

## Summer Bulletin 2008

### What a difference a year makes....



Alan Hurst  
alan@qcg.co.uk

Since our last Summer Bulletin - what a change! Credit crunch, oil price from \$75 to \$147 (but down to \$129 at the time of writing); with food prices pushing RPI north of 4% and according to extravagant press reporting, house prices crashing. Yet, for many of our clients (and our business) we are in

parallel worlds - the gloom of the media and the buoyancy of our day to day work. So, what are businesses to do? Our team looked at this through three lenses - disaster; no change; and back to growth. Our conclusion was that the interventions used to deliver business success were not very

different in any of the scenarios. What changes is the language. And for sure if things are getting bad - the need for sharp focus and decisive action - do, not be done to. So, if any of our readers are pondering this, here are a few points:

- Get your leadership team focused on what matters - business improvement, motivation and change;
- Don't let your key talent pool slip away - focus on those staying not those going;
- Make performance improvement a base requirement - for everyone;
- Drive maximum value from your pay costs;
- To achieve all this - demand the maximum support for business effectiveness from your HR team.

### Is the HR community overcomplicating things?

A plea for simpler language and a focus on some basics



Richard Jones  
richard@qcg.co.uk

John Ruskin observed, ***"It is far more difficult to be simple than to be complicated; far more difficult to sacrifice skill and easy execution in the proper place, than to expand both indiscriminately"***. In my view, this applies in spades to the way we

seek to lead and manage our most

precious work place resource - our people. And I speak as an HR consultant - a breed which seems to earn its corn out of complex models and relentless jargon.

Our leaders and our employees are generally, (as Jeffery Pfeffer observes in his book ***"What were they thinking?"***), "hard working, smart and serious people who expend time, effort and energy trying to do the right thing". Yet we conspire to make everything complicated. We have "human capital planning", "transactional analysis", "competency frameworks", "CRM", "TSR", "balanced scorecards", "knowledge management", "organisational development" and "value propositions" - to name but a handful from the HR lexicon. The concepts are great but are we losing the plot? After all how much information can the average employee or leader bear in mind?

So what should we do about it? Focus upon the basics? Will we all agree on the basics? Almost certainly not - but the key is that each individual who contributes to the delivery of the organisation's goals understands and buys into these goals and the way in which the organisation wishes to operate.

What then are these basics? Let's try four for a start - any more and we will over-complicate again.

Organisations should be principles led. Principles for these purposes include the organisation's key goals and the set of values that underpin these goals. Every individual, be they customer facing, through the key administration staff, to the chief executive, should behave in a way that is consistent with the organisation's goals and values. Whilst systems, policies, and procedures are important, there will be many occasions when they will not be enough and when individuals have to make judgements on their own. If people understand the principles and are nurtured accordingly, they will almost always do the right thing.

Successful organisations focus upon recruitment and continuous employee development. Jim Collins - in 'Good to Great' - talks about the right people on the bus. Without the right raw material, without

people who care about and are capable of interpreting the core principles, without having people who have the skills to perform what is required, it won't be possible for the organisation to deliver its goals consistently. Hiring and developing the right people so often still fails to get the attention it deserves. How often are we expedient in our recruitment? The need to fill the vacancy quickly often overwhelms common sense or we compromise against our original brief. We all know in our hearts and our heads how important selecting the right people is - yet it remains an area where only the very best organisations apply sufficient care, attention and skill.

Thirdly, leadership. Effective leaders know what is happening at the customer interface. They know the difference between good business and bad business. They break the conduct of the business down into a few simple ideas and phrases and don't over-intellectualise. And they are decisive when they need to be but yet they delegate mostly (because they have of course already hired and developed the right people). Good leaders in business today also have a certain charm - the art of being likable yet the ability to be firm but fair when the occasion requires. They are also honest

enough to admit their mistakes. It is often the case that, as Pfeffer says, the best leadership is often less leadership. Character, substance, and integrity always beats charisma and image and style over the long term.

And finally, there is the need to have an optimistic and realistic view of the world. In the chilly economic environment, this is not easy at the present time. Too many organisations are awash with control mechanisms which have a pessimistic view of the world built into them. An example of this is the e-mail policy which implicitly labels all people as untrustworthy. More trust and less control is our advice in most circumstances. We have to trust our people in their day to day contact with our customers and with each other - so why not make a feature out of it?

Of course there is much more to it than this - but if we only focused upon these basics we wouldn't go far wrong.

***Why not ask a third party to hold a mirror up to your own organisation - if you are brave enough? Contact Richard Jones 07879 635796 if you wish to know more.***

## Segmented reward - vive la différence?



'Segmented reward' increasingly features as a theme of interest in our reward assignments. What do we mean by segmented reward? Well essentially, any reward system that's significantly differentiated in its design and application to different staff groups - this can be by 'job family' or grade, and sometimes by geographic location. In other words - not a **'one size fits all'**.

This is nothing new, especially in the private sector,

where early examples of 'segmentation' were found in insurance companies - professional ladders in underwriting versus fixed pay rates in claims. It has typically been less common in the public sector, but there are some notable examples, and is becoming more common as both public and private sector clients are striving to drive greater value from their paybills.

Why is it relevant now? Through our consulting work, we have identified a number of factors which can make segmented reward a worthy feature of pay system debates. These are summarised in the table below.

