

Getting a Seat at the Table: New Perspectives for HR



If HR wants to get a seat at the table, then many of those working in HR will need to change their perspectives about their profession.

*By Gary Lear
President & CEO
Resource Development Systems LLC*

Getting a Seat at the Table: New Perspectives for HR

If HR wants to get a seat at the table, then many of those working in HR will need to change their perspectives about their profession.

*By Gary Lear
President & CEO
Resource Development Systems LLC*

Over the past several years there has been a lot of discussion about the need and the methods for HR to gain a “seat at the table” of decision makers in organizations. Of course, there are some in HR that are happy with what they are doing and are fine with not having a major role in organizational strategy and decision making. They are perfectly satisfied with handling paperwork and the various administrative tasks that have been assigned to them. Yet, these same people are some of the ones that cry the loudest when budget cuts and belt tightening sees their positions outsourced or eliminated entirely.

On the flip side are those who believe that it is imperative for their organization’s success for HR to be more involved in the organization’s operations and have taken a more prominent role. As a result, they are providing value and proving that value through the increased success that their organizations are seeing through more effective HR management practices.

Unfortunately, this leaves us with a huge majority of HR practitioners that believe that HR is valuable to the organization, but who aren’t sure about how to demonstrate and prove that value to the other executives in their organization. Of course, there is a considerable amount of research that supports that HR can provide significant value. Our own research of large-scale studies conducted over the past 10 years reveals that how well a given organization utilizes their People is a key driver for exceptional organizational performance.

(For more information on the drivers of organizational performance, please see our **Seven Elements of High Performance**™ model or reference the book *Leadership Lessons from the Medicine Wheel: the Seven Elements of High Performance*.)

Some of the more telling research comes from Gallup, where they have been studying the impact of employee engagement on the performance of organizations since the 1990’s. Gallup defines employee engagement as those employees who are loyal, productive, and find their work satisfying. In other words, these employees are offering a significantly higher level of discretionary effort towards the performance of their job. According to Gallup’s research, the most “engaged” workplaces (top 25%) were:

- ◆ 50% more likely to have lower staff turnover
- ◆ 56% more likely to have high customer loyalty

- ◆ 50% more likely to be above the median in Safety outcomes
- ◆ 38% more likely to have high productivity
- ◆ 27% more likely to report higher profitability

Let me repeat that again: the companies with the most engaged employees had higher levels of performance and profitability! We see this kind of performance repeated again and again in other studies. John Kotter and James Heskett from Harvard Business School discovered in one of their studies that over an 11 year period of time the average organization increased revenues by 166% and increased profits by 1%. On the other hand, the high performance organizations were able to increase revenues by 682% and increased profits by 756%!

And in the two studies by Jim Collins featured in his books *Good to Great* and *Built to Last*, his researchers found that over a 30 year period of time the high performance organizations' stock out-performed their nearest competitor by an average of 6.9 times. In a separate study his researchers discovered that over a period of at least 50 years of operations that the high performance organizations out-performed the average organization by over 1500%!

In every single one of the above studies they identified that having a positive relationship between the organization's employees and the organization was a key factor in the superior performance of the organization. So from the research we can determine that HR does have the ability to provide value *if* its efforts are focused towards helping the organization to engage employees to drive performance. The research, however, also indicates that not many organizations are very successful in these efforts.

If HR wants to achieve that seat at the table, then it has to do some things that it has never done before. But we've already determined that most organizations aren't gaining a high level of employee engagement. So if HR is doing what everyone else is doing, then the likelihood is that it will only help the organization get the results that everyone else is getting. That result seems to be mediocrity, at best. When you have only about 1 in 4 employees who are engaged in the average organization, you are simply not going to drive performance through the human resources of the organization, and HR will not be a major player.

In order for HR to achieve that seat at the table it has to not only do things it has never done before, it has to rethink what its purpose is and what it must be in the organization. When we focus on what HR must be in the organization, HR practitioners can then change their perspectives. By changing their perspectives they then find new things to do that are in keeping with the new focus of HR. By doing these new things, HR can achieve its goal of being a driving force in the organization's performance. This results in HR helping to achieve the organization's goals, as well as its own goal of gaining that seat at the table.

