thinkBites

July 2017

PROVOKING THOUGHT **GENERATING DISCUSSION** ENGAGING EMPLOYEES **DELIVERING RESULTS**

BUILD ON IT

How to make conference theory a concrete reality

Power to the people
Empower Millennials and Gen Z
without making the CFO cry

Find your Zuckerberg
Free innovators buried in politics,
red tape and overwork
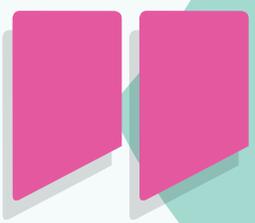
Future perfect?
Plan tomorrow's workforce

richmond events

KARIAN AND BOX

Ideas won't keep. Something must be done about them.

Alfred North Whitehead

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The HR Directors' Forum was held by Richmond Events on board the Aurora on 10th and 11th May 2017

think**Bites**

Why do we go to conferences? Easy. To meet people, build our networks and, crucially, to hear new ideas. But it's when we get home that the hard work really starts. And I don't mean adding people on LinkedIn.

How many of those blue sky conference notes or back-of-the-napkin moments of inspiration actually make it through to something that makes a tangible difference to our organisations? Probably not as many as we pretend.

This issue of thinkBites revisits and builds on many of the ideas and conversations from May's HR Directors' Forum on board the Aurora and suggests how we can turn them into concrete reality for our businesses. We look at a series of crucial issues – employee empowerment, innovation, intrapreneurship, future workforce planning and behaviour change – and suggest practical steps to put the theory into practice.

The common background to all these topics is the incredible pace of change being driven by technological advances, geopolitical volatility and the resulting socio-economic change we are experiencing. Never has it been more important for organisations to get ahead of the curve any way they can.

When it comes to thought leadership, the truly leading organisations aren't those that just think about AI or Gen Z or innovation incubators, but those who have already begun the difficult process of analysing in specific detail what these challenges mean for their businesses. Those who know how they are going to build on these ideas. Those who have a plan.

Karian and Box in association with Richmond Events

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Power to the people

How to meet ever-increasing expectations of empowerment

In an age of democratic expression and social power, people (especially millennials and Gen Z) believe more than ever before in their right to a voice and to customise every aspect of their life. Work is no different. Organisations that succeed in attracting and retaining the best talent in the future will be able to meet these expectations to improve and extend core business activity through employee activism.
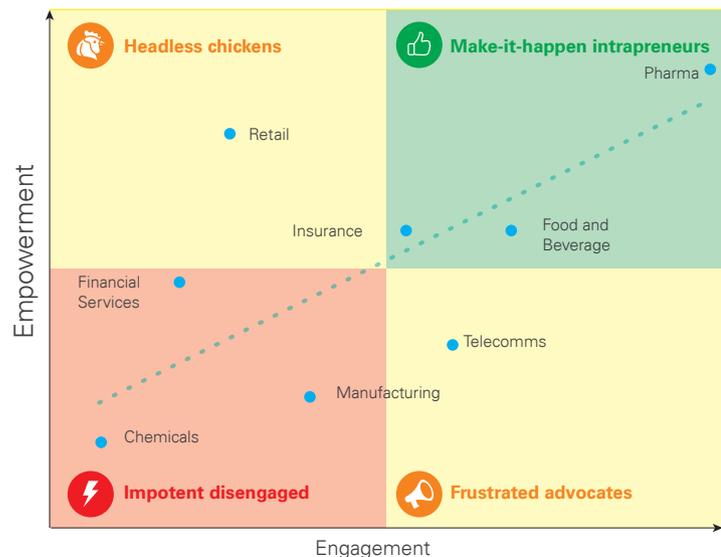
How to overcome the obstacles

When to empower – and when not to

For many roles in certain sectors, radical employee empowerment just isn't practical. Where safety is king – on trains and planes, oil rigs and the production line – empowerment will always face necessary limits. Likewise, there will be clear restrictions on the extent to which, say, frontline retail customer advisors can be empowered to make on-the-spot decisions about pricing and refunds in an industry with tight margins.

