



# Criticaleye

## HUMAN RESOURCES

## DIRECTOR RETREAT 2015 – SUMMARY

Leadership

Ambition

Fresh Thinking

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*“We have got to be better at coping with a diverse workforce”*

*“Different styles of thinking and... decision making, if you put them together in the right way, will lead to better answers”*

*“One of the challenges of executive teams is that they tend to be populated by fragile egos and overachievers”*

*“Making £1.3 billion for the shareholders is not what’s going to get our employees out of bed”*

*“We’ve had to completely rethink what our proposition is for people we want to recruit”*

*“When you’re talking about lower-paid employees, some are probably going to have to work until they’re 70-plus”*



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## INTRODUCTION

People, performance and productivity continue to dominate the minds of CEOs and senior executives.

They realise that traditional approaches to talent management aren't keeping pace with the ways in which business models and the workforce are changing. As a consequence, strategy that's crafted in the boardroom gets slowed down or lost within the various departmental and divisional silos of an organisation.

The purpose of Criticaleye's second Human Resources Director Retreat, held in association with our headline sponsor, EY, and supported by Warren Partners, was to find out how global businesses are creating solutions to these systemic problems.

After all, the spotlight is very much on the HR function to deliver answers. Whether looking at organisational design, diversity, risk, data analytics or leadership development, the HRD needs to have a collaborative mindset, working with the executive team and divisional heads to push core objectives.

### AN EYE FOR TALENT

The Retreat's panel discussions (see Speakers, page 5) made it abundantly clear that there are practitioners who provide the necessary degree of insight on a regular basis, possessing both a broader understanding of operations and the wider goals of the business. As Matt Stripe, Executive Vice President of Human Resources for the South Asia Region at Nestlé India, says in one of our interviews (page 10): "If we're not participating in strategy, frankly, what value are we adding?"

Stuart Steele, Partner for Human Capital Consulting at EY, explains that HR must reach a level where practitioners can assess the outcomes of their initiatives: "This is about being able to join the dots between HR activities... and the needs of the business." (page 6)

When boards are discussing strategy, a HRD should be able to provide input on whether the employees and leadership team have the necessary skills and qualities to execute it. Joëlle Warren, Executive Chairman of Warren

*“The spotlight is very much on the HR function to deliver answers”*

Partners (page 8), says: "The expectation is that HRDs will be proactively looking ahead at what the business is going to need in terms of its people. Rather than just receiving business plans and working around them, they will actually be taking part in helping to shape and challenge them."

The concern is that some HR functions are currently too immersed in process and administration to appreciate how to provide senior executives with the information and advice they desperately need.

While performance reviews, 360 degree appraisals and pay rises all have to be done, they're not what's going to add real value to an organisation. It's why we're seeing CEOs of Fortune 500 companies appoint executives with no traditional HR experience to lead the function – they want tangible answers on how people and performance can be tied to strategy.

Over the following pages, through a mixture of individual session write-ups, conducted under the Chatham House rule, and one-to-one interviews, you can discover how forward-thinking, progressive HRDs are helping to tackle some of the biggest issues facing the boards of global businesses.

