



A new way of seeing: Insight-led HR

Future HR leaders will need to break away from the 'one model fits all' orthodoxy if they are to fully exploit the function's unique vantage point and build organisations to last. In the latest phase of the Next Generation HR programme, a more discerning vision is coming into focus

Words: Lee Sears

A year ago the CIPD issued a rallying call to the profession. Our Next Generation HR research had found the beginnings of a

quiet revolution occurring among some dynamic HR leaders. Instinctive actions were delivering results, but the language to describe it was missing. Conventional terms didn't do justice to the unique nature of their work.

We have tried to pick up the baton. We wanted to frame the practice we'd seen in action, and describe it in terms that would allow us to test what we'd seen through the eyes of the brightest, most ambitious practitioners. We were clear we were seeing glimpses that defined the future shape and promised a boost to the future impact of the profession. But we wanted to do more than debate these ideas. We wanted to use them as catalysts for a very different brand of HR – one that can truly help build organisations that last.

Drawing on research with 36 UK and global organisations, what have we learnt, one year on?

Lee Sears is head of Next Generation HR at the CIPD and co-founder of Bridge, the CIPD's leadership consultancy

PROPOSITION 1

Purpose is what matters most

WE HAVE FOUND widely differing interpretations in HR functions of their purpose. "People and performance", "creating a great place to work", and "landing strategy through people and culture", were some of the more common articulations.

Yet some HR people had a very different sense of purpose. As Sophie Ireland, one of the Next Generation team, put it: "We encountered a small group of HR leaders focused firmly on building organisations that would last. What was unique was that first and foremost they had a very clear and often subtle 'read' on the health of the organisation now and in the future. It was based on their unique insight and was often only partly in alignment with prevailing wisdom. They then got HR involved in whatever was needed to build a robust organisation in their eyes. The HR agenda was bent to this will, and more often than not the most important things they were doing went well beyond the classical HR brief."

We can illustrate this point through a pyramid showing the different levels on which HR can operate (*see diagram, opposite*). Most of HR's heritage is in the bottom two layers, which in concert look to drive consistent performance through the people levers. Moving up, HR starts to place increasing emphasis on examining the fitness for purpose of the business now and in the future. The focus here is ultimately about supporting an organisation to do what is needed to drive performance that lasts. The reality means HR often operating well "off piste" in areas where the organisation most needs to help itself if lasting performance is to be achieved.

These HR functions start with a very sophisticated understanding of the business and the unique context it operates in, and work from there, rather than starting with a systematic notion of the people processes and levers that have to be pulled first. Here, for example, HR may see its primary function as being to wake up an organisation that has gone to sleep, and so to form unholy alliances with whoever is necessary to support that agenda. Equally, HR may try to take the "testosterone" out of an organisation's strategy if they feel this best serves the interests of future stakeholders. In this world, HR starts with no set formula.

These "total pyramid" leaders tend to look at HR as an applied business discipline with a people specialism. They are trying to answer two big questions at any given time. How fit for today is this business? And how fit for tomorrow is it? HR professionals are not simply slaves to the processes, history and client expectations that they encounter. Instead