Boundaries of empowerment must be clear, so expectations are realistic. When employees can't be fully empowered, employee voice must be a credible alternative, with an effective and well-communicated loop between listening and action.

### Empowerment and engagement across the sectors

Quadrant scatter chart. Axes: vertical axis "Empowerment", horizontal axis "Engagement".
- Top-left quadrant: **Headless chickens** — Retail
- Top-right quadrant: **Make-it-happen intrapreneurs** — Pharma, Food and Beverage
- Insurance (centre-left)
- Financial Services (centre-left)
- Bottom-left quadrant: **Impotent disengaged** — Chemicals
- Bottom-right quadrant: **Frustrated advocates** — Telecomms, Manufacturing

- Unsurprisingly, compliance and safety–dominated sectors like chemicals, manufacturing and financial services are the least empowered.

- Critically, these sectors also have lower levels of engagement, underscoring the positive correlation between (perceived) empowerment and engagement.

- Perhaps surprising is the dominance of pharma businesses – indicating that engaged empowerment is possible even in an industry with staunch rules.

Source: Karian and Box research with 500,000 employees benchmarked across multiple leading UK and global brands.
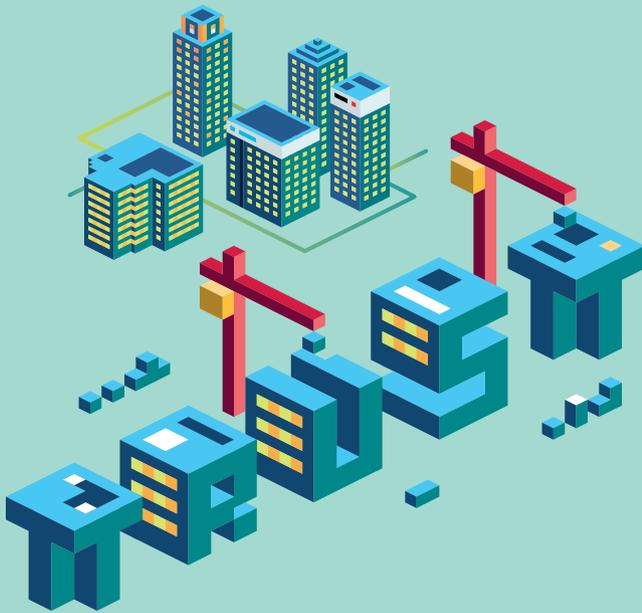
Build trust first

You can't start with empowerment, you have to start with trust. Leaders must trust employees to make the right calls and treat the business's money as if it's their own before they can empower them.

Equally, employees must trust they won't face recriminations for making mistakes. That means you need to estimate your tolerance for risk before the empowerment rules can be established. It's a tricky proposition in compliance-driven sectors like financial services, but we've seen major players like HSBC use empowerment to keep pace with the innovation of fintech challengers.

Engage and educate managers

One of the biggest blockers to redistributing power in an organisation is the people who already hold that power. For managers and leaders who use power to achieve performance and thrive on the personal status of authority, empowerment can feel like a threat.

Education is key for this population. Education that highlights the changing expectations of a workforce whose majority will be made up of millennials. Education that shows the real benefits of empowerment in driving innovation. Above all, education that underlines how empowerment will actually make the job of leading easier by improving employee motivation and performance.
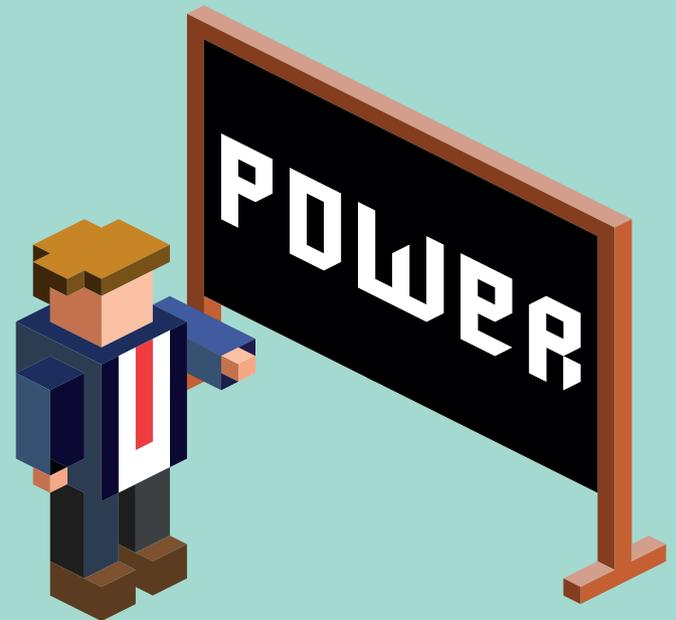
## Case study: beware unintended consequences

