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# HR rises to the strategic challenge

**Patricia Taylor, Logica Director UK BPO & Global HR Outsourcing, reveals how today's challenging market could hold the key to HR's boardroom empowerment**

Results from a recent Logica research study of 100 UK HR leaders indicated that only 6% of HR departments are viewed as a truly strategic asset by their CEO - disappointing progress when you consider the years of focused debate on this very topic. However the current challenging business climate has created arguably the greatest opportunity for HR to become a recognised source of game-changing human capital insight in the boardroom; provided it can meet the challenge.

Today's global economic forces and labour trends place unremitting pressure on all businesses, which in turn has a profound impact on the HR function. We are entering a new era where past mistakes collide with a relentless demand for excellent customer service, innovation and differentiation - necessitating ever more from employees at every level.

The ongoing "talent war" will therefore

escalate, as will business leaders' increasing focus on understanding human capital's impact on overall business performance. Many recent CEO surveys highlight talent management and leadership as the biggest issues keeping them awake at night. Therefore the necessity for far greater insight into the workforce and measurement of investments made in maximising its productivity has never been greater.

HR should rightfully be the authority and "owner" of this insight, yet in many organisations the intelligence either does not exist or is provided by the operations or finance function. If HR create the tools and capability to contribute more in this way, it should undoubtedly be able to claim a seat at the strategic table. Indeed, where senior HR professionals operate successfully at board-level, they are more often than not assisted by more advanced analytical horsepower. (Article continues on p.3).

## Viewfinder

Welcome to the inaugural HR Edition of GS-insight, the quarterly newsletter from international executive search firm, Gillamor Stephens. This special edition was created following requests from our network of senior HR and Talent professionals, in order to create a publication that specifically addresses their needs and interests. In this issue, key HR industry figures consider a variety of topics including: how to best develop HR's next generation, how challenging market dynamics affect businesses' HR requirements and how this can be addressed through innovation. In addition we explore engaging, motivating and rewarding employees in difficult times, how to take advantage of the talent rebound and share HR best practice. Gillamor Stephens is a leading European Executive Search boutique. GS-insight is published in both print and electronic formats, and can be viewed and downloaded from [www.gillamorstephens.com](http://www.gillamorstephens.com).

I hope you enjoy the issue and I welcome your feedback.  
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## Working the Northgate Way

**Dina Knight, Northgate IS Group HR Director, provides best practice insight**

**W**hilst many HR operations are standard throughout most companies, the sharing of best practice, insights and experiences is invaluable for ensuring these practices remain fresh and relevant in today's workplace. Please see below for some examples from the Northgate IS approach:

### **Employee Engagement**

An economic downturn often necessitates tough business decisions as costs must be controlled, headcount may need to be reduced, salaries may need to be frozen or cut and the prospect of career advancement or a pay increase seems unlikely. Therefore employee engagement becomes pivotal, as keeping staff motivated and engaged can make the difference between a committed, hard-working employee and one who would rather be elsewhere. This is particularly important when the economy shows signs of recovery and the employment market becomes more buoyant. Therefore the need for strong leadership, effective communication strategies and innovative HR solutions become more important than ever.

### **Leadership, communication and innovation through challenging times**

With a global company, it is vital to keep employees in all markets equally engaged and informed. For example, the NorthgateArinso division has created NET, a group of managers from all markets who regularly get together "virtually" to discuss business subjects, report back on engagement and review ideas.

NET members are responsible for

disseminating company news throughout their own markets; they are then measured on the successful cascade they create, and the Chief Executive conducts a regular "dip test" to ensure the message is landing.

These cascades are supplemented by regular communications from senior leaders including monthly all employee emails, a "CEO Corner", where individuals can interact with the CEO on the intranet, videos, e-magazines and bulletins. The success of the "global team feeling" was recently demonstrated when an appeal for assistance for Philippine colleagues affected by Typhoon Ondoy raised £105,000 in donations across all divisions of Northgate.

As well as supporting the NET team with their communication strategy, the HR team has been at the forefront of initiatives which deliver significant business benefit. "Flexible Futures" was introduced to support capacity management and resource planning by offering sabbaticals and flexible working options. We will save around £400,000 annualised in EMEA and are now reviewing how this approach can support the US Region.

### **Growth and consistency throughout acquisition**

Despite economic pressures, our Public Services (PS) division recently acquired Anite, a competitor organisation. The transition of the Anite team had to be handled delicately, integrating as colleagues people who previously competed against each other. HR Business Partners worked in collaboration with the business to ensure a smooth integration, ensuring full representation during consultation meetings, arranging

welcome meetings and packs, expediting enrolment onto our systems and harmonising HR policies.