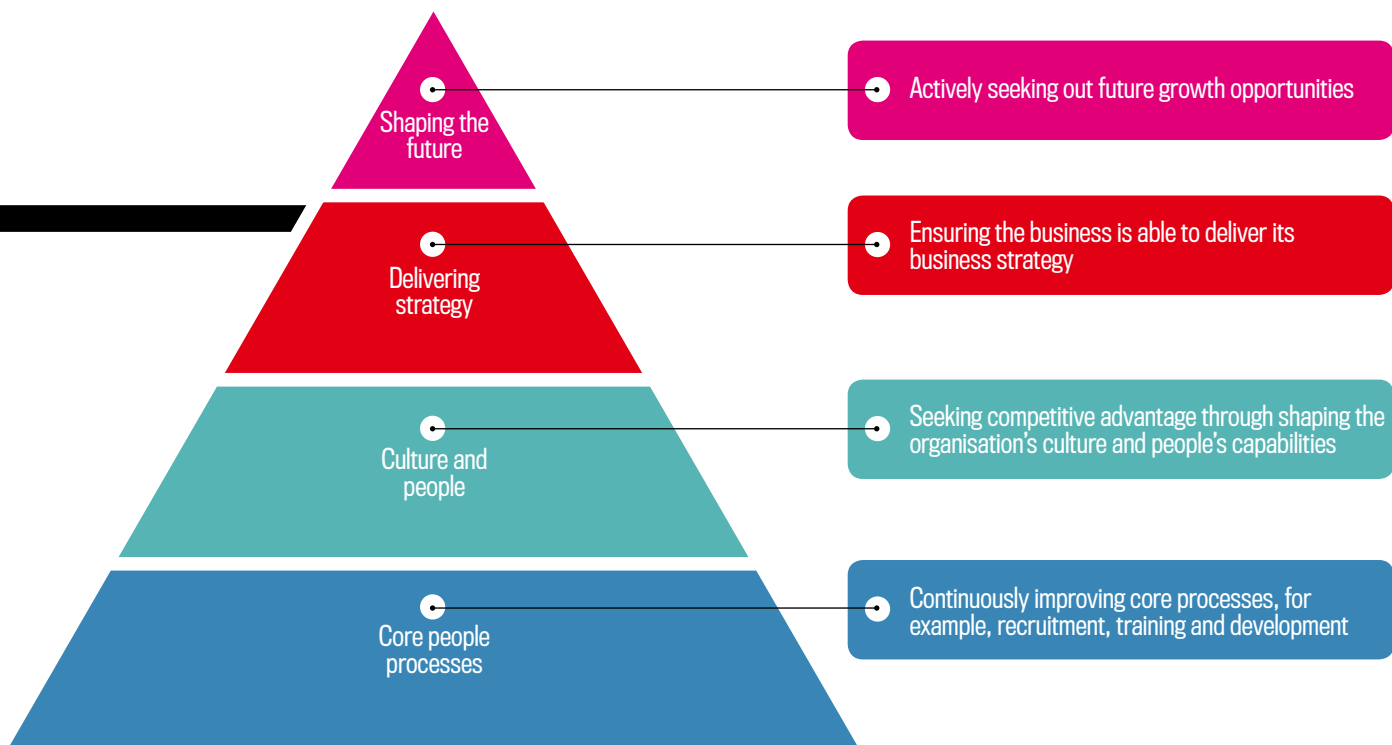


CHART 1

Four levels of influence

they build an agenda unique to their context, business-focused in its feel and balanced between the needs of today and tomorrow.

PROPOSITION 2

Being 'insight-led' is absolutely central to the role of successful next generation HR leaders

WE FOUND THAT demonstrating a sense of purpose that spans the whole pyramid demands a wide-awake HR function, with a deep understanding of business, contextual and organisational factors. In our initial Next Generation HR research we defined this in terms of three “savvies” (*see diagram, overleaf*). “Contextual savvy” is about being alert to the external factors and macro trends that affect the organisation now and in the future. Demographics, competitor behaviour and geopolitics are pertinent. “Organisational savvy” concerns the sophisticated understanding of the people and cultural aspects of an organisation and how to get things done with these unique individuals in our very particular context. Finally, “business savvy” is true understanding of how we make money and what most matters when looking at the commercial health of the current and future business.

'A BUSINESS IN NEED OF STRATEGIC REINVENTION REQUIRES DIFFERENT THINGS FROM HR THAN ONE WHICH IS STRATEGICALLY SOUND BUT IN NEED OF CULTURAL CHANGE'

We saw that those HR leaders who combine the perspectives offered by the three savvies are able to bring to bear a unique insight into what is most badly needed to drive short- and long-term performance. This insight-led method allows for a greater situational approach to HR – one that offers unique value as it identifies what is needed to really unlock current and future performance. Working with HR leaders to see and embrace this framing of HR as a much more situational discipline has been one of the most valuable elements of our work over the past two years.

For example, a business in need of strategic reinvention requires very different things from HR than one which is strategically sound but in need of cultural change to truly realise the strategy. Logica is currently discussing the importance of “customer intimacy” as the vital cultural shift required to drive competitive advantage in an industry traditionally biased to products and technology. HR’s role here is all about helping to close the gap between describing the culture and actually living it at scale.

This is markedly different from the demands of HR in BAE Systems, which are focused on driving the strategic reinvention of the business. Here the partnership with the key thinking leaders of the business will define much of the agenda. The development and support that leaders will need in this situation is about learning how to lead business reinvention. ➤➤➤