Kind regards,



Charlie Wagstaff  
Managing Director, Executive Membership  
Criticaleye



SPEAKERS



**Liz Bingham OBE**

Managing Partner, Talent, UK&I  
EY



**Anthony Hesketh**

Senior Lecturer  
Lancaster University Management School



**Diana Breeze**

Group HR Director  
Land Securities Group plc



**Emily Lawson**

Group HR Director  
WM Morrison Supermarkets plc



**Karen Brown**

Global Chief Diversity & Inclusion Officer  
Monsanto



**Paul Matthews**

Chief Executive, UK & Europe  
Standard Life



**Peter Cheese**

Chief Executive  
CIPD



**Tom McCabe**

Global Leader, HR Performance Improvement  
EY



**Marie-Louise Clayton**

Non-executive Director  
Zotefoams plc



**Dave Newborough**

HR Director  
E.ON UK plc



**Simon Constance**

Partner, Human Capital Consulting  
EY



**Ben Page**

CEO  
Ipsos MORI



**Maria da Cunha**

Director – People & Legal  
British Airways



**David Stephen**

Group Chief Risk Officer  
Royal Bank of Scotland plc



**Mike Cutt**

Non-executive Director  
Svyaznoy



**Matt Stripe**

Executive VP, Human Resources - South Asia Region  
Nestlé India



**Harry Gaskell**

Managing Partner - Advisory Services  
EY



**Hayley Tatum**

SVP – People & Stores  
Asda



**Mark Gregory**

Chief Economist, UK & Ireland  
EY



**Joëlle Warren**

Executive Chairman  
Warren Partners



**Mike Westcott**

Group HR Director  
National Grid Plc



**Stuart Steele**, Partner for Human Capital Consulting at EY, discusses how the CHRO's role is changing and why

### Are organisations placing more strategic demands on the Human Resources function?

They are and this means that Chief HR Officers (CHROs) must further enhance the capabilities of their team and become absolutely critical to business performance. Those that fail to do this will run the risk of losing out on responsibility to other senior executives, especially as more elements of HR are automated and outsourced.

### Where can CHROs look to make a greater impact?

It's critically important that HR gets to a level where they can assess the outcomes of their initiatives. There are other focus areas, such as engagement, productivity and diversity, which cut across any business plan, and all need to feature highly on a CHRO's agenda.

### Is this happening in practice?

In a number of cases, non-HR business leaders are still voicing a degree of frustration with the nature of support they receive from the HR function. There is a belief that they are not partnering proactively or in a manner that maximises business benefit. The demand is there, so I believe there's an open door for HR to continue to increase its contribution.

From my perspective, it's critical that the CHRO is involved from day one in the articulation of the business plan... Where they really come into their

own is in their ability to articulate whether or not the business plan is achievable in terms of pace or cost in the context of talent requirements and ensuring what's agreed is realistic.

### What skills and experience does a CHRO need to make this kind of contribution?

We're seeing an increasing number of CHROs who have not had a career in HR – they are coming from other lines of the business. This approach is occasionally part of the ongoing development of top talent. What these individuals typically bring to the role, in addition to proven leadership capability, is a detailed understanding of the core business operations, strategy and plans, which are all key.

### How would you describe the challenge of making sure an organisation has the right people?

For me, this is still at the heart of the role. However, over the last 30-plus years or so we have seen an increase in the complexity, competition and pace that businesses move at.

We have five generations co-existing in the workplace; all with differing capabilities, aspirations and expectations. In this context, HR has to understand the people needs of the business over the next one, three and five years; match this to the capabilities of the current population and develop talent initiatives to address gaps. This is about being able

to join the dots between HR activities and initiatives and the needs of the business.

Leadership, inclusiveness, flexibility and demonstrable value will remain high on the HR agenda in the coming years.

### Should responsibility for leadership development rest with the HR function?

Personally, I still subscribe to a view that the individual owns a significant percentage of their own development. As such, I would place accountability for the... enhancement of leadership capability with broader groups, such as the individual, mentor, direct line manager and so on.

As our understanding of how we learn... and the influence our culture has as on our behaviours and decision-making increases, we may well see an evolution in how we support employees in their development.

It will remain the responsibility of the CHRO to bring this thinking to the organisation and leverage it for everyone's advantage.

Read the full article [here](#)

*Stuart has over 30 years of workplace experience with 25 of those covering multiple HR roles across Europe, the Middle East, Asia and the US. His primary focus has been on all aspects of human capital management, typically for global organisations.*

## REDESIGNING THE WORLD OF WORK

*The rapid transformation of the workforce means fresh approaches are needed to attract and retain talent*



The convergence of new technology and a truly multigenerational workforce has increased the pressure on HRDs to re-assess existing working practices and organisational structures.

“We have got to be better at coping with a diverse workforce and the variations in what people are looking for from their careers,” one Member said.

Another added: “For us, the big change in the UK was the end of the compulsory retirement age. In our case, we used to retire certain staff at the age of 55 and everyone else at 60, which is no longer possible. As a result, employees that come in at entry level may now have to wait a decade longer to get a promotion.

“It also has implications for how people are prepared to work and what we should be expecting of them. When you’re talking about lower-paid employees, some are probably going to have to work until they’re 70-plus and it’s hard to expect them to give their all to the world of work... We’re going to have to examine that model.”

For the younger generation, there are different expectations about careers. “We’ve had to completely rethink what our proposition is for people

we want to recruit,” another Member explained.

“Now we have to show that whenever you join, for however long you stay, it’s going to be an experience that you remember. We try to give people the opportunity to be entrepreneurial, but within the context of the corporation.”