### **Planning for the future**

In our Managed Services division we have introduced an Northern Ireland IT Apprenticeship scheme and also recruited a number of graduate trainees as a cost effective resourcing strategy ensuring new talent is acquired in preparation for the economic recovery. Considerable savings have been achieved through implementing a direct sourcing strategy and contractor rate review exercise. We have also secured training support through Invest NI, a Regional Development agency, to ensure key employee development activity can continue when budgets would otherwise be under pressure.

Within the Central Finance function, HR has been core to a succession planning exercise focussing on talent development and retention. In the current climate it's important to be proactive with key employees and ensure they are receiving the support they need through these challenging times and their skills are being developed for the future. HR has established a mentoring scheme as a support mechanism.

### **In summary**

The HR team recognises the need to maintain versatility in continually adapting best practice. By staying close to the business and understanding the drivers, HR can meet the challenges posed by the troubled economic times and provide measurable business benefit, whilst at the same time staying true to the underlying people agenda.

# Market economics necessitate a more dynamic HR function

Patricia Taylor, Logica Director UK BPO & Global HR Outsourcing, discusses how changing market dynamics are forcing businesses to demand more from their HR department

It is indisputable that the recession has put pressure on the HR function to deliver much more for less. Day-to-day HR activity has increased dramatically in terms of the management of restructuring or redundancy programmes, changes in remuneration, benefits and working hours. HR itself is also not immune to cost cutting initiatives and is continually challenged to find ways to work more efficiently whilst maintaining, or in many cases, improving services to employees. The situation is exacerbated by the need to ensure the HR function is well enough equipped to support the business through a recovery, particularly in terms of attracting and retaining talent, ensuring the right people are in place to sustain value.

There are also a number of other social factors influencing how talent can be harnessed within a business - not just high-performers or leadership, but every employee. We are seeing an increasingly complex pattern emerging. Digital drivers such as global mobility, a 24/7 "always on" working environment and social networking are entwined with the demographic impact of an ageing workforce working alongside a notably fastidious generation Y. All of this serves to widen the gap between the demand and supply of suitable skills, communication tools and knowledge in the labour market. It also means employers will more clearly recognise the importance of their brand in creating their "talent magnetism".

Whilst it is clearly an extremely challenging time for HR, it is also a very exciting one. Many would agree



Patricia Taylor, Director of UK BPO & Global HR Outsourcing at Logica

it does present a great opportunity to be dynamic and step forward with new ideas to demonstrate HR's value, not wait to be told what to do by the CEO and then to roll out the same old toolkit. Such "dynamism" could take the form of recommending a new, smarter-working HR delivery model supported by a robust business case. Or perhaps providing strategic insight into workforce behaviour with recommendations to change the way you serve your customers, which ultimately improves business performance. Yet great analysis can't hide frailties or inefficiencies in day-to-day transactional processes, so HR still needs to perform its core responsibilities reliably and efficiently if it is to be given the remit and support to operate more strategically.

In summary, talent is the lifeblood of any organisation and businesses need to take a long-term view. Not only is it essential that the talent blueprint is clear and understood by leaders and managers alike, but also that the organisation has the mechanism to execute against it. Business and HR leaders therefore need to collaborate and together

journey to create an operating model enabling their organisation to:

#### Think bigger:

- With data-driven insights to make more informed, strategic decisions around your human capital and your future talent management strategy
- By focusing on people-centric investments that have a direct and quantifiable impact on business performance, improving financial outcomes and monitoring objectives
- Through more accurate measurement of HR service and transactional operations (including outsourced processes) to justify HR spend and prove ROI

#### Work smarter:

- By creating a cost-efficient HR delivery model that reacts to workforce intelligence leveraging the data that exists largely within the HR operation itself
- Reducing the cost of HR through integrated systems, self-service and where appropriate, administrative outsourcing
- By investing in superior HR capability - people with strong business acumen together with the appropriate supporting HR tools and infrastructure

#### Perform better:

- By executing against your more informed talent management strategy - optimising the acquiring, retaining & development processes ensuring you have the best people in your organisation to make it successful
- Through the prioritisation, allocation and deployment of people behind your business strategy
- By implementing HR programmes and policies that drive greater employee engagement directly linked to tangible business outcomes such as sales performance, innovation, new product development and so on

More information, including Logica's report on human capital management, can be found at:

[www.logica.co.uk/HR+Consulting/400016807](http://www.logica.co.uk/HR+Consulting/400016807)

## Developing HR's next generation

CIPD Chief Executive Jackie Orme explores how the HR profession can both prepare for the future, and deliver for today

In this article I was asked to consider "How can HR, and by association the CIPD prove itself in difficult times?" My first response is that HR doesn't need to prove itself - been there, done that, got the T-shirt. We certainly don't need to specifically prove ourselves in difficult times; HR is of equal value in good times and bad. And there's a very good reason for that: HR exists to build sustainable organisational performance, which means always having a clear focus on both preparing for the future and delivering for today.