Be – Do – Achieve

- ◆ To **Achieve** what you have never had, you must **Do** what you have never done.
- ◆ If you do what everyone else is doing, you will get what everyone else is getting.
- ◆ Most get *mediocrity*, at best.
- ◆ To **Achieve** what you have never had, you must **Do** what you have never done.
- ◆ To **Do** what you have never done, you must Be what you have never been.

Know what you need to Be first.

Then you will know what to Do to Achieve your Goals!

The following are three perspectives that I have identified that I believe that HR needs to reexamine.

The Value of HR

Perspective # 1

HR provides value by saving the company money by keeping it from being sued, insuring regulatory compliance, and by handling administrative issues for managers.

I often hear HR managers and staff tout this as one of the major accomplishments of their department. Often these things are said with pride and with sincere fervor that these things are extremely important to the survival of the organization. Unfortunately, things couldn't be further from the truth.

When I have spoken to HR conferences on this matter I often ask how many people in the audience have automobile insurance. Of course, everyone raises their hand. I ask them how excited they get when they sit down and write out that check every 6 months or so to pay for that insurance, and no one raises their hand. I then share with them about a major accident that I had a couple of years ago when a young person rammed into the side of my vehicle at an excessive speed, knocking my vehicle almost 120 degrees around, nearly "totaling" it. After checking to insure that everyone was ok, which they were, my first thought was not of elation that I had insurance. My first thought was "ok, what kind of hassles am I going to have to deal with from my insurance company?" And I wasn't even at fault!

I'm sorry, but CEO's don't get excited when HR goes about mentioning all the money that HR is saving because of legal compliance, or employees aren't suing. And what happens if there is a lawsuit or regulatory issue? Do you think that the CEO is going to be elated that he has HR standing there to take care of things? No matter what happens, win or lose, the company and CEO is going to end up dealing with all sorts of hassles.

As for the administrative issues that HR takes on from managers, in tight times we find that all sorts of things are done without in order to cut costs. Things that HR has taken on can easily be either done away with or taken back over by managers or outsourced. So what value does this really add to the organization?

Change Your Perspective!

HR provides value by helping the organization to leverage the potential of employees to drive performance and impact the *bottom line!*

As we have already explored, the effective management of Human Capital, the employees and the systems that helps to engage them and allows them to perform, is what drives organizational performance and ***THAT*** performance drives the bottom line! When HR takes on the role of being the stewards of the organization's culture, then they are doing something that no one else in the organization can really replace them at doing. As stewards, HR is not the owner of the culture; the management of the organization really owns the culture. But as stewards, HR is a keeper and protector of that culture, as well as being a guide for the managers who are trying to develop that culture.

Instead of "saving the organization money," HR is now helping the organization to achieve its goals. This could include financial goals, thus, making the organization money and not just saving it money. But the best organizations know that there are other goals that are just as important as making money, including the longevity and sustainability of the organization.

Of course, there are those governmental agencies and non-profits that aren't concerned with making money, although money is still important for their continued operations. But increased performance results in the achievement of any set of goals that are important to any specific organization. And through HR's guidance, and with a focus on creating a culture that engages employees, that increased performance can be achieved.

Perspective # 2

HR has a lot of customers --- employees, managers, the CEO, shareholders, regulators, and customers.

I hear this all the time; the exasperation of HR practitioners over how much they have to juggle their priorities and their focus because of all of the many people that they have to deal with. This seems to sap the energy out of HR, and what we tend to find is that HR is

neither aligned with management or with employees, and the rest seem to get lost in the shuffle.

Change Your Perspective!

HR has only one primary customer --- the managers of the organization!

The research is clear; only Managers can engage employees, which drives performance for the employee, the team, and the organization. Engaging employees is NOT an HR function, it is a management function! The ONLY thing that HR can do *Directly* is create rules, regulations, policies and procedures that create disengagement of employees! That's right; HR can come up with all sorts of rules and such that can actually anger employees. But befriending employees and becoming their direct advocate will not help to engage an employee. That is the employee's manager's job.