Creating a sense of purpose will make a huge difference. According to a Member from the travel sector: “Making £1.3 billion for the shareholders is not what’s going to get our employees out of bed, that’s not what gets them delivering great customer service. Most people who work in our industry are there because they love what we do.”

### MADE TO MEASURE

None of this can happen without the full backing of the CEO and other senior executives. “Having a value proposition for your employees, so that they can work in a way that suits them at that particular stage of their career – that’s a huge push for us,” a Member said.

“Whether it is using technology to be mobile or whether they’re full or part-time – all of these aspects around how you engage with your workforce are critical to make sure you tap into the

*“There is a massive blurring of work and leisure”*

talent pool effectively and give people what they want.”

As technology creates a shift in traditional working practices, it was acknowledged that not all of the changes are necessarily positive. “There is a massive blurring of work and leisure that’s been enabled by mobile technology,” one Member cautioned. “These mobile lives that we have now enable you to work anytime and anywhere. Work is no longer a place that you go to, it’s just what you do.”

The downside of this constant connectivity is management teams working 24/7. Another Member made a similar point, saying that “we need to prevent

burnout and actually change the culture to be more respectful of people’s lives.”

There are no easy answers as ambitious individuals will always be pushing themselves. “I don’t think we, as a group of HRDs in the wider community, have got our heads around this problem,” a Member added.

It was generally agreed that the digitisation of the workplace is set to continue. “In the last five years, there has been a massive technological change in our business,” a Member said. “Now pretty much every single person in our business carries around some sort of hand-held device.” ■

### KEY TAKEOUTS

- Younger workers are looking for greater collaboration and empowerment
- ‘Jobs for life’ no longer exist and packages must change to reflect this
- Expectations around productivity must shift with an ageing population
- Corporates need to respect personal time if they’re going to address executive burnout
- If an organisation has a higher purpose, employee engagement will improve





## SHAPING THE TALENT AGENDA



**Joëlle Warren**, Executive Chairman of Warren Partners, explains why HRDs must possess leadership skills and good commercial experience

### Should HR Directors be on executive committees?

It happens now in most businesses because the other leaders know they've got a great contribution to make. I think the businesses that don't are really missing out.

### In what way will businesses be at a disadvantage?

You need to have the right people in place, with the right skills, to deliver what the business needs to go forward. For example, if the company is entering a new market it's essential to be clear about what that will entail from a people perspective.

### Are HRDs providing this integrated approach to talent management?

In some circumstances, people who have not come up through the HR function are put into the HRD or Chief HR Officer role. The business can benefit from this in a number of ways as the 'non-HR' HRD will develop and broaden their skills, and the evolution of the HR function is usually significantly accelerated under the new leader. As a consequence, we see the different parts of the business move closer together.

The downside to this development is that it is an acknowledgement that there isn't the strategic or commercial know-how within the HR function. I would encourage HR professionals to make sure they're positioning themselves well, so they've perhaps taken a secondment

out of HR earlier in their career into a general management or commercial role. It will mean they have the skills to make a contribution to the business outside of their narrow area.

Ultimately, in the executive team, you need people who are commercially savvy and financially literate.

### What relationship should the HRD have with the board?

It's essential the HRD has a close relationship with the CEO because talent is a vital part of any business. When it comes to the [non-executives, notably] the Chairman, a lot of HRDs don't have access. However, if you've got a good HRD the Chairman will want to seek their counsel because they know they're bringing strategic thinking, that they understand the business and have vision.

If the HRD is able to add to the debate, then that's how they should be positioning themselves. They can't view themselves as a servant to the board, they need to actually contribute and challenge assumptions. I don't think enough HR directors are currently doing that.

### Should the HRD be more closely involved with the board in succession planning?

The board has responsibility for succession planning for the most senior positions. Although the HRD isn't usually sitting at the board table, when there's a strong HRD in place

the Chairman and CEO will make sure they contribute to the debate.

The HRD needs to help shape senior succession by influencing and advising the CEO and the Chairman. They should be able to provide data and insight to inform the thinking of the board.

### What can they do to help assess the skills of the leadership team?

It's a question of... making sure the team is self-aware and conscious of what each member brings to the party. This not only helps the team perform more strongly but helps with succession planning.