So we don't need a crisis to prove our reason for being.

Sure, we need to respond effectively to the crisis. To deal with the short-term need for restructuring and redundancies, to deliver more for less, and to demonstrate creative problem solving when seeking to manage over-capacity, while not losing more talent than is

necessary. But our enduring focus needs to be on sustainable organisational performance, and contributing consistently to its delivery.

So, at the CIPD, we focus on what HR needs to look like if sustainable performance, rather than just performance at any given moment, is the key driver of what we do as HR professionals. What are the implications for the behaviours we exhibit and the battles we choose to fight as HR leaders?

This question lies at the heart of the two most important strategic projects the CIPD is



Jackie Orme, Chief Executive of CIPD

focusing on right now.

One is the CIPD's "Next Generation HR" project. With this we are using hypotheses, tested in

“Our enduring focus needs to be on sustainable organisational performance, and contributing consistently to its delivery”

case study organisations we've identified as cutting edge today, to paint a picture of what great HR will look like in five to ten years time. I talked above about HR delivering sustainable performance, with "Next Generation HR"; I see the CIPD working to ensure we're building sustainable high performance into the HR profession itself.

We've identified three themes in the research - agility, authenticity, and balanced risk management - all crucial for the HR function of the future to be equipped to deliver.

### Agility

When I think about agility, I think about building change ready organisations that are always ahead of the game in identifying the skills needs and talent requirements necessary to delivering business objectives. In my own work, I've always known challenging senior leaders to be important - asking them to identify people who may currently be doing a great job, but are not big enough to develop and deliver tomorrow's priorities and growth plans. That means taking people out of their comfort zone, then equipping and encouraging them to make tough decisions today to ensure they're well placed for tomorrow.

### Authenticity

Making that kind of tough call doesn't contradict the idea of the authentic HR leader. For example take the principled bargaining approach we adopted for pay

and reward at Pepsi - we had fixed and enduring principles we stuck to in good times and bad. We always set contracted pay levels above average for the local labour market, and we only ever paid a market competitive rate for overtime. These clear principles meant we had a solid and consistent basis for determining, justifying and selling decisions on pay which prevented us from over-promising and under-delivering, serving us well in good times and lean. Through communication of these principles, people always knew what to expect. Authentic HR leadership is about much more

“Our goal is simple: to provide a professional framework that adds value from the start of HR careers to the very pinnacle”

than just pay - encompassing the need to ensure the organisation is “hard-wired” to be customer-centric, and that the internal brand and the external brand are in perfect alignment. Ensuring we’re putting the needs of the organisation first, fully cognisant of and responsive to the people issues - but not driven by them to the exclusion of all else.

### Balanced risk management

The final theme I referred to above was balanced risk management. We’re not talking about fire-alarm testing or even swine-flu planning here - more HR playing its part in managing and mitigating risks to the future of the whole organisation. Executive pay, particularly in relation to the financial sector, seems to have been the sole focus for this debate recently. And to listen to the debate, you’d think that the issue had never been thought of before. In reality, there has been plenty of good practice around in this field for years. I’ve worked with executive compensation systems that have ensured directors and other senior figures had a high proportion of their pay deferred over 3 years, to incentivise long-term performance. This is just one illustration of the fact that, with

pay and bonus policies, performance management, and policies and practices that shape culture and values, HR has many levers at its disposal already. These are important. But the risk management potential of the HR function will only be fully realised if the most senior HR people in organisations can harness the uniquely wide-ranging organisational insight they have, together with a trusted confidant relationship with CEOs, to act as a provocateur and an honest broker. What might be good for the executive and shareholders this year is not always good for them in the future. HR can play a major role in balancing conflicting stakeholder interests.

To address these three themes requires more than just knowledge and execution, there must also be courage to challenge, the ability to lead, and to act as a role model. In short, it requires HR that can judge and calibrate its behaviours as much as its policies.

This brings me to the second of the CIPD’s big strategic projects that I mentioned above - namely the CIPD HR Profession Map. This replaces our professional standards with a more dynamic and flexible approach. Our goal is simple: to provide a professional framework

that adds value from the start of HR careers to the very pinnacle - with four levels of competence codified within the Map, covering ten areas of professional competence. Most importantly given what I’ve said above, this goes beyond a firm focus on what you know and what you do; to give the behaviours you exhibit a key role in the assessment of professional competence.