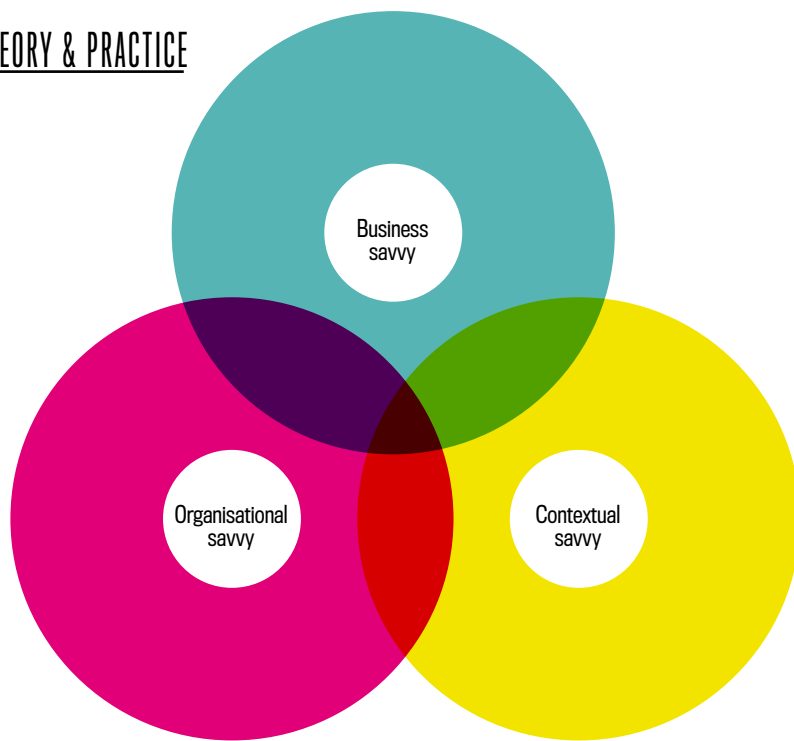


CHART 2

🕒 The ingredients of organisational insight

➡➡➡ What we have seen is the delivery of a much more agile and adaptable approach to HR, shaped by the different requirements of businesses at different stages of their life cycles; but only limited examples. Unfortunately, our work over the past year has reinforced our belief that the HR tail is all too often wagging the dog. An outbreak of HR orthodoxy has happened by stealth and we are in danger of calling this “best practice”. Too many HR functions are pulling the same classical levers in essentially similar ways.

One senior professional told us: “No matter which organisations I worked for or compared us with, HR looked essentially the same. The contexts were just too different for that to be in any way right. We were looking like a vanilla profession all trying to deliver talent, engagement, leadership development, reward and much more in essentially identical ways. Best practice had begun to look perilously like same practice!”

One of the most interesting findings in our Next Generation Asia research was that, in a region with astonishing growth demands and burgeoning HR, some HR people are not starting with the orthodoxy we tend to rely on in the West. They are delivering a much more enterprising and aligned contribution that steps outside the classical HR remit and finds different ways of delivering core HR activities.

Take the example of Shui On, a construction and building materials company based in Hong Kong. They recognised that the construction market in Hong Kong could no longer deliver them growth, or even necessarily survival. They

needed to diversify into property development and expand into the fast-growing Chinese mainland market.

Success on the mainland was notoriously tough and contingent on great local knowledge and deep contacts. HR played a key role in spotting the opportunity to recruit experienced ex-employees who’d held senior management positions in property and related businesses, had lived in or come from parts of China that the business wanted to expand into, and were now approaching retirement or had retired. They were the ideal navigators of these unique contexts. They were recruited to build new business in specific parts of China, supported by staff with local networks (essential in this market), and to adopt a “development champion” role – finding and grooming successors, as they themselves were only taking the role for three or four years. The HR people behind this initiative displayed all three savvies writ large. An ageing population became the next wave of innovators, and in the process, delivered a transformation in only a few years that offers a dynamic long-term future for the mainland company.

East or West, perhaps the most interesting and exciting challenge for us at the CIPD and the profession as a whole, falls from our third proposition.

PROPOSITION 3

A new breed of HR leader will be needed to step into this much more sophisticated role

THE TECHNICAL HEARTLAND of HR has tended to be the foundation for the function’s contribution to the business. Our assertion is that this is no longer enough and, if we are not careful, it confines HR and neutralises its potential. Insight-led leaders, able to challenge and influence business because of their penetrating vision, who create highly individualised solutions rather than relying on tried-and-tested HR levers, are few and far between.

We always believed that this whole project was more than the production of a thought-provoking, engaging research report. We were also determined to test and evolve our thinking. Some of this country’s most senior HR leaders challenged us to build a movement for change that started with identifying groups of current senior leaders in HR, three to five years away from becoming global HR directors. We wanted to draw on our findings to build a world-class development experience that grounded these concepts in a way that could help even the most professionally run HR functions to take the next big step forward. *With the profession – not to the profession – is our mantra.*

Senior leaders’ programme

This was the starting point behind our establishment of a cohort of 18 senior HR leaders from organisations including BT, Standard Chartered, Tesco, Thomson Reuters and BAE

Systems, who have come together for a year-long programme to explore what Next Generation HR looks like in reality. The unifying question for the year is: how can we transform ourselves, our function and our profession?