### Does there need to be greater emphasis on HRDs being more forward-looking and proactive?

HRDs can't just respond to the day-to-day. Businesses are looking for HR functions that are better integrated into the wider business and populated by individuals who are able and willing to contribute across a broader range of commercial and people-centric topics.

Read the full article [here](#)

*Joëlle set up Warren Partners in 1999. She is now Executive Chairman and leads chair and non-executive director searches, in addition to delivering Systemic Board Review services. Joëlle splits her time between offices in London and the North West.*



## DRIVING PERFORMANCE THROUGH DIVERSITY

*Global organisations must ensure employees have a rich mix of skills and experience*



**CRITICALEYE**

A CEO and chairman cannot allow an executive team to fall into the trap of groupthink, especially if a business operates in multiple markets.

“We live in a world that’s becoming increasingly global,” a Member said. “There’s no doubt that we perform better with a diverse team. A bunch of people who look and talk like me are probably not going to convince our clients in China or Africa, for example, that we’re the best unless we can draw on their experiences.”

Another Member commented: “Our growth is coming from South America and Asia. Fascinatingly, on our board, there were no Asians and no Hispanics... I sat down with our executive team and said: ‘Your responsibility is to develop leaders and none of us today look like our customers of the future.’ That led to the first appointment of a Hispanic person on our board.”

The argument is that diverse organisations, where employees from different backgrounds and cultures can progress to top positions, will be better able to adapt in complex, shifting markets. “The key is to recognise that different styles of thinking and different styles of decision-making, if you put them together in the

right way, will lead to better answers,” a Member said.

If diversity is to be encouraged, senior executives and HR must show a willingness to explore new kinds of recruitment strategies and incentives.

A Member explained: “There are two things in particular we’ve done to try and create the culture change that we need to see. The first is to create targets for all our leaders at the top level – it’s a percentage of leaders from different backgrounds. We’ve asked that, in the UK, 30 per cent of our senior executives, whether sourced externally or internally, will be women. In addition, 10 per cent of them should come from an ethnic minority background.

“The second thing we’ve done is try to persuade our leaders that diversity and inclusion is not only good for minorities, but that it’s good news for the company as a whole and for them as individuals – even if they are white, male, straight, Anglo-Saxon and Oxford educated.”

### FORCE THE ISSUE

Quotas may not be ideal, but they are a way to break existing behaviours.

One Member from the retail sector said: “60 per cent

“Different styles of thinking will lead to better answers”

of our front line staff are female, 34 per cent of our middle management are female and 8 per cent are at general manager level.”

The Member went on to suggest this was a problem because of a stereotypical divide in regards to notions of what constitutes male and female roles. So when promotions do occur, a woman would be likely to move into a middle or general manager role in health and beauty or the baby group, whereas a man would get to run the night-shift or grocery.

Such old-fashioned views can stifle ambition and hold back personal development. If the culture of an organisation is

going to be more progressive, then work needs to be done on inclusion and addressing unconscious bias in the workplace. A Member revealed how they had “seen some fantastic results by creating an awareness of unconscious bias in our talent management programmes”.

While positive steps are being taken, there are many organisations where progressive attitudes are harder to find. One Member said: “The challenge is having realistic expectations regarding what can be done and when we can see meaningful results. Frankly, for me, when it comes to workforce representation, it takes time and requires patience.” ■

### KEY TAKEOUTS

- The boards of global businesses need to reflect the diversity of the markets they operate in
- Quotas can help force change
- Education and training can be a powerful way to address unconscious bias
- Senior execs must support the HRD in changing company culture
- Boards have to be faster at pushing the diversity agenda



**Matt Stripe**, Executive Vice President of Human Resources for the South Asia Region at Nestlé India, explains how HR can take the lead on talent

### How can HRDs deliver value across an organisation?

They need to be thinking about questions such as: what capabilities will the company need for the future? What are the technology requirements? From a geographic perspective, where are the critical skills located and how do those people want to work?

This requires a far more holistic HR function. I see the role expanding, not contracting, but the function is still constrained at the moment.

### Should HRDs participate in business strategy?

If we're not participating in strategy, frankly, what value are we adding? Business leaders are far more people-savvy than they've ever been, and they want a HRD that will participate in determining business and talent strategy. In essence the HRD is like an architect, we do not own the building but we can facilitate the development of the plan. Architects will work with you to understand your ideas and enable the construction of the building. HRDs are the same in that they help the organisation understand its vision and facilitate the development of this, but we don't own the people.