We’re committed to ensuring the Map becomes the essential guide to navigating HR careers, the benchmark against which HR professionals can demonstrate their competence, and the foundation for badges of competence which employers can rely upon as the marks of effective HR performers. So while I stand by my view that HR has nothing particular to prove in these difficult times, we’re determined to provide the framework for HR professionals to demonstrate their skills, competence and the behaviours necessary to deliver. And to ensure we’re providing the resources, the opportunities and the strategic counsel to assist HR leaders just as much as HR beginners in developing their careers and managing the transitions from where they are now to where they want to be.

## CIPD Next Generation HR

The first phase of the Next Generation HR project was launched in a very well received keynote session by Jackie at the CIPD’s Annual Conference and Exhibition on Tuesday 17 November. Speakers at the session also included Therese Procter, Personnel Director at Tesco, Alex Wilson, Group HR Director at BT, John Wrighthouse, Divisional Director, Human Resources, Nationwide Building Society, and Lee Sears, the lead researcher on the project. For more on the Conference and the CIPD in general see [www.cipd.co.uk/ace](http://www.cipd.co.uk/ace)

You can find out more about Next Generation HR and track its progress at [www.cipd.co.uk/nextgen](http://www.cipd.co.uk/nextgen) or listen to the podcast at [www.cipd.co.uk/podcasts](http://www.cipd.co.uk/podcasts)

## Is your leadership fuelling the fire or the future?

Performance consultancy rogenSi and Dr Cory Middleton guide leaders on engaging teams through times of pressure

Leaders are currently faced with the dual challenge of delivering fast results whilst simultaneously retaining and developing a pipeline of engaged employees capable of carrying the business forward.

Sometimes these twin goals co-exist happily together, but it will often be the case that delivering a strong outcome in one area will slow down, or even work against, the other. How do some leaders manage to more consistently achieve good outcomes in both areas, in even the toughest of conditions? Our recent Global Mindset Survey Results (May 2009) revealed that employees believe in themselves, but not necessarily the leadership.

### Results driven pressure cooker

There is currently an even greater focus than usual on the achievement of results at every level in business. People recognise that there is a lot at stake, and for some the implications of not achieving the results sought in this environment can appear very stark. This often drives a “hyper-focus” on the results, and this in turn can create pressure cooker type feelings for many employees.

A recent rogenSi global survey assessed the mindset impact of the current economic crisis. The survey results revealed that employees were feeling this results-focused pressure. This focus often carried a negative impact for employees, with many reporting lower levels of engagement with their work and having less faith in their leaders and their organisation.

Performance psychologists know that peak performance (the activity) and the best results (the outcome) are achieved most consistently through a joint focus on both the process and the goals. High performing teams don't just focus on the results - they are the ones that “take aim” at a result, and then work away at mastering the process of achieving it.

### Motivating others

Motivation goes far beyond praise for a job well done. The strict application of Maslow's theory of motivation suggests that the lower level needs must be satisfied before the higher needs are tackled. Once a need has been satisfied it is no longer a stimulus, and a higher need then becomes a priority. Whilst in practice, leaders tend to engage people at multiple levels, it is still worthwhile looking

at Maslow's model as it demonstrates a most significant effect resulting from the current financial climate. Many employees are feeling the effects of the downturn, as they're witnessing the loss of close colleagues, financial wealth and job security. According to Maslow, their most pressing needs move down towards a search for security and a sense of belonging.

Our experience shows that many leaders spend a disproportionately high time communicating with their team about the results being sought and delivered. Consequently, a disproportionately low amount of time is invested in communicating around the activity and processes involved in achieving the type of performance that will produce the desired outcomes. This stimulates an unbalanced results focus.

In the full report, which you can view by following the weblink below, we have provided some practical tips and techniques that will help leaders achieve a better balance of focus - between the performance process and the results being pursued.

The full whitepaper is published on the rogenSi website: [www.rogenSi.com](http://www.rogenSi.com)

## rogenSi

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# Fielding an “A” team in a recession



Lucy Theaker of Snowdon Tate

**Lucy Theaker, Snowdon Tate Managing Partner discusses the critical importance of retaining your best talent in testing times**

**A**ttracting and retaining the best players matters even more in a contracting economy. Against the current backdrop of financial turmoil, credit freeze, falling revenues and market uncertainty, companies are quite naturally looking at how they can reduce staff costs. But in their quest to cut costs, are companies forgetting how vital it is to keep top performers?

