

Best Practice Guide to Best Fit HR Innovation



From the Jon Ingham
Strategic HR Academy

The Academy

The Strategic HR Academy has been created to build practitioners' capabilities in strategic people management, development, and organisation.

The Academy is run by Jon Ingham, a former international HR Director and highly regarded HR thought leader who is a co-author with Dave Ulrich, one of HR Magazine's Movers and Shakers, and one of HR Executive's global top HR tech influencers.

Our programmes are built on the belief that in today's complex business world, HR practices can provide the basis for competitive advantage. Also, as with any other source of competitive success, this advantage is only provided by following a best fit approach, where processes are developed to meet the specific needs of an individual organisation, including its business strategy, workforce, culture, and broader organisational context.

Therefore, whilst recognising that a broader transformation of the HR discipline is underway, it is important that we do not try to lurch from one set of old / traditional / 'bureaucratic' practices to another set that seems more modern and agile. Yes, we need to understand the full range of approaches that are available and let these inform our thinking about doing things differently. But we also need to decide what type of approach is going to work for us.

This guide describes how the Academy suggests we need to go about innovating HR practices in order to optimise our success. This includes the needs for debundling (page 5), delivering organisational outcomes (page 7) and principles (page 9) as well as employee expectations (page 11) in order to achieve best fit (page 15).

We concentrate on performance management and reward practices, but the approaches apply to all areas of HR. You can find out more in any of the Academy programmes, particularly:

- Performance Management Re-engineering
<https://joningham.academy/courses/performance-management/>
- Reward Innovation: True Transformation vs Timid Tinkering
<https://joningham.academy/courses/reward>.



Debundling

Debundling is already a popular approach in performance management with many organisations having already realised that this process often tries to do too many things (the Academy's Performance Management course refers to 22 objectives that the process could be designed to deliver).

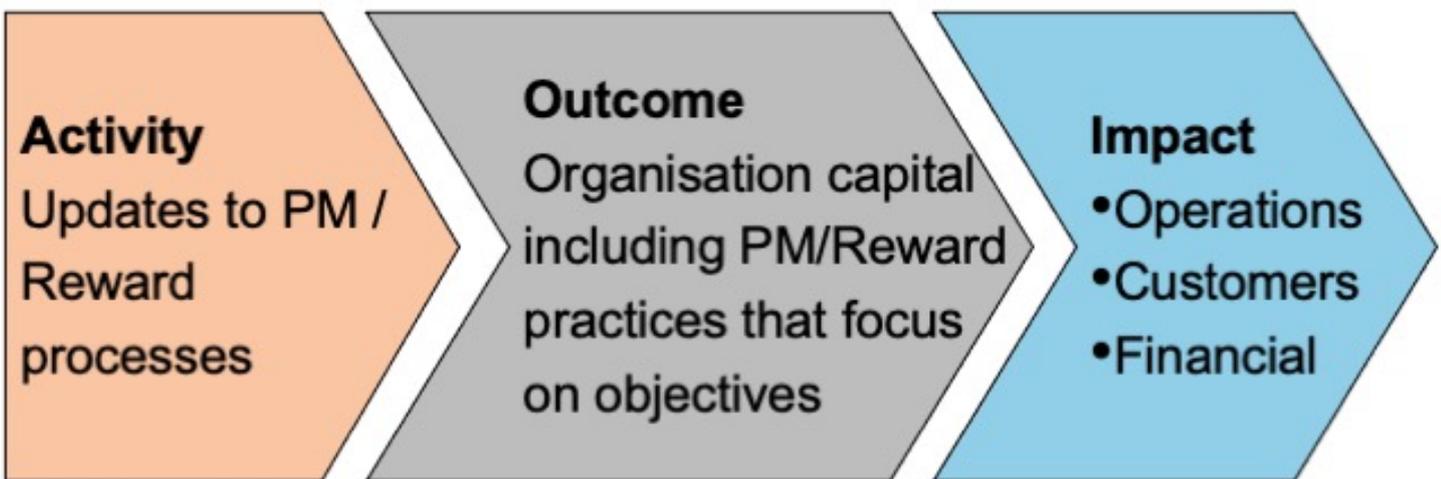