### Can this be balanced with the more traditional aspects of the function?

You can't ignore what I call the transactional, process-focused element of the role, as this sustains the organisation

and it would be derailed if they weren't implemented. You have to pay people, you have to do the performance development reviews and you have to give pay rises, but that doesn't necessarily add value to the organisation.

Processes are there to enable people, but if you focus too much on them, success is hindered. At some point, transactional activities will be optimised through technology, automation and outsourcing. If you're only focused on processes as a HRD, you're going to disappear.

### How should they look to interact with the board?

They have to understand the state of the board and be a key team player by asking themselves: what issues do people have? What challenges are they currently facing? They also need to participate in discussions.

At Nestlé, if I don't like a marketing campaign for one of our brands, for example, I will sit down with the board and have a discussion about that.

### What can HRDs do to improve the performance of the senior leadership team?

The first measure of success is: are the leaders delivering their business plan? Are they achieving good results? This is a very tangible measure, but it's also important to complement this by doing a 360 degree analysis of social and emotional intelligence. This helps the

HRD to work out where they need to focus their energy and make changes.

It's also important to understand the organisational climate created by the CEO and the board. A company might be delivering its results but making staff unhappy in the process, or people might have a high level of job satisfaction but the company may be failing on its targets. It's crucial to get both right.

### What impact is technology, particularly data analytics, having on the role of the HRD?

HRDs will be able to use data and analytics to get a holistic and transparent picture of whether or not business leaders are delivering on their results. They will also be able to measure the impact of leadership on employee wellbeing.

At Nestlé, we are looking at using tests to measure employee stress through technology such as watches which monitor heart rates. I believe mental and physical wellbeing will be a critical component of people strategies going forward.

Read the full article [here](#)

*Matt joined Nestlé in 2003 and took on his most recent role in July. He began his career in the defence industry, holding a number of senior roles at the European defence contractor Matra BAe Dynamics, before joining BAE Systems as Head of Human Resources.*

## THE PEOPLE SIDE OF ENTERPRISE RISK

*Boards need to think beyond finance and regulation when developing a robust framework for risk management*



Looking at people risk, from an asset point of view, is revealing as it shows their value lies in their knowledge, behaviour and the decisions they make.

“If you see people in those terms, you start to think about the role they can play in undermining and creating risk, or what can happen if they walk out of the door with that knowledge,” a Member said.

In order to mitigate against this, organisations need to have a structured line of defence. A Member commented: “Firstly, there is the HR function working with operations and line managers, giving them basic policies of access control and helping with succession planning. More importantly, it helps them understand how the ‘people asset’ in the business creates value and where the risks lie that could undermine it.

“Secondly, there is management assurance; creating systems and explicit processes within the HR function to manage risk, to identify, track and mitigate against it. The third line is that an organisation starts to look externally for independent assurance, such as audit support, so external people come in and test existing approaches.”

It’s one of the reasons why the profiles of the Chief Risk Officer and risk function are rising. “People recognise the amount of financial value that’s wrapped up in getting this wrong,” a Member said.

### FULLY COVERED

The complexity lies in getting the HRD, risk function, plus the CFO and CEO, to collaborate. “This stuff doesn’t stick unless you frame it in the terms in which risk is normally described – financial loss,” a Member said.

“There’s a great opportunity here for executive teams and the HR function to contribute to the narrative and discussions we have with investors. It’s ultimately about improving not just the investor relations, but also the valuation of the business itself.”

According to one Member, it was important to quantify the potential cost of people risk, otherwise a board could be apathetic: “Once I started using charts, graphs and numbers they became interested. I’ve now got them totally engaged. It’s important to land the point in a way that immediately resonates.”

Policy alone won’t be enough: “Often we hire people in our own likeness, or people we’re comfortable with. I’ve

“Big businesses are thinking holistically”

got one view of the world, so if I go out and hire ten people like me I haven’t got ten views of the world, I’ve got one view ten times. That means I’ve probably just increased my risk profile.”

If boards are engaged, they will be interested in discussing which people have the essential skills and knowledge, how they are remunerated and, on a wider level, what kind of succession planning is in place.

The darker side of corporate history shows that things go horribly wrong when boards become complacent and fail to ask the right questions on these areas.