From what we have seen over recent months, it is apparent that many companies are not actively seeking to retain their best performers in the current climate. Worse still, they are not considering the consequences of fielding a “B” team in an environment where cutbacks have been made. Those who are left are likely to be required to work harder, longer and smarter than ever before. In short, those still in jobs will need to raise their game to a new level and fielding a “B” team in a recession is a recipe for disaster.

## Who makes the biggest difference?

Effective talent management in a recession is even more vital than in a boom market. Managing the performance of those who are core to your business is critical, including keeping close to the high performers, ensuring their continued development and motivation. The last thing employers need at this time is to lose their best people. But all too

often companies cut back by requesting volunteers for redundancy and often it is the ones who are confident in their ability to walk into another job fairly easily, even in current markets, who will volunteer first. A risky strategy perhaps, but often it’s the entrepreneurial risk taker who is in most demand.

## Retaining the superstars

A further issue is that top performers who are left in an under-resourced organisation with a higher proportion of mid- or lower-level performers, are more likely to leave, becoming frustrated with work colleagues who may be less committed or perhaps less intellectually able. In addition, top executives are increasingly looking to leave the UK as the tough economic climate increases the appeal of a move overseas, and with the future in the UK promising yet higher taxation.

## The perils of cost-cutting

A further aspect of the current tough economic climate is the polarised behaviour being demonstrated by companies and candidates in the market place. Some companies are taking

immediate steps to take costs out come what may; this usually involves implementing an immediate recruitment freeze, cutting back on training and development, suspending talent management programmes, asking for voluntary redundancies and thinking short-term. These companies will, in a very short space of time, find themselves fielding “B” teams.

## Speculate to accumulate

Conversely, other “A” team companies will be seeing the current market turbulence as an opportunity to gain competitive edge, to recruit top players who may not be available in normal times, to look at developing skills sets required to meet both current and future market needs. Similarly candidates exhibit similar behaviour. There are those who think “sit tight and ride out the storm, too risky to move” and others who are not prepared to put their careers on hold.

The companies who will survive and even thrive in the current recession are those who are now looking to maximise the performance and potential of their leadership team rather than focusing on taking cost out.

## Snowdon Tate

Snowdon Tate is an independent executive search consultancy specialising primarily in assignments for the UK and international consumer sector including retail, leisure, media and FMCG. [www.snowdontate.com](http://www.snowdontate.com)

## Innovating HR through a recession

Camille Burrows gives seven golden rules to help turn adversity into opportunity

**N**ever waste a good crisis. In fact Nick Foster (Oracle UK HRD) states that we should view the economic downturn as an opportunity to drive change - it's easier to action strategic change when you are standing on a burning platform. With falling sales, consolidation, budget cuts, rising debt... there's no doubt we have a burning platform. So what can HR do to capitalise on this opportunity?

Although it can be tempting to cut back on investments in innovation during a recession, now is exactly the right time to increase our efforts. Incremental change will only ever deliver incremental impact.

Unless your business competes purely on price, the ability to innovate is one of the few competitive advantages you have left.

All too often innovation effort is wasted, so here are seven golden rules to make innovation work:

### 1. Innovate with purpose

Innovation often becomes a "add on" to the business agenda. Ije Nwokorie (Consultant at Wolff Olins), says that to stop innovation being wasteful you need to be absolutely clear about what you want it to achieve, and deliver more than a great strategy or business case. In fact Ije recommends creating a pilot: going live with a real product or service to real customers and therefore generating real results. The caveat is that you must give a pilot both time and commitment to make it work. Successful pilots involve the right people across the whole

organisation, not just marketing or innovation, but also supply chain, operations and HR.

### 2. Break down silos

New ideas don't always come from the same people having the same conversations. Big leaps happen when people come together across functions, teams and hierarchies. HR is in a unique position to bring people together, breaking down boundaries, facilitating the creation of ideas which are bigger than one

“it's easier to action strategic change when you are standing on a burning platform”

team, department, business or country.

BT Global Services has had a particularly challenging couple of years, not helped by the recession. It's recently brought people together across the business, and using innovative story telling techniques to both re-energise the organisation and started to create new ways of working together. It's now finding solutions to historically challenging issues such as bid response and it's having a big impact on customers and business effectiveness.

### 3. Innovate today for tomorrow

We're not going to be in a recession forever. Northgate has worked particularly hard to develop creative solutions to the current economic pressures which should stand them in good stead for an economic upturn. Initiatives include re-deploying staff from low to high growth markets (typically from west

to east), which both avoids the loss of talented people and also saved the business significant redundancy costs.