One of the things that is needed in order to engage employees is that the manager has to create an emotional connection between the employee and the organization and its Vision, which is its Aligned Purpose, Values, and Goals. This means that managers must build a relationship with the employees. But when HR steps in and becomes an advocate for an individual employee, then it subjugates the manager's ability to build that relationship, which can actually move the employee further away from engagement, not towards it.

HR's role as the steward of the culture of the organization is to provide support to managers in their efforts to engage their employees and achieve results. HR should provide input into crafting the kinds of People Systems that will allow managers to effectively engage their employees and focus them on achieving the goals of the organization. This means that HR should constantly be reminding the key decision makers about the impact that effective Human Capital Management can have on the performance of the organization, and keep discussing decisions that are being made about anything that is occurring in the organization and the kind of impact that those decisions are having on the organization's culture.

It also means that HR will have to be involved in the development of the organization's managers, from top to bottom, with a new focus on Leadership; the ability to make Emotional Connections between the employees and the Vision of the organization. Of course, the skills needed at the line level will definitely be different than those skills needed in the C-suite. But HR is in a unique position for being able to create this Leadership development strategy and see to its implementation.

Developing managers and insuring that they have the tools to effectively engage their employees and manage their performance is the primary role of HR, which means that managers ARE the primary customer. Period. Everything else should be in service to achieving this.

If HR needs help convincing the rest of management about its value then I would highly suggest that HR practitioners begin reading and sharing material by Jack Welch, one of the most respected business leaders of the past decade. He understands the value of HR

and often talks about it. In fact he often mentions that he'd rather spend time with his VP of HR than with his CFO. After all, the finances are boring, because they are all about what has happened in the past. The HR stuff is exciting, because it is all about what will happen in the future. This is a top executive that "gets it," and HR should be talking with the top management of their organization about him and what he has to say.

The only way I see to get more productivity is by getting people involved and excited about their jobs. You can't afford to have anyone walk through a gate of a factory or into an office who is not giving 120%.

Jack Welch
Winning

Perspective # 3

HR's job is to take precautions to protect the organization for the day when we have to let an employee go.

Let's face it; just about everything HR does, from the determination that a position needs to be filled, through the posting of the ad, to the interviews, orientation, and annual performance appraisals are all focused on the day that the organization is going to see the employee leave. The whole process is wrapped up around the possibility of being sued because the organization had to let the employee go.

Change Your Perspective!

HR's job is to help find great people and then hire and RETAIN them for a very long time so that they can do great things for the organization

That's right; we need to focus on how we can find, hire and keep great people in the organization. HR should not be focusing how we are going to protect ourselves when we let them go, because we are going to do everything we can to keep from having to let them go!

The first key to this is making sure that we hire people who fit into the organization's culture. After all, most people aren't fired because they can't technically do the job, but because they don't fit in with the organization. Of course, that means that we have to have a culture that helps the organization drive performance and we have to understand what that culture is all about. We then need to figure out how we can tell when someone will be a good fit with our culture.

This also means that our recruiting process is going to have to be different. We aren't just looking for people with the right skills, but also people who fit in with our culture. This isn't easily learned in a single interview. That means that we are going to have to change our approach and take a lot more time to get to know people and see how they are going to perform within the culture and with the other people in the organization.

Once we hire people we want to do everything we can to make sure that they are successful. We will want to spend a lot more time on introducing them to the organization, and the focus of this introduction isn't to make sure that we want to keep them, but insuring that they understand how they fit into the overall structure of the organization. We need to have a more thought out process for bringing people on board, and not just toss them into the job and see if they will sink or swim. After all, if they are great people to begin with, then we want to insure that they can perform spectacularly!

The team with the best players wins.

Jack Welch

HR's focus in all of this should be to set up the systems and processes that will allow the organization and its manager's to find these great people. What these systems and processes will look like will differ from organization to organization, based on its unique culture. But we have got to stop the vicious cycle of hiring the best of what ever people we can find because we suddenly have a need for a body to fill a position; then toss them into their job with little preparation other than filling out some HR administrative forms; and then when things don't work out because their manager didn't spend time with them and then either they leave or they are fired at the end of their "probationary period." This is a huge waste of time and resources, and leads to less and less engagement for everyone, negatively impacting on the performance of the organization.