“We talk about ‘tone at the top’ or governance issues,

but most of the governance failures have been a result of people not having done what they were supposed to,” a Member commented.

An integrated approach to risk is required. “The pattern I see is that big businesses are thinking holistically about how to bring it all together,” a Member said. “It’s not good enough to compartmentalise it into a ‘people problem’ or a ‘financial problem’; look at the interplay of all the factors and decide how they can be integrated.”

It was agreed that board-level directors had to be decisive in tackling threats, coming up with pragmatic responses and plans, as opposed to treating this as an intellectual exercise. ■

### KEY TAKEOUTS

- Create lines of defence which include the HRD, CRO, CFO and CEO
- Use metrics to present the case for people risk
- Succession planning has to form part of the agenda for people risk
- Investors and the wider stakeholder base expect to see sophisticated risk management
- Accountability has to run through the whole organisation



## WINNING HEARTS AND MINDS



**Paul Matthews**, Chief Executive for the UK & Europe at Standard Life, reveals why the independence of a good HRD can be invaluable

### What are the qualities and characteristics that make a leadership team high-performing?

An executive team should be obsessed with doing something special. We talk here about making history and if you're going to do that then you're constantly looking at how to do things differently to your competitors.

The make-up of a team is really critical and I always put getting the right balance in my team first; if that means I have to make changes then I will. I'm always seeking expertise around my table, but I'm careful about individual egos. You cannot have everybody wanting to become the Chief Executive.

### High-achievers in business tend to have big personalities. Why can this be an issue?

Chief executives themselves can sometimes be the problem. Some have too big an ego and they're obsessed with their own leadership styles. History has shown that some seem to do amazing things and then when they disappear things come crumbling down. That can be the result of everything being driven by a certain individual and not being balanced by the team asking: 'Is this right for the business?'

### What does humility look like in a leader?

It means sometimes you need to take a step back and let other people lead. Not everything needs to be headed up by the CEO. Other times, when things are

difficult and no one wants to put their head above the parapet, that is when a good leader steps up. Humility is also being open when you are wrong.

### How important is it for a leader to have emotional intelligence (EQ)?

There are clearly examples where companies have been run by individuals with large egos who were not in touch with the people in their business or their customers, but driven by their own agendas.

Winning the hearts and minds of your people and customers must be as much a part of decision-making as clinical analysis if you are to get your company delivering exceptional results. You can hire some of the best brains in the world but that does not guarantee success as the emotional side of things is equally important.

Sometimes I see people in meetings assessing information and wanting to make a decision based purely on what they believe is intellectually right. That decision might be sound, but if it can't win hearts and minds it can be a disaster.

### Where do executives tend to go wrong when it comes to communication?

You need to communicate with all your people at a level that they understand and can buy into.

This entails avoiding the latest buzz words and rhetoric. Try to simplify things as much as possible.

### What can a HRD do to ensure the dynamics are right in the senior leadership team?

A HRD needs to have a good understanding of the different types of personalities you have around a table. In many ways, you are looking for the HRD to be the most independent person in the team. When some of my team need help and support, it's often the HR Director that can give this. The HRD will know most of what the CEO is thinking but, at the same time, has to be seen as trustworthy and not as a spy in the camp by colleagues.

### How would you describe a healthy relationship between the CEO and HRD?

There needs to be a huge amount of trust. HR directors can come under a lot of pressure about how they relay information. If they try and guide the CEO too much, giving away too much confidential information, then they can be ostracised by the team.

Once they're compromised, their ability to help the CEO decreases.

Read the full article [here](#)

*Paul has been with Standard Life since 1989 and possesses an extensive knowledge of financial services. In June 2010 he was appointed as Take to Market Director for the UK. A year later, he became Chief Executive for the UK & Europe.*

## THE USE OF ANALYTICS IN PEOPLE AND PERFORMANCE

*How can HR use analytics to provide meaningful insights into where employee value lies?*



**B**uilding a picture of workforce performance has always been a difficult undertaking but, with advances in the ability to analyse data, it seems like a corner may have been turned.

“We need to integrate people into our strategy and our business models,” a Member said. “What is the rate of return for my people? I don’t mean profit per employee, although that’s a start, but what’s the direction of travel? Do I know whether the value and performance of my people is going north or south?”