Leaders in a major transport operator wanted to address high levels of customer complaints and a declining NPS score by empowering employees to hand out vouchers directly to dissatisfied customers at their discretion.

However, managers in the business, having experienced an atmosphere of cost constraint and efficiency in recent years, actively dissuaded employees from handing out the vouchers in all but the most exceptional circumstances.

Despite the business being comfortable with the expense, the attempt to empower employees backfired because of unexpected management resistance. The result: employees frustrated by a say-do gap, an opportunity missed to boost motivation through empowerment and continued customer complaints.

"How do we create a sense of empowerment when managers and leaders worry it means giving up their authority? It's a totally alien mindset for your average performance-focused first-line manager."

Workshop participant
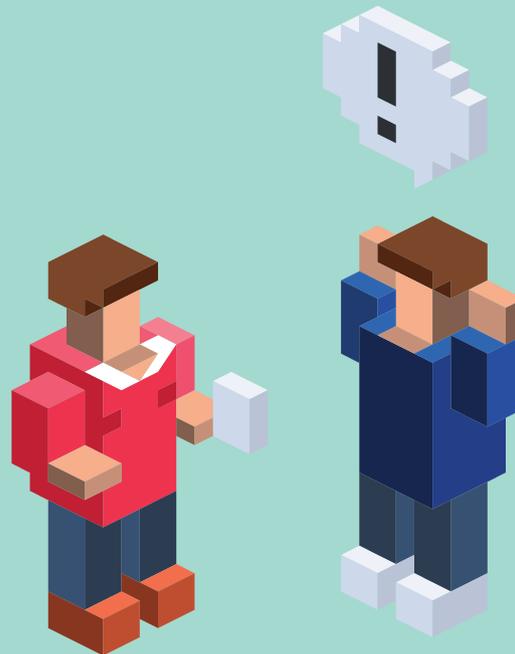
Find your Zuckerberg

Release the intrapreneurs buried in politics, red tape and overwork

What is it?

Behaving like an entrepreneur within a large organisation. Translating the white-hot innovation and creative risk-taking of a startup into an established business. Drawing on the dynamic, 'make it happen' and innovative human potential buried in your business.

Why does it matter?

Because your dynamic entrepreneurial innovators can be crushed by the 'Corporate Immune System' which expels them like a virus through a combination of politics, red tape and workload. Meaning they go it alone with their profitable ideas. Meaning your business misses a trick. Meaning innovation is outsourced to consultancies, at significant cost.

"Intrapreneurship projects at large organisations fail 70-90% of the time."

Dr Beth Altringer, Harvard University

How can we do it?

It's a big ask, but you don't need to redesign your whole organisation: there are practical steps to create the right environment:

- **Create a robust system for identifying intrapreneurial potentials:** recognition schemes are a good way to spot hidden talent.

- **Reward intrapreneurs with time to work on their own projects:** Google gives every staffer 20% of their working time to focus on personal projects.

- **Tolerate failure in the right way:** a fail fast mindset will give intrapreneurs the freedom they need without compromising core business profitability.

- **Role-model what innovation looks like:** bring in successful entrepreneurs to facilitate innovation sessions with mixed groups of leaders and high-potential / high-performing employees.