Six months into the programme and we feel we are beginning to make a real stir. There is genuine buy-in to the concept of insight-led HR that we're shaping. And a firm recognition within the cohort that becoming insight-led is vital to step up the HR pyramid with any authority. Lucy Lewin at Standard Chartered has summed up the issue in the following way:

'We are highly respected as a function in the bank. What I have come to realise is we are also in a unique position - we are sitting on a huge amount of data and intelligence - to provide genuine insight that will have a direct impact on the performance of the bank. The risk is that we don't always leverage this, because we are too focused on running our processes and meeting the multiple needs of our customers to allow us to step back, and create the space for us and our leaders to join up the dots. I feel like I have taken a big leap that will help me and my leaders to think very differently.'

In order for this to happen, there are three essential things HR needs to be able to do:

- i) become more inquisitive and insight minded;
- ii) unlock the embedded insight that already exists;
- iii) turn masses of data into a few penetrating insights and find our voice accordingly.

CIPD chief executive Jackie Orme is excited by the clarity of our findings, and the consistency of the feedback from the senior HR leaders we've developed this thinking with. But she also warns that the concept of insight-led HR could easily be misunderstood or undersold. "It is about so much more than simply being 'insightful'. Nor is it simply about becoming more analytical and data-driven," she says. "It is about systematically and intentionally spending so much more of our time making sense of the vast amount of data and impressions that HR is uniquely exposed to, in order to unlock issues about the health and fitness of the business for the future - issues that would not otherwise be so clearly seen or understood. Once we have done this, we can build HR strategies that are unique to each setting rather than pulling the same tried-and-tested levers every 12 months."

Another priority, says Orme, is that "we need to change the unspoken currency of success in HR. Too often we get stuck in a cycle of measuring ourselves on the volume of activities and initiatives, and on the multiple demands we are responding to. We feel this is what is necessary to demonstrate value and be recognised accordingly. We need to unlock our curiosity and realise that having a unique viewpoint and a clear sense of what matters in light of this has to be a much bigger part of our definition of success."

LINKS & NOTES

▶ **CIPD** This article is based on the institute's new report on Insight-led HR, which will be available in May. If you're interested in signing up to the CIPD's Next Generation HR work, or the related programmes the CIPD is running to develop future HR leaders, email: nextgenerationhr@cipd.co.uk

▶ **CIPD** Next Generation HR (first phase report): bit.ly/nextgenhr

▶ **CIPD** Next Generation HR Asia cipd.co.uk/nextgenasia

▶ **PM** Feature on HR in Asia, 27 January 2011 bit.ly/e3uDTF

▶ **HRD 2011** Learn more about developing Next Generation HR leaders at the HRD 2011 conference and exhibition, taking place on 6-7 April in London's Olympia cipd.co.uk/hrd

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'WE NEED TO SPEND SO MUCH MORE OF OUR TIME MAKING SENSE OF THE VAST AMOUNT OF DATA AND IMPRESSIONS THAT HR IS UNIQUELY EXPOSED TO'

Another participant in our senior leaders' programme, Louise Wallwork of BAE Systems, sums up what she's gained from a focus on a more insight-led approach. "As I spent more time in my job noticing what was really going on around me, and placing a premium on creating space to think, I was amazed by what I started to see. I have so much more of a sense of what the business needs to focus on and where we really need to challenge our old ways of thinking and working. Yet until I learnt to slow down and overcome my own need to be immediately productive, I was driven by the tried-and-tested activities and role that an HR person plays."

A rallying call for senior HR leaders alone?

While it is vital for senior HR leaders and teams to examine these potentially huge implications for the function at large, much of the real work of an insight-led function happens at the grass roots. Operational HR people and middle managers are those closest to the reality of what's going on. They attend numerous meetings and/or manage processes where real-time data unfolds in front of them all day. How often do HR people sit in management meetings simply waiting to deliver the HR part of the agenda, rather than being inquisitive about the way the business is being run? Equally, the vast amount of information at the fingertips of those in service centres could be a huge source of unrealised insight.

What matters is that the three savvies are developed earlier in people's careers - all the way from top to bottom. The greater your understanding of the business in context, the more sense you make of what's really going on.

CONCLUSION

Breaking away from orthodoxy

SO, AT ITS SIMPLEST, HR needs to see its purpose as supporting sustainable performance. This means having a clear opinion about the fitness for purpose of the business, and consequently being prepared to run a very clear and challenging commentary in areas that may sit way outside the people heartland. Equally, in this world, HR is adapting its traditional agenda to the work that matters the most. HR in this paradigm has moved well beyond its service roots and current process obsession. Instead, HR is where you come in an organisation to get a deep read into what is really happening and into what is most needed.

It is no coincidence that in Asia we found pockets of excellent practice, where HR was having to break new ground to solve unprecedented challenges. Without a fad or cumbersome process in sight, we found instead a unique perspective and elegantly creative solutions.

An insight-led future for HR joins up the dots again in a way that trades on the power of understanding what it will take in "this business, with these people, at this stage in its evolution" to truly build something that lasts. **PM**