### 4. Place fewer, bigger bets

Both time and resource have become rare luxuries, so smart HR teams focus on the projects which will have the biggest impact on business performance. Rio Tinto has introduced a Rapid Review Process (RRP) to give projects real teeth. Everything about the process is

focused, from projects on one page to a RRP board of senior execs that make quick decisions and provide personal sponsorship to drive initiatives forward.

For similar reasons Xerox is investing in virtual learning. To fully utilise web and virtual classroom training they have worked to find the right technology, developed their trainers to ensure they're skilled in virtual delivery. Now Xerox can deliver most of their programmes online with impressive results: 94% of anonymous respondents to a recent survey rated their learning experience as Very High or Highly Recommended, with many respondents saying they can now apply the training more quickly than before. And there's a significant cost savings from avoiding flights and hotels.

### 5. Brand first

Now is the time to make the most of what you've got. It is therefore critical to understand your organisation's differentiators. Innovation that starts with the brand will give you a double win. Firstly it builds on existing strengths

# “Out of clutter, find simplicity. From discord, find harmony. In the middle of difficulty lies opportunity”

and assets, thereby being efficient. And secondly it should reinforce, even strengthen the brand further.

One business that's focusing on leveraging its brand is BT. They have made home working a real differentiator by maximising their use of their own products and services. They now have over 65,000 employees with the means to work flexibly. Not only has flexible working increased their talent pool (for example, 96% of BT's women who take maternity leave return to work for BT, against the UK average of 47%), but has created considerable efficiencies (full-time home workers save BT around £87m a year).

## 6. Increase creativity

If creativity is about ideas and innovation is about breathing ideas to life, then you can't have innovation without being creative. Tracey Upton at Merck says it's difficult to be creative if you're not resilient. The key to staying up in down times is to build personal resilience and develop your capacity for creativity. Tracey believes that too many people worry about the problems they can't control instead of the things they can, especially in a recession.

Creativity and resilience are reinforcing. Being creative by its very nature focuses you on what you care about, what you want and



**Camille Burrows, Interim HR Director, Organisational Development at Britvic**

what's possible. It gives you confidence, motivates and builds resilience, thereby creating a virtuous circle. HR has an important role to play in developing this resilience, both at an individual and organisational level.

## 7. Invite an outside perspective

In a recession, you can easily find yourself becoming internally focused. Just managing the volume of organisational change can leave you with little time to look outside. To avoid stagnation, we need to look at ways to draw on different resources and perspectives outside of the function and business.

One way to do this is to bring people into HR from other functions. COLT appointed Andrew

Powell, one of their most successful business leaders into the top HR job. As well as bringing a strong commercial and customer focus into HR, he's also released energy across the team.

Yahoo! has brought into HR its business innovation skills, processes and technology to come up with new ideas to drive cultural change. For example biannual "Hat Days" encourage engineers to get together and create new product ideas with the top two being implemented. HR has adopted this successful approach to aid its own culture change agenda, with the first idea to be implemented being "Mentor Match". This is an intranet site where Mentors make offers and Mentees make requests and the tool matches them up. The second idea implemented is "Backyard Bravo", a tool that allows all employees to recognise a colleague against one of the 6 cultural change areas. It's visible recognition for people and reinforces the new culture they're creating.

HR can be innovative in so many different ways. We can help create a culture of innovation and we can be innovative ourselves by embracing these challenging times to find our pioneering spirit. To quote Albert Einstein "Out of clutter, find simplicity. From discord, find harmony. In the middle of difficulty lies opportunity".

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# How to win the “War for Talent”

**Mathew Lowery asks: “Are you ready to take advantage of the Talent rebound?”**

Statistically, the UK is now in its longest recession on record and the most recent set of GDP figures in October has not only raised cries of “how could the economists get it wrong (again!)” but also reignited the debate about “where are we, and what is coming next?”

What I believe is increasingly evident is a growing sense of cautious optimism as companies adapt to a “new normal”. Conditions are undoubtedly more difficult than the pre-crisis world, however as many as two-thirds of executives in a recent global survey\* felt that their companies weren’t currently in crisis, while 19% (28% in Asia) felt that an economic upturn has already started. This optimism in turn is allowing many executives to think again about the mid-long term view and to adopt both offensive and defensive positions to the market.

I believe that this offers a genuinely exciting opportunity to revitalise our talent strategies and priorities, ensuring that they still meet the challenges of today’s economy, especially as long term demographics still point to a structural shortage of talent\*.

Given the turmoil since the collapse of Lehman Brothers, what then are some of the key questions, opportunities and priorities for the next 12 months, especially as the quality and timing of these initiatives are likely separate the corporate talent “winners” from “losers”.