- **Invest in leadership development:** your budding intrapreneurs are not corporate naturals, so they need all the help they can get to become effective leaders.

- **Prototype collaboratively:** internal hackathons, incubators or innovation labs will create a time and space where design thinking can be applied to problem-solve pressing issues.

Read more:

A New Model for Innovation in Big Companies (HBR, Nov 2013)
https://hbr.org/2013/11/a-new-model-for-innovation-in-big-companies

A Crash Course in Design Thinking
https://dschool.stanford.edu/about/

Future perfect?

Your strategy for the workforce of tomorrow

Everyone's heard those thinktank conference speakers, read the World Economic Forum report, written a white paper for the Exec. The future of the workforce is everywhere at the moment, with predictions ranging from the dystopian (automation means mass unemployment and robot rule) to the utopian ('gigging' digital nomads dotted around the globe move seamlessly between contacts and careers). But what should your organisation do with this hypothetical speculation? Given the radical changes to come, how do you enable practical strategising and planning that addresses the tough financial, operational, geographical and ethical questions that all major businesses will have to face?

Imagine if…

**The broader questions the future will pose**

Take the impact of automation and Artificial Intelligence. If large proportions of the workforce can be automated, with chatbots replacing customer service advisors and algorithms potentially replacing solicitors and GPs, how aggressively should businesses exploit these advances? What are the ethical implications? If a business needs excellent employees to train its chatbots or design its algorithms, is it right – or even practical – to do so given they are upskilling their direct replacement?

Millennials to make up 75% of the workforce by 2025
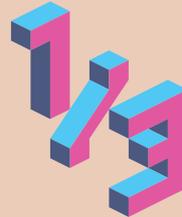
A third of the workforce will work remotely in ten years' time

Equally, with millennials set to make up the majority of the workforce, businesses face a challenge to attract and retain this generation's talent. Our research shows millennials are much more likely to change jobs or even careers, with a strong preference for freelancing in the 'gig' economy. How will businesses attract and hold on to these demanding demographics? Will the talent come to the business or will the business go to the talent? There are implications for geographic locations within the context of an increasingly globalised and connected world.

Job types will change with 47% of current roles disappearing in next 25 years

Sources:

The Future of Jobs Employment, Skills and Workforce Strategy for the Fourth Industrial Revolution (World Economic Forum, 2016)

Carl Benedikt Frey and Michael A. Osborne, *The Future of Employment: How Susceptible Are Jobs to Computerisation?* (Oxford University, 2013)

Facing the challenge

Practical steps to develop a strategy and plan

Given the pace of change, there isn't much time to act. Time-sensitive decisions need to be taken now in order to retain key skillsets (even if roles will change), to reskill existing employees (and map redundancies), to plan operational logistical change (like relocation) and to digest and direct necessary shifts in culture.

1 Identify the specific challenges for your organisation

Map the key challenges and trends highlighted in thought leadership onto the specific concerns of your business, and analyse the people data you already have to pinpoint where you need to focus the most thought, time and money.

Will your industry see significant gains from automation? How will an increasingly freelance economy help or hinder you? What will your business look like in the future – and what skillsets will be the most critical to your success?

2 Fill gaps in your data and integrate, integrate, integrate

Many organisations have substantial pockets of data to draw on, but typically this is siloed data seen from a disparate perspective. More savvy organisations are gathering, analysing and integrating data in a more sophisticated way to develop a holistic view of their people.

Instead of just knowing the age or gender profile of your business, the attrition rates, the relative performance of teams, or their levels of engagement, integrating these data sets will enable a complete profile of critical employee segments, powering informed and granular strategic planning.

3 Assemble all the talents and tackle the big questions together

Future workforce planning in the world of today and tomorrow can never just be an HR responsibility. The radical changes coming impact organisations on virtually all fronts: financial performance, operations, brand and marketing, internal communications and employee engagement.

Don't let organisational inertia or politics dilute the scope of decision-making: these are fundamental questions about how you operate, who your people are, what they do and where they work, and they need strategic attention now.