So you need to ask yourself if your organization's focus is on:

Getting rid of Employees?

Or Keeping Them?

HR's Value to the Organization is...

in helping management find, engage, and RETAIN the best employees and help them to perform, which drives the performance of the organization!

When we change our perspectives it becomes so much easier to understand what HR's value is to the organization. This is what HR must Be in order to become a driver of organizational performance. Once we understand what HR must Be, then it becomes a lot easier for us to determine the activities that we need to be doing in order to achieve our goals for HR and the organization.

By believing that HR does, indeed, provide value by helping the organization to find and engage its employees, then we will begin to see HR doing different things in a variety of areas. What those things are will vary from organization to organization, and what works for one organization won't necessarily work in another organization. But if you approach things from this new perspective, then you will begin to see things differently.

So, if you change your perspectives, then how will you look differently at...

- ◆ Recruiting
- ◆ On-boarding
- ◆ Training
- ◆ Performance Appraisals
- ◆ Discipline

Companies live or die because of engaged employees and satisfied customers

Jack Welch

I will leave you with this final thought; the major players in an organization, those who already have a seat at the table, usually have some major organizational measures associated with what they are doing. The group that HR most frequently points to in regard to getting that seat at the table is finance, and, of course, they have all of their financial performance measures that they can point to. As I've shared, most often those measures are about past performance, and don't give us any indication about future performance.

Jack Welch has shared that there are three measures of success that can give an organization a huge amount of information about current and future performance. These are:

- ◆ Cash Flow
- ◆ Customer Engagement
- ◆ Employee Engagement

Notice that Cash Flow is related to finance. Customer Engagement is related to operations; sales, customer service, production (quality of product), etc. Employee Engagement is directly related to HR. This is a measure that HR can track and help to impact through:

- ◆ The development of managers with a focus on employee engagement.
- ◆ Being stewards of the culture and keeping everyone focused on it.

- ◆ Discussing how to live the Values of the organization and how to Build Trust.
- ◆ Create systems that help managers to engage their employees.
- ◆ And, finally, create measures to actually track employee engagement.

If HR wants to get a seat at the table then all it has to do is to start being that valuable resource for the managers of the organization and help it to achieve its goals.

Be – Do – Achieve

- ◆ To **Achieve** what you have never had, you must **Do** what you have never done.
- ◆ If you do what everyone else is doing, you will get what everyone else is getting.
- ◆ Most get *mediocrity*, at best.
- ◆ To **Achieve** what you have never had, you must **Do** what you have never done.
- ◆ To **Do** what you have never done, you must Be what you have never been.

Know what you need to Be first.

Then you will know what to Do to Achieve your Goals!

*The best organizations don't just do things differently;
they do different things*

Exceptional Organizations:

- ◆ Have a clearly defined Purpose other than to just “make money.”
- ◆ Have a core set of Values that they actually live by, and aren't just wall decorations and nice talk.
- ◆ Don't waste time on long-term strategic planning, but rather focus on having a long-term Vision of what the organization is going to be and achieve.
- ◆ Focus on building a culture of excellence, trust, and personal responsibility.
- ◆ Spend an extraordinary amount of time insuring that they hire the “right” people.
- ◆ Put faith in their people and actually believe in their ability to perform their jobs.
- ◆ Don't rely on performance appraisals and fancy “pay for performance” systems.
- ◆ Develop managers who focus on creating an environment where the organization's culture can flourish, and not on micro-managing people.

About the Author

Researcher, author, and international speaker and consultant, Gary Lear is the President & CEO of **Resource Development Systems** LLC, an organizational performance research and consulting firm that helps organizations increase performance by more effectively *managing the human side of business*sm resulting in the achievement of their goals. He has developed *The Seven Elements of High Performance*TM model, which has been adopted by the *US Navy's Center for Naval Leadership*, and is being utilized in a number of successful organizations. Gary is highly active in a number of professional organizations, and currently serves on the Board of Regents of the *Institute of Certified Professional Managers* at James Madison University.

Contact **Resource Development Systems** LLC for more information

934 Falling Creek Dr.
Macon, GA 31220

478-254-3155

info@rds-net.com

www.ResourceDevelopmentSystems.com