## Innovation

Steve Jobs is quoted as saying “Innovation distinguishes between a leader and a follower”, and today that is as important as ever. Despite this some areas of the HR world

continue to resist moving away from “tried and tested” methods - the commercial recruitment business model has remained essentially unchanged for years, if not decades! It is vital to ask what are the new ideas / product development innovations necessary to re-invigorate and differentiate your approach to talent?

## Talent mapping

Startling as it may seem, as many as 50% of boards may not be meeting the demands of the crisis\*, a fact which serves to highlight the need at all levels to re-ask the fundamental question; have you mapped your organisation’s talent?

As the business landscape has changed, do you still have the “right” colleagues in place, particularly across critical workforce groups, or does your workforce reflect the priorities and demands of the “old world” when individuals were hired / promoted? Do you understand and have in place a strategy to develop or source the capabilities your business now needs today and in the future?

## (Re) brokering the physiological contract

While the economic crisis has in some quarters raised questions about the value of free markets themselves, this has only served to reinforce the on-going debate about changes in attitudes to work, not

least the way we approach our relationship with work. The lifestyle options of many employees, such as the much discussed Generation Y’ers, do not always coincide with our traditional workplace assumptions and going forward the ability to re-broker “the deal” between employer and employees will be key to re-establishing trust and discretionary engagement. Can you articulate and deliver the functional, commercial and psychological elements that create a compelling and meaningful employee value proposition? If so, how does this differentiate you from your competitors? And will it be sufficient to retain colleagues, if as the market picks up we are faced with what some predict will be a “resume tsunami” and a significant rise in voluntary attrition\*.

## Compliance & risk management

The Financial Services Authorities “Dear CEO” letter to the heads of 5,000 financial institutions in mid-October, in which it set out interview guidelines and warned it will be “more intrusive” and take longer to approve candidates, gives us a clear warning that demonstrable compliance and risk management will become increasingly important.

To give this some context, at the most basic level there has been a 50% increase in the number of applicants attempting to hide

## Sources Cited

\*McKinsey “The Crisis - one year on” Sept 2009 - \*Corporate Leadership Council - \*McKinsey “Using the crisis to create a better boards” Oct 2009 - \*Deloitte ‘Managing talent in a turbulent economy’ July 2009 - \*Shell Technology & Enterprise Programme (STEP) - \*First Advantage Deloitte. “Have you got Talent” 2008 - \*Bersin & Associates Talent Management Fact book May 2009 - \*McKinsey “The War for Talent” 1997

County Court Judgments or bankruptcies between 2008 & 2009\* and yet as few as 12% of new hires in the UK are subject to formal pre-employment screening\*. Given the highly public and embarrassing failure of Baroness Scotland to uphold the very law she was responsible for pushing through (she was prosecuted and fined £5,000 by the UK Borders agency for illegally employing a Tongan house keeper), how well prepared are you to embrace increased scrutiny of your people, especially if you are not yet amongst the 12%?

#### Demonstrate value

As few as 50% of organisations are using metrics to assess the impact, effectiveness and value of their talent programmes and processes\* which can effectively tie one hand behind their backs in the fight for ever more scarce budgets and resources in today's cost conscious economy. How able are you to measure the effectiveness of your talent initiatives and how well do you use these results to guide and inform discussion and decision making?

Looking forward then, while many companies re-orientate themselves to the "new normal" and grapple with putting in place the basic talent infrastructure or seek to align previously siloed activity (up to 31% of companies now consolidate the spectrum of talent management activities under a single executive up from 22% only a year previously\*) there is a tangible and exciting opportunity to differentiate oneself and take a decisive step closer to winning the "War for Talent" \*, which, the clever money knows never really went away.

#### How ready are you to take advantage of the rebound?

Mathew Lowery played a key role in supporting Cable & Wireless' transformation as Head of Talent Management having previously worked at EDS as EMEA Resourcing Director. He can be contacted directly at [mathewjlowery@gmail.com](mailto:mathewjlowery@gmail.com)

# Winning hearts and minds in difficult times

## Claire Posaner explores engaging and motivating in a challenging economic climate

In these tough economic times, many businesses are rationalising their headcount in order to save costs and create leaner organisations to see them through. Attention is rightly given to those affected by redundancy; but all too often the impact of this change on those left behind is forgotten.

Employee motivation and engagement is critical for customers and profitability alike. However it is even more important during difficult times to increase employee's feeling of "belonging", knowing what is going on and having a voice in the way their business works.

Whilst I was HR Director at British Gas Business, sound leadership capability, clear and innovative internal communications alongside a compelling combination of vision and values underpinned everything we did. The senior management and leadership teams worked alongside employees in "ideas teams" to create a vision which engaged everyone, across all levels and roles working alongside the business strategy to give true direction.