Taylor review into gig economy published: July 2017

Matthew Taylor's independent review into modern employment practices was published on 11 July 2017. Taylor, a former advisor to Tony Blair and Chief Executive of the Royal Society of Arts since 2006, has been investigating changing patterns in the workforce.

The report recommends that widescale changes are required to improve workers' experience of the growing gig economy – many of which actually reinforce the basics of employee engagement. These findings are likely to have wide-ranging impact on employment legislation and best practice.

Making the connection

Shaping real-life human behaviour to fit your strategic and cultural ambitions

Whether you call it 'employee engagement', 'alignment' or 'mobilisation', making the connection between what employees say and do every day and the desired culture for your business is a fundamental objective. Here are five top tips from workshop participants on how to make it happen.

1 Make the ask clear

- Avoid buzzword bingo when articulating your business's strategy and values and the behaviours you expect from people.

- Classic examples are values like 'integrity' or 'accountability' – what do these actually mean in practice in, say, a retail business?

- Work with Comms to develop a coherent story about your business direction from a colleague point of view – and make sure tangible proof points about action and behaviour are at the heart of it.

- Use clear, colloquial, active phrases to articulate your values – like Aviva's 'Care More' or the Co-op Bank's 'Step up'.

2 Embed ownership everywhere

- What does the slightly nebulous term 'organisational integrity' actually mean? That leaders walk the talk. That people do what they say. That when JFK asks a cleaner at NASA what he is doing, he responds: 'Putting a man on the moon'.

- Practically, this means embedding the right kind of leadership throughout your organisation. Develop managers to see themselves as 'leaders', with a critical role in connecting the dots for their people.

- Use the power of social networks by pinpointing the influencers who drive opinion and behaviour in your organisation. Get this network of key opinion leaders onboard to own the values and lead from the grassroots.

"When JFK asked a cleaner at NASA what he was doing, he said: 'Putting a man on the moon'."

> **"So often vision and values are just big words that could mean anything. What do they actually signify to one of our guys stacking shelves on the shop floor? Why should they care?"**
>
> Workshop participant

Join the dots across the employee lifecycle

- Your strategy and culture should be the DNA that runs throughout your organisation. So you need to connect each employee touchpoint with your organisational direction.

- That means that recruitment, induction, job descriptions, performance management and all your workforce policies and procedures need to be clearly and tangibly connected to your strategy and culture story.

- Defeat the unintended consequence of tick-box lip-service to the values through robust measurement – see page 4.

Measure the reality, not just what people say

- Use behavioural insights to shape employee surveys that test real employee sentiment and behaviour. For instance, asking people how colleagues around them behave will get more accurate results than asking them how they personally behave.

- We often use tools like situational judgement tests to assess candidates, but we more rarely test the behaviours of people in our businesses. Use a multiple choice test based on tricky 'what if' situations to find out how aligned your leadership are with what your values mean in practice.
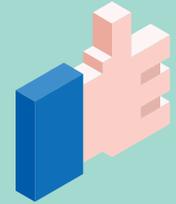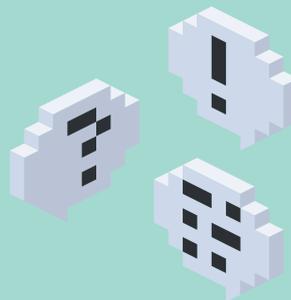
Accountability means consequences, good and bad

- We're hard-wired to respond to the results of our actions, positive or negative. Research shows the importance of the 'reward' when we form our everyday habits.

- Recognition is one of the most powerful ways to reinforce the right behaviours. Whether you go for an app with digital peer-to-peer shout-outs, or you choose a lower-tech option, remember that social media means everyone today loves their 'likes'.

- Likewise, consequence management must occur when people break the rules. With organisations increasingly exposed from a brand and reputational viewpoint to the damaging effects of employee misbehaviour, ensure your Code of Conduct is embedded.
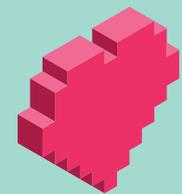
Join us for

The Richmond Human Resources Forum

23rd November 2017
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