the HR standards accrediting body for the American National Standards Institute (ANSI), and progress was made toward SHRM becoming the International Standards Organization (ISO) Secretariat for creating HR standards around the globe.
- A comprehensive advertising program netted millions of impressions among SHRM's key target audiences. Either advertising or event sponsorship partnerships were forged with such influential outlets as *Fortune*, *Forbes*, *BusinessWeek*, *National Journal*, and *CNNMoney.com*.



TRI*M Benchmarks ■ TOP 10% ■ INDEX

- SHRM took the lead in crafting and advocating a 21st century workplace flexibility policy. In addition, SHRM submitted comments on 12 regulations, plus eight amicus briefs and one plaintiff's brief on cases pending before the U.S. Supreme Court. Nearly 100,000 letters were sent by members to Capitol Hill about HR issues—more than doubling the 2008 total of 40,000.
- The SHRM Academic Initiative had an incredibly successful year: Far exceeding goals, a total of 159 programs in 137 universities were recognized as following the SHRM curriculum guidelines by the end of 2009. Also, development of an assessment for graduating HR students began in earnest in October 2009 and continues to progress toward a May 2011 debut.
- Diversity & Inclusion sold out its Strategic Leadership Program, a course reflecting the gathered insights from SHRM's extensive network of global thought leaders. The SHRM Global Diversity & Inclusion Research Report was also released. Finally, SHRM was named a "Diversity Leader of the Year" by *Profiles in Diversity Journal*. In conjunction with the report, the Global Diversity Readiness Index (G-DRI), an innovative tool that ranks and rates 47 countries along 39 separate diversity readiness indicators, was released and is now available for purchase in the SHRMStore.

Far exceeding goals, a total of 159 programs in 137 universities were recognized as following the SHRM curriculum guidelines by the end of 2009.



Academic Initiative: Number of schools, by year, that have adopted the SHRM curriculum

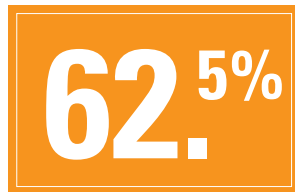
SHRM Foundation

The fundraising climate in 2009 was challenging for the SHRM Foundation, as it was for nonprofits around the country.



The fundraising climate in 2009 was challenging for the SHRM Foundation, as it was for nonprofits around the country. Thanks to the extraordinary support of our donors, the SHRM Foundation ended its 2009 Annual Campaign by raising \$745,000—which was more than the 2008 fundraising total and \$3,000 more than the goal; a remarkable accomplishment given these challenging economic times.

The fundraising success can be attributed to a strong commitment to responsible fiscal management, diverse funding sources, and ongoing analysis of “what works” so that the Foundation could leverage new fundraising opportunities. Noteworthy trends include:



2009 Fundraising

Chapter and state council giving remained strong.

Giving from SHRM chapters and state councils continues to comprise the largest percentage of the Foundation’s Annual Campaign fundraising (62.5 percent in 2009).



2009 Donation increase

Personal donations increased.

The number of donors increased 35 percent, which resulted in a 26 percent increase in the amount of funds raised from personal donations to the SHRM Foundation. More than ever before, a greater number of SHRM members and HR professionals know about the work of the Foundation and are willing to support its work with their charitable dollars.

The fundraising success
can be attributed to
a strong commitment to
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management.

Continued organizational support.

In 2009, the SHRM Foundation continued to receive generous support from the HR Certification Institute, Society for Human Resource Management (SHRM), and the J. J. Keller Foundation.

In 2009, the SHRM Foundation funded a total of \$304,850 in original research projects to advance the HR knowledge base. At year-end, the Foundation had 22 research grants in process, totaling more than \$1.4 million. Of those, five projects (24 percent) included researchers based outside the United States. Two research projects were completed in 2009: 1) *Institutional Compatibility and High-Commitment HR Practices in an Emerging Economy: A Study of MNC Affiliates in China* and 2) *National Values, Human Resource Practices and Organizational Performance: A Study Across 21 Countries*. Summaries of the project results are available on the Foundation web site at www.shrm.org/foundation under "Research Grants."

The SHRM Foundation released three new Effective Practice Guidelines reports in 2009, bringing the series total up to 10 reports. This series presents relevant research findings in a condensed, easy-to-use format for HR practitioners. The newest report, *Employment Downsizing and Its Alternatives* by Dr. Wayne Cascio, was sponsored by Right Management. The Foundation also produced a short executive briefing based on this report. All Foundation publications are available for free download from the SHRM Foundation web site.

Each year, the SHRM Foundation awards \$150,000 in education and certification scholarships for 125 professional and student SHRM members.

2009 saw a significant increase in applications for both programs, with more than 1,000 applications submitted. More than 80 volunteers assisted the Foundation as scholarship judges. The professional scholarship program is generously underwritten by the J. J. Keller Foundation, Inc.

SHRM[®]
Foundation
Investing in the Future of HR

HR Certification Institute

In 2009, the HR Certification Institute's initiatives centered on the theme "Building the Foundation for Growth and Success."