Another added: “We try to put together what effectively looks like an operating model for HR, aligned with the strategic business model. You have your inputs, which might be capabilities, skill-set and diversity, and then you’ve got your activities.

“What do you do with that human capital? Where do we invest to create the greatest impact and is there a natural ceiling to the return on my investment?”

Part of the challenge is to define and establish the correct benchmarks and measure if the HR function is to maximise the impact of analytics. “Just because it’s easy to count, it doesn’t necessarily mean it’s the thing

you should be counting,” one Member warned.

“One of my favourite examples of that is recruitment costs,” they continued. “We love to lament the cost of recruitment but is that what we should be measuring, or should we be measuring the effectiveness of recruitment?”

“How long did these people that you recruited actually spend in your organisation? How quickly did they become competent? If it takes you five times as long and five times as much to recruit that person, versus just getting somebody in quick and cheap, does that value pay itself back when you start to focus on the outcome?”

### DECISION TIME

Before delving into more complex data, it’s important to have a basic understanding of the workforce. One Member suggested that age, gender, ethnicity and staff turnover are a good starting point: “Then you’re into the harder stuff – and it does start to get hard quickly. For example: how much am I investing in my workforce? Then you get into outcomes and how that links to performance.”

The next stage for HR in using analytics is to look at the future talent needs of the

*“We need to integrate people into our strategy”*

organisation. “Fundamentally, do we have the people we need to support our growth ambition?” a Member said. “If you can get that working, just think of the impact it would have in terms of strategic capabilities around operational excellence and performance.”

In the short to medium-term, it’s about supporting people within the organisation and identifying which skills should be developed. “What technology do you need to put in place to enable the talent to work in the way they want to?” a Member asked. “What kind of space do you have to create in order to allow them to deliver?”

As the session came to a close, Members agreed that analytics should be regarded as a useful

tool. “HR, strategy and business are not a dot-to-dot exercise; analytics isn’t the answer to everything,” a Member stated.

As one Member aptly put it: “Analytics is an aid, but it’s not a substitute for good leadership. In the end, it still comes down to people.”

That said, the ability to use analytics is an area a number of HRDs need to improve on. “The function is great at uncovering data but not good at critical thinking,” a Member commented. “The function needs to be up-skilled in that area. When it comes to data and analytics, you need to know what questions you’re trying to answer, then the data and insights you draw from it will help you work out what you’re going to do in the future.” ■

### KEY TAKEOUTS

- HR is now able to delineate the talent needs of an organisation
- Analytics should be used to understand how to invest in the workforce
- HR analytics must be aligned with strategy
- Use modelling exercises to test how your future workforce should look
- Good leaders use analytics to inform their thinking





## BREAKING THE GLASS CEILING



**Mike Catt**, Criticaleye Board Mentor and Non-executive Director for Svyaznoy, discusses how HRDs can have real presence in the boardroom

### How should a HRD be working with senior leadership?

HRDs need to understand the make-up of the executive team: the way it behaves, the way it delivers and the opportunities that exist to improve that team. However, they don't own the team and they can't single-handedly facilitate its success – that's down to the CEO. They can facilitate change and take it on a journey to become more diverse, self-regulating and successful.

### What traits should a HRD be looking to promote and develop in executives?

A high-performing team is energised, passionate, aligned, balanced and committed. Senior executive teams don't become high achieving accidentally. They go through a difficult journey of dealing with conflict and tension, but in a way that adds value to the company and helps achieve goals. They are open to discussion and disagreement and challenge each other in order to get the job done. I've worked in both high and low-performing teams. If I've been in one that isn't working, I'd see it as the HR Director's role to call it out.

### How can incentives drive alignment?

Offering a balance of incentives is important. Short-term incentives drive immediate delivery, while long-term incentives are crucial to achieving future objectives. If you only focus on the short term, you could be encouraging behaviours and making decisions that

have great immediate impact but destroy the business in the years to come. The most sophisticated businesses will have short, medium and long-term incentives.

On a personal level, I believe the best incentive is shared success. When I was part of a high-performing team it was one of the highlights of my career. We were aligned, moving in the right direction and outperforming in every way.

### In what way can analytics be used to assess performance?

HR has always been lacking in its ability to harness data analytics to prove a case.

When you're looking to assemble and build a high-performing team, you need to be making the right decisions about who you put in that team. The more evidence you can assemble in terms of people, their performance and potential, the better.

