

Fly with integrity



As the world awakens from economic catastrophe, a radical shake-up of workplace culture is top of the agenda, according to a survey of more than 1,000 CEOs around the world. *Mary Appleton* reports, asking thought leaders **Dave Ulrich** and **Alain de Botton** for their insights.

The global financial crisis has caused chaos for businesses. CEOs have been forced to slash budgets, manage complex change agendas and attempt to survive in uncertain conditions.

Alongside this unease, businesses are also threatened by rapid developments in products and services that are faster, smarter and more sophisticated. It's a competitive world – where 'change' is not just order of the day, but the order of the decade.

But the adverse economic climate, coupled with many corporate scandals, has also given organisations an opportunity to reflect on their own practices, examine their leadership capabilities and question: 'what do we want to stand for?'

All of this means there's never been a better opportunity for HR to deliver strategic value. What will it take to drive growth and where does HR fit into this?

Confidence on the rise

Laura Hinton, partner at PricewaterhouseCoopers, has observed a palpable change in confidence among business leaders in recent months. "Organisations are committed to looking at talent, recruitment and acquisitions, which is refreshing. Without a doubt, we're back into growth mode," she says.

In its annual global CEO survey of more than 1,300 CEOs in 68 countries, PWC found that the biggest worry in 2013 was a lack of growth, with 81% saying the economy was their prime concern. Yet the same survey carried out in January this year showed that twice as many CEOs now believe the global economy will improve in the next 12 months.

Hinton believes business leaders have recognised that we've been in uncharted waters during the recession, because it has lasted so long. "When the economy gets tough, there's a lot of operational cost cutting and reorganisation – you do the easy stuff. You cut back on learning and development, slash recruitment, and M&As become a thing of the past. People batten down the hatches."

But CEOs have realised that short-term measures aren't enough and long-term planning is essential. Implementing one wave of short-term cost-cutting measures hasn't been sustainable, argues Hinton. Organisations have been forced to apply three or four waves of interventions 'just to survive'.

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As a result, CEOs recognise leaders are now being asked to do more with less – and know they are feeling the pressure. So where do we go from here? "There's no textbook for what to do next – we're in unknown territory," she adds.

Priorities in 2014

According to research by The Conference Board in 2014, CEOs across the globe are now adopting a 'worker-centric' approach to maximise future growth.

CEO Challenge 2014, based on a survey of CEOs, presidents and chairmen from more than 1,000 companies around the world, found the number one priority of business leaders worldwide is to reshape workplace culture – with employee engagement and better management at its heart – to improve competitiveness, win new customers and raise productivity. This opens a real opportunity for HR – but are HR teams ready?

HR's role in change

In response to this question, HR guru Dave Ulrich says that in almost every change situation he finds a 'ratio of 20:20:60'. "Some 20% of the individuals or HR departments are exceptional and reacting ahead of the change, 20% will never change and 60% can change with the right attention and focus," he says.

While the Ulrich model has come under much criticism in recent years, he believes that staying ahead of the pace of change comes when HR professionals recognise both external trends and expectations of specific stakeholders [customers and investors]. "By discerning external trends, they anticipate change. Then, when they then turn these externalities into internal organisation actions, they build adaptive organisations," he says.

Ulrich highlights six key competencies for HR leaders:

- **Strategic positioner:** able to know the business well enough to position an organisation in changing markets
- **Credible activist:** able to build relationships of trust

“Currently, anyone can be an HR professional – this needs to change”

through personal credibility and having a point of view on business performance

- **Capability builder:** able to define and shape a culture that turns external brand expectations into internal organisational actions
- **Change champion:** able to initiate and sustain change at individual and institutional levels
- **HR innovator and integrator:** able to innovate HR practices in an integrated way to solve business problems
- **Technology proponent:** able to access information to make better decisions.

When these skills are applied, Ulrich argues that HR professionals are not only personally credible, but they drive business results.

So does he believe we have reached a tipping point in HR? “We are close to getting a majority of the 60% of teachable HR departments to improve,” he says. He puts this down to theory, research and practice which he says is increasingly helping HR people to drive business results. Ulrich believes that HR impact will come when leaders recognise that HR offers unique insights into how talent, leadership and culture will drive results.

Developing maturity

According to Stuart Woollard, director at King’s College London and founder of the Institute of HR Maturity, there are signs that some business leaders are beginning to see the true connection between human capital and real value creation (or in many cases, he argues, value destruction).

“Organisations that put people centrally generate more long-term, sustained value,” he says. “Those HR teams that demonstrate they understand this connection – and should also be responsible for it – will thrive. Those that don’t will see themselves shrink, at least in terms of influence,” he states.

Woollard argues that HR needs a value-based vision beyond the current business paradigm.

“For the past 15-20 years HR value has come from cost reduction via so-called ‘HR transformation’. This has been self-defeating,” he says.

As an HR leader, Woollard suggests that if you can show how your role drives value creation through people, and that you have the capability and willingness to become accountable for this in some way, strategic influence materialises quickly. “The HR value proposition is compelling if you can articulate and evidence it,” he says.