In 2009, the HR Certification Institute's initiatives centered on the theme "Building the Foundation for Growth and Success." The organization focused its efforts on creating a web site that would be user-friendly and speak to the needs of current certified HR professionals, future certified HR professionals and the organizations they serve both in the United States and throughout the world.

Despite the difficult economic situation, the number of applications for our certification exams increased by 3 percent over the prior year to 33,252. We also continue to have a strong recertification rate of 76 percent, with more than 20,000 individuals recertifying in 2009. The number of job postings that request or require our certifications also has grown. This is a tribute to the increasing value of our certifications as differentiators of talent and indicators of commitment to the profession and ongoing professional development.

In 2009, we also focused on communicating the changes to the eligibility requirements that will go into effect in 2011 for the Professional in Human Resources (PHR®), Senior Professional in Human Resources (SPHR®) and Global Professional in Human Resources (GPHR®) exams. The changes in the eligibility requirements better align with the profile of our candidates who have invested time and energy to apply, test and commit to continued professional development so that they remain current with today's ever-changing workplace trends and the practical experience associated with the HR profession.

Now in its sixth year,
the GPHR has surpassed
1,700 certified HR
professionals.

This indicates the growth of global HR and the expanding needs of HR professionals. The HR Certification Institute now has more than 108,000 certified HR professionals in 70 countries. Global interest has never been higher.



SHRM Financial Performance



Certification of the Annual Consolidated Financial Statements Of the Society for Human Resource Management

We are the senior-most officials of the Society for Human Resource Management (SHRM) with responsibility for the financial controls and reporting of the Society. We have reviewed the annual Consolidated Financial Statements for the years 2009 and 2008 and based on our knowledge:

The financial statements are accurate and complete, and fairly present the financial condition of the Society for Human Resource Management and its subsidiaries, including the results of operations and cash flows (separately stated as Consolidated Statements of Financial Position, of Activities and Changes in Net Assets, and of Cash Flows).

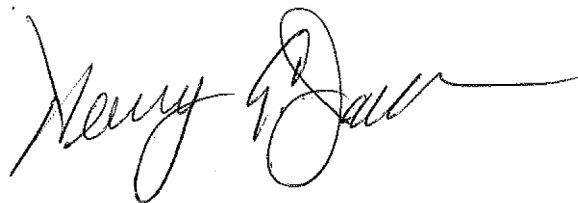
The financial statements do not contain any untrue material statements or facts and are not misleading in their presentation.

To ensure the accuracy of our certifications, the Society created and maintains an audit process to examine identified risk areas and internal controls. The Audit Committee of the SHRM Board of Directors reviews and authorizes conduct of audit programs on an annual basis. The head of Internal Audit Services presents audit findings and recommendations to the Audit Committee along with quarterly status reports regarding related actions taken by management. Audit reports are also shared with the outside auditors to assist in the preparation of the Consolidated Financial Statements. Based on our review of the results of this process, we are satisfied that the controls and financial disclosure procedures adequately reflect the financial condition of the Society.

We also certify that material changes in financial operations and financial disclosures, if any, are reviewed by the Audit Committee for approval and that incidents of fraud, if any, are also reported to and reviewed by the Audit Committee.



Laurence G. O'Neil
President & Chief Executive Officer



Henry G. Jackson
Chief Financial Officer



R A F F A

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Society for Human Resource Management and Subsidiaries

CONSULTING
ACCOUNTING
TECHNOLOGY

*Certified Public
Accountants*

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated statements of financial position of the Society for Human Resource Management and Subsidiaries (the Organization) as of December 31, 2009 and 2008, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and in our report dated May 19, 2010, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

RAFFA, P.C.

Washington, DC
May 19, 2010

SOCIETY FOR HUMAN RESOURCE MANAGEMENT AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31,	2009	2008
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 7,347,815	\$ 6,089,872
Short-term investments	2,458,500	974,573
Accounts receivable, net of allowance for doubtful accounts of \$361,790 and \$334,794 in 2009 and 2008, respectively	2,876,287	3,485,856
Due from affiliates	370,455	143,988
Income tax receivable	375,390	266,679
Prepaid expenses and deposits	3,962,654	4,093,959
Inventory	1,390,294	1,522,663
Total Current Assets	18,781,395	16,577,590
Long-term investments	117,267,404	106,248,492
Property and equipment		
Buildings and building improvements	33,092,445	32,927,990
Land	5,883,311	5,883,311
Computer software	8,407,911	8,091,992
Computer equipment	9,391,080	9,184,860
Furniture and equipment	7,750,093	7,664,637
Automobiles	142,397	54,400
Gross property and equipment	64,667,237	63,807,190
Less: Accumulated depreciation and amortization	(30,508,929)	(27,087,412)
Net property and equipment	34,158,308	36,719,778
TOTAL ASSETS	\$ 170,207,107	\$ 159,545,860

SOCIETY FOR HUMAN RESOURCE MANAGEMENT AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Continued)