Psychometrics, IQ tests and judgement tests can all be used to improve the decision-making process. The danger is that we become obsessed with collating data – it is the insights that we derive from the data that will add value to an organisation.

### How involved should a HRD be in succession planning?

The accountability for succession for the most senior roles sits with the board, and more specifically the nominations committee. I'm poacher

turned gamekeeper here – I've been the HRD working with the board, and now I chair the Nominations Committee of Svyaznoy, working with the HRD.

The HRD should be the facilitator of succession; it should be a staple skill. They need to ensure that leaders give sufficient thought and commitment to make it work.

### Why do companies frequently fail to be joined-up in succession planning?

Constant communication needs to take place between the HRD, the board and the non-executives. The HRD has to be able to influence the board but also be guided.

However, sometimes this is lacking and the HRD, for whatever reason, doesn't have influence on the board and you might get two completely different processes.

In this area, you need HRDs who are breaking the glass ceiling and trying to extend their influence where they might be uninvited.

Read the full article [here](#)

*Mike has over twenty years' experience specialising in board level HR and has been Group HRD for three FTSE 100 companies. Mike also has over ten years' experience as a NED in the financial services, retail and leisure sectors.*

## BUILDING A HIGH-PERFORMING EXECUTIVE TEAM

*A shared vision and trust are essential if executives are going to outperform*



The dynamics between senior executives are often complex. Personal agendas and politics can make the notion of ‘team’ something of an oxymoron.

“One of the challenges of executive teams is that they tend to be populated by fragile egos and overachievers,” a Member said. “There can, heaven forbid, be an element of arrogance.”

The word ‘entrenchment’ was used to politely describe the attitude that can be found among senior executives.

“For a team to become high-performing, self-interest and personal agendas must be removed,” another Member said. “I won’t tolerate ego or machismo, there has to be common goals for everybody.”

An impartial voice can be invaluable when assessing the qualities of the top team. The consensus among Members was that the HRD was a natural fit for this role.

“For HRDs to help executive teams in this area, they need to have strong facilitative skills, no axe to grind and the right level of sponsorship,” one Member commented.

They also have to be credible. “Far too many chief executives get too close to HR directors,” a Member noted. “It’s critical

to get the balance right as the value my HRD brings to me is that they’re valued and respected in their own right. Earlier on in my career, I have spoken to HRDs only for it to get back to my then CEO.”

### LEADER’S LEGACY

In order to build the right chemistry, there has to be a shared purpose. “If you concentrate too much on share price, then you’ll focus on share options... and become blinded by short-term deliveries,” said one Member.

It’s no way to build a sustainable business. “There are too many examples in the UK today of poor leadership,” cautioned one Member.

“The share price is driven up over three years; the management team succeed in the short term but then there are consequences later on when the leader retires.”

A CEO has to find a way to bind people together. A Member said: “They must have complementary skills and common goals. There has to be a reason for you to be working together as a team.

“Humility is probably one of the first things I look for when I’m interviewing people. I’m looking for a team similar to me who

“Self-interest and personal agendas must be removed”

understand that, while they are an expert, they are still going to make mistakes.”

There was agreement that the difference between an average leadership team and a high-performing one resided in the ability to listen to one another and collaborate.

“In a high-performing team, I am committed to you succeeding and developing every bit as much as I am myself,” a Member explained.

As should be expected, the executives that comprise the leadership should come from the main business units.

“I like to have experts around my table,” said one Member. “I’m not one for having lots of ‘yes’ men... I prefer to be

able to look each other in the eye and have the debate as to what’s right or wrong.

“However with experts, whether they’re in IT, finance or HR, sometimes you do have problems with ego. They have, in many ways, fought to get to the top of their field and will have decided on a point of view before the discussion has begun.”

Myriad executive teams pay lip service to the idea of collaboration and co-operation. It’s up to the CEO to work closely with the HRD to create a climate where people are able to ask questions and see the value of working towards a bigger goal for the business, as opposed to pursuing pure personal ambition. ■

### KEY TAKEOUTS

- Egos are damaging to overall team performance
- Success relies on shared goals and a vision
- An emphasis on short-term deliveries is dangerous
- Honesty, transparency and mutual support are vital
- HR directors are ideally placed to provide an impartial assessment





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*“In a high-performing team, I am committed to you succeeding and developing every bit as much as I am myself”*