We launched this vision through a series of face-to-face business briefings with all our people, and continued to measure our success against it through recognition schemes, awards and performance management metrics. We also created a knowledge based learning framework to enable our people to develop levels of expertise synonymous with our vision - this was underpinned with an incremental reward framework to encourage high performance and expertise.

In order to succeed with our approach we needed strong leaders - role modelling the right behaviours and capability and really living our vision. There was no room for lip service - therefore we designed and rolled out a programme to develop committed, engaging leaders to lead the business forward.

To assess progress we ran quarterly "temperature checks". We also made sure that we regularly sanity checked engagement in the vision with our people, and quickly addressed any concerns or challenges that were raised. In 2009 we were delighted to receive a laureate award for achieving 5 consecutive years as a UK top 50 "Great Place to Work", sponsored by the Financial Times.

I believe our success was down to listening to our people and their aspirations for their business then being honest and clear in our answers, focussed in our actions and always leading by example. We proved through our approach, that if everyone feels empowered in the deciding the businesses journey, they will take real pride in their work, which will be instrumental in improving business performance.

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## Risk free rewards

**Sara Davies, Ladbroke Rewards Director addresses how to successfully run rewarding programmes in a recession**

**W**ith the recession biting harder every day, the question which strikes me is “how do you maintain reward programmes which cost money in this environment?” Getting the right answer will be essential in these challenging times, as maintaining reward and recognition is vital to the morale and motivation of your business.

Now more than ever it is important to ensure that all reward and recognition schemes have a solid foundation. They must have a ROI plan. Not always the easiest thing to come up with, particularly when you may be focussing on behavioural aspects of performance rather than more quantitative results.

Even if you don't have a ROI plan for every reward programme, there are some things which you can do retrospectively. Therefore go back

and scrutinise each programme, review why you started it, what it has achieved to date, does it present value for money and sense check its continued validity. If you find either of the last two checks looks like a no, then stop the programme. With cuts going on it's better to stop something under your control than get it axed.

For those programmes where there is still high value and validity, look at the cost base and remove any discretionary spend from the plan. Genuine schemes can be “saved” by showing cost management before it comes under scrutiny. Secondly, go back to the stakeholders you engaged when you were instigating your programme(s) and regain support, remind them why the programme was put in place and what has been achieved. Senior level support can

help in a cost management exercise.

Developing new reward programmes is easy - it is sign off that carries the true challenge! In real terms the focus should be on developing and implementing incentives that can maximise on driving business performance, customer service or similar. ROI will be key, and measurement that can show real change will be of paramount importance.

The Ladbroke team were the winning recipients of the “Most Effective Incentive Strategy” and the “Grand Prix Award” at the 2009 Employee Benefits Awards and winner of the “Most Compelling Motivation Scheme” at the 2009 HR Excellence Awards.



## A strangely positive year...

**Dominic Burrows, Partner of Gillamor Stephens, provides a GS view of 2009 & 2010**

**W**hat a strange and challenging year it has been for the recruitment industry. Gillamor Stephens saw the storm clouds gathering in the summer of 2008 and fortunately took some pre-emptive action to prepare our business for what was to come. Braced for heavy weather, we approached 2009 with the expectation that it was going to be challenging. However with year end in sight, we have been pleased at the number of search assignments delivered, and very excited about the relationships we take into 2010.

The majority of our hiring activity in Q1 and Q2 was with the VC and Private Equity backed businesses, despite limited levels of new funding, as the investors have sought to change and strengthen the boards of their portfolio companies. However in

the last two quarters we have seen some major Corporate clients begin to recruit again, with the specific goal of gaining some competitive advantage for 2010 whilst the available talent pool is so strong.

Proven CEO's and Managing Directors are in particular demand; with experienced individuals capable of delivering top line and EBIT growth being much fêted, especially those whose track record includes leading companies to a successful exit in challenging times. Other companies have sought Sales Directors to galvanize sales teams, bring structure and rigour to the sales process, shape value propositions and deliver the revenue number. We have also recruited some notable talent into Finance, IT and HR too!

We hope it's the sector, functional

and geographical breath of our relationships that has helped us push on through a tough year - perhaps aided by our boutique status with five customer and candidate relationship obsessed Partners. We offer profound thanks to our entire network for their ongoing support.

There have been an increasing number of more positive reports in the last quarter, both on the global economy and on possible recruitment volumes for 2010. In summary from us then, it's very much “steady as she goes” but we enter 2010 with cautious optimism, a definite improvement on January 2009.

For examples of our recent work and a snapshot on current assignments please visit [www.gillamorstephens.com](http://www.gillamorstephens.com)