Putting value on HR

The role of HR is undoubtedly changing. Woollard suggests that you need to be able to challenge conventional thinking in a rigorous, evidence-based way, underpinned by a value proposition that business leaders will understand and embrace.

“Currently, anyone can be an HR professional. This needs to change – an HR professional should be seen as highly skilled, operating to the highest possible standards, with real expertise in bringing value regardless of organisational context,” he says.

Woollard believes that the global financial crisis provided significant evidence of how people in what he terms ‘immature’ organisations can cause failure and create widespread societal damage.



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“The more ‘mature’ organisations in which people are truly central to who they are and what they do will survive and thrive in the 21st century. The more HR can do to drive this journey within their own organisations, the better their future,” he adds.

Hinton agrees. “HR still needs to do more to ensure it is relevant and part of the senior discussion,” she says. “Three quarters of CEOs are looking to update their strategy in the next 12-18 months. HR needs to be there to translate this to a credible people plan, not an HR functional strategy. Carrying on with what’s been called HR best practice, with no reference to how this reflects the overall agenda, is just not going to work.”

For Hinton, you need to be able to clearly answer the questions: ‘what specific skills will be game-changing for my organisation and how will I source those skills?’

Growing talent internally

In a broader context, a rise in cautious optimism means more organisations are poised for growth, but the availability of key skills remains a concern. Indeed, the Conference Board research found that growing talent internally was identified as top of the list of strategies for CEOs this year when it comes to human capital.

This indicates a shift beyond a seemingly narrow approach focused on identifying individual high potential talent, toward more general organisational capability building. In short, it makes sense to develop, retain, energise and manage the employees you have, especially when they may well be your best option in a restricted global talent market.



"Leaders need to be more agile and flexible in the digital age," Hinton argues. "CEOs want something different from their leaders now, including technical specialism and a real focus on digital. Yet there are few people available with that depth of expertise."

"There's a challenge there for organisations – can you find these skills or do they have to be developed internally?"

She points out that there's a further challenge overlap in terms of the value, integrity, culture and behaviours – how do you get people to believe in the values of your organisation?

Soul searching

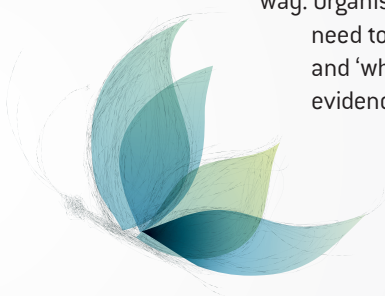
Today's leaders are faced with growing levels of complexity, ambiguity, collaboration, inclusiveness, and the need to be agile while producing rapid results. Creativity, vision and empathy are crucial. Hinton argues that while organisations have been in survival mode, such capabilities have not been invested in or developed over the past few years.

She believes that many organisations have done a lot of 'soul searching' in the recession, and have found that a focus on authenticity and role-modelling is vital.

"Ethics, CSR and integrity are not new phrases, but there's now more thought put into what that means for organisations in light of the corporate scandals," she explains.

"CEOs are genuinely trying to change culture. Some of that might be quite granular, such as embedding different metrics through performance management systems or paying people in a different way. Organisations are beginning to see that they need to recognise and reward based on the 'how' and 'what' of employees – they need to have evidence and document that."

For Hinton, the focus this year needs to be on integrity. "It can't be a fad simply to get people through the recession. Hold true to your values and don't let them go out of the window."



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Opportunities amid chaos – the new wisdom economy

Alain de Botton on the year ahead.

Employees today are more aware than ever of the importance of having decent emotional intelligence (EQ) to succeed in what has been called the new 'wisdom economy'.

The key thing about EQ skills is that these can be learned, whether that's about becoming a calmer, more confident or more creative person. Even the army, the ultimate command and control organisation, is taking proactive steps to help soldiers deal with the more emotional sides of their job, around resilience and stress for example.

We all know what a meaningful career looks like. It's highly paid, well respected, high profile, intellectually stimulating and emotionally rewarding. The unfortunate thing is that for most of us, that's not our career. The key, I believe, is for people to take time to reflect on the things that make them most passionate and help them to feel fulfilled. The next step is to find, or shape, a career that touches on those things as often as possible.

Having a meaningful career is not necessarily a conscious sense of being 'happy' while you're at work. The key to meaning is a feeling that you are contributing to something worthwhile greater than yourself, that at the end of the working day you have left the world ever so slightly better than it was at the beginning. This seems a small concern but it lies at the heart of job satisfaction.

Business leaders have a responsibility to help employees find meaning in their careers. It is not just a social obligation – it makes clear commercial sense. Employees who are genuinely fulfilled and find meaning in their work are far more productive and effective. Leaders who offer opportunities to do this will find great people knocking at their door.

In 2014, I predict that more employers will begin to see the clear link between long-term profitability and developing services, products and workplaces that help consumers and staff find genuine meaning in their lives. While they can easily be overlooked in times of budget cuts, I expect so called 'soft skills' to become viewed as critical to working life, whether as a freelance or to navigate life in a large corporate.



Alain de Botton
author

Alain's books include: *Art as Therapy*, *Religion for Atheists* and *The Pleasures & Sorrows of Work*.

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