1. Commercial and financial pressures - using reward in a strategic way within tight budgetary constraints means a 'one size fits all' approach may simply not be an option.	2. The increasing array and diversity of skills which command a market premium - there's a need for greater 'fine-tuning'.
3. Pressures to demonstrate alignment between business needs, the expected contributions in different parts of the business and how they are defined, measured and rewarded.	4. Changing employee expectations - the greater diversity and sophistication of employee lifestyles and preferences calls for a targeted response to motivation.

In the right circumstances, the benefits of differentiated reward arrangements can be substantial. These include a closer fit with business needs and employee preferences; greater value for money (and potentially major savings) from your paybill; support (rather than strain) for your performance management and appraisal system; and more options in terms of aligning your various

HR processes around the employee motivation and performance agenda.

However, there are important questions to consider in identifying whether segmented reward is appropriate for your organisation, and what degree of differentiation is right. We summarise some of the considerations in the table below.

## Segment, or not?

YES	NO
Value for money and managing financial pressures / constraints are key drivers for the reward system.	Strong preference for simplicity and transparency in the organisation.
There are clearly distinct labour markets, and market rates, for different groups of roles in the organisation.	'One culture' pervades in ways of working and relationships across the organisation.
There are clearly different, expected contributions and ways of working, in different parts of the business.	Hot IR climate - anything and everything has to be negotiated, emphasis is on same treatment for all.
Employees expectations are diverse, though demographic 'clusters' can be identified.	Central control of pay, low Line Management capability and experience in pay matters.
Line Managers' capability in managing pay and performance is reasonably high.	

***So, worth considering if you haven't already? Very likely - although it's definitely a case of 'think before you jump'! If you would like to discuss any of the points in this article please contact Mike Curtis (mike@qcg.co.uk).***

## Top teams tested



We work with a number of organisations to help them develop and support their top teams. In the course of this work we have made some (we think) interesting observations and want to share them with you.

It struck us, that whilst we in the HR world generally feel quite comfortable with the notion of feedback, personality profiling and development to achieve improved business performance - there are still many senior managers who feel very cautious. Indeed, what we have taken from our experiences is the thought that in

organisations where these processes have not become the norm, there is much work to do to support the HR team and persuade the senior people that this can be a really insightful and energising experience and that, however, skilled, hardworking or committed the top team are, there is always room for improvement.

A public services organisation was facing enormous challenges - beyond the normal issues of raising levels of performance and delivery. The organisation had vacancies in key leadership positions and was awaiting legislation that would create a massive change programme. The remaining members of the top team were potentially



people who deliver results

overwhelmed and recognised the need for support for themselves and the next level of key managers. The leaders impressed us with their willingness to embrace personality profiling, formal feedback, coaching and development planning. Each of these interventions can present senior, successful people with a variety of personal challenges - yet this organisation really decided to go for it - and benefitted hugely.

In another example, a high tech sales business had been exploring how people regarded their employer. After employee feedback, the CEO initiated a series of projects to address some of the areas identified as ones that could be improved as a priority. Employees evidently felt they could be managed differently. We worked with the CEO to explore how this might be achieved. This business felt less confident about the 'rightness' of a full scale development exercise and opted for a phased approach. Initially we developed a leadership competency framework and this underpins a feedback instrument. Development planning will focus on the business performance of the

executives and the way they operate their functions.

By way of a final example, a retailer had been working on improving their processes and relationship management and from here agreed that some individual coaching would benefit key role holders. The coaching has been conducted on a very private and confidential basis, focusing on personal attributes and improvement strategies. At present they have opted not to extend the process more widely, preferring to focus effort on communication, information flows and processes. However we are observing both significant increases in management energy and confidence, as well as greater awareness of the wider people issues.

In our work with these and other clients, we always try to focus the leadership development activity on actual business issues. This makes sure that the work is connected to tangible, and beneficial, outcomes.

***Want to know more, contact  
Alison Pennington on [Alison@qcg.co.uk](mailto:Alison@qcg.co.uk)***

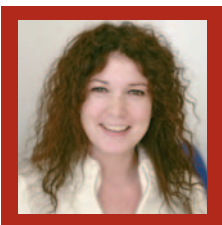
## ***Masterclass on Leadership Development***

***Thursday 18th September 2008***

Leadership will come to the forefront in the uncertain times we are currently experiencing. Join QCG and the expert guest speakers at this one-day seminar to learn of the approaches to enabling leadership that are starting to emerge in this changing environment and share best practice ideas with fellow delegates.

***If you would like to attend, you can reserve an early place by contacting [anna@qcg.co.uk](mailto:anna@qcg.co.uk) and we can send you registration and joining details. The charge for this event is £300 (plus VAT) with an early booking discount of £50 if you book now!***

## **Contact us**



For more information about any of the articles in this newsletter, to express an opinion on them or to find out more about our services please contact one of our support team or the consultants identified in the features:

**Anna Cummins** Tel: 020 7462 4840, e-mail [anna@qcg.co.uk](mailto:anna@qcg.co.uk)

**London Office:** 27 Hanson Street, London W1W 6TR

**Surrey Office:** The Park Gallery, Station Road, Chobham, Surrey, GU24 8AQ

**Belfast Office:** Cathedral House, 23-31 Waring Street, Belfast BT1 2DX

Tel: 020 7462 4800 Fax: 020 7462 4801

**Website:** [www.qcg.co.uk](http://www.qcg.co.uk)