December 31,	2009	2008
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 11,772,562	\$ 11,094,981
Due to affiliates	—	202,330
Deferred membership dues	19,622,687	20,422,222
Deferred conference and seminar fees	3,773,005	4,188,110
Deferred subscriptions and other	446,100	619,730
Note payable, current portion	679,641	634,452
Total Current Liabilities	32,293,995	37,161,825
Accrued benefit cost	7,398,918	9,782,369
Note payable, net of current portion	5,257,983	5,941,272
Total Liabilities	48,950,896	52,885,466
Net Assets		
Unrestricted	121,256,211	106,660,394
Total Net Assets	121,256,211	106,660,394
TOTAL LIABILITIES AND NET ASSETS	\$ 170,207,107	\$ 159,545,680

SOCIETY FOR HUMAN RESOURCE MANAGEMENT AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

December 31,	2009	2008
REVENUE AND SUPPORT		
Membership dues	\$ 35,574,094	\$ 35,471,759
Publications, advertising and royalties	18,722,673	23,196,308
Annual conference	13,755,305	22,422,635
Seminars and educational programs	16,164,917	19,385,780
Other conferences	3,491,971	5,438,584
Other	3,149,273	3,544,269
Investment income allocated to operations	4,990,000	–
TOTAL REVENUE AND SUPPORT	95,848,233	109,459,335
EXPENSES		
Program Services		
Government and public affairs	16,693,336	21,094,262
Publications	15,481,105	19,145,439
Seminars and educational programs	12,853,857	15,744,168
Annual conference	5,995,524	8,516,733
Other conferences	3,689,629	4,702,151
Total Program Services	54,713,451	69,202,753
Supporting Services		
Management and general	26,759,773	27,127,732
Membership services	16,059,988	16,363,947
Total Supporting Services	42,819,761	43,491,679
TOTAL EXPENSES	97,533,212	112,694,432
Change in net assets from operations	(1,684,979)	(3,235,097)
Non-operating Activities		
Investment income (loss) in excess of amounts designated for operations:		
Investment (loss) income	19,715,304	(31,897,565)
Investment income allocated to operations	(4,990,000)	–
Total investment income (loss) in excess of amounts designed for operations	14,725,304	(31,897,565)
Provision for income tax expense	(1,262,213)	(3,292,476)
Total Non-operating Activities	13,463,091	(35,190,041)
CHANGE IN NET ASSETS	11,778,112	(38,425,138)
Unrecognized actuarial gain (loss)	2,755,697	(6,161,709)
Foreign currency translation gain (loss)	62,008	(108,423)
NET ASSETS, BEGINNING OF YEAR	106,660,394	151,355,664
NET ASSETS, END OF YEAR	\$ 121,256,211	\$ 106,660,394

SOCIETY FOR HUMAN RESOURCE MANAGEMENT AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

December 31,	2009	2008
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 11,778,112	\$ (38,425,138)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Unrecognized actuarial gain (loss)	2,755,697	(6,161,709)
Foreign currency translation (loss) gain	62,008	(108,423)
Depreciation and amortization	3,421,517	3,667,771
Unrealized (gain) loss on investments	(20,529,813)	21,432,888
Realized loss on investments	3,868,369	16,168,496
Provision for doubtful accounts receivable	(26,996)	67,468
Loss on disposal of property and equipment	—	7,860
Changes in assets and liabilities:		
Accounts receivable	636,564	(508,695)
Due from affiliates	(226,493)	170,762
Income tax receivable	(108,711)	(9,721)
Prepaid expenses and deposits	131,305	(143,082)
Inventory	132,369	54,274
Accounts payable and accrued expenses	278,584	908,844
Due to affiliates	(202,330)	202,330
Deferred membership dues	(799,535)	623,704
Deferred conference and seminar fees	(415,105)	(1,400,235)
Deferred subscriptions and other	(173,629)	190,189
Accrued benefit cost	(1,984,428)	4,499,193
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(1,402,515)	1,236,776
Cash flows from investing activities		
Purchases of property and equipment	(860,047)	(3,304,953)
Purchases of investments	(40,375,109)	(69,857,282)
Proceeds from the sales of investments	44,533,714	69,750,405
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	3,298,558	(3,411,830)
Cash flows from financing activities		
Principal payments on note payable	(638,100)	(595,674)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(638,100)	(595,674)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,257,943	(2,770,728)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	6,089,872	8,860,600
CASH AND CASH EQUIVALENTS, END OF YEAR	7,347,815	6,089,872
SUPPLEMENTAL CASH FLOW INFORMATION		
Actual cash payments for interest	433,796	476,222
Actual cash payments for income taxes	\$ 1,414,941	\$ 3,143,386



The Society for Human Resource Management

The Society for Human Resource Management (SHRM) is the world's largest association devoted to human resource management. Representing more than 250,000 members in over 140 countries, the Society serves the needs of HR professionals and advances the interests of the HR profession. Founded in 1948, SHRM has more than 575 affiliated chapters within the United States and subsidiary offices in China and India. Visit SHRM Online at www.shrm.org.



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What you leave behind is not what is
engraved in stone monuments, but what
is woven into the lives of others.

Pericles (495-429 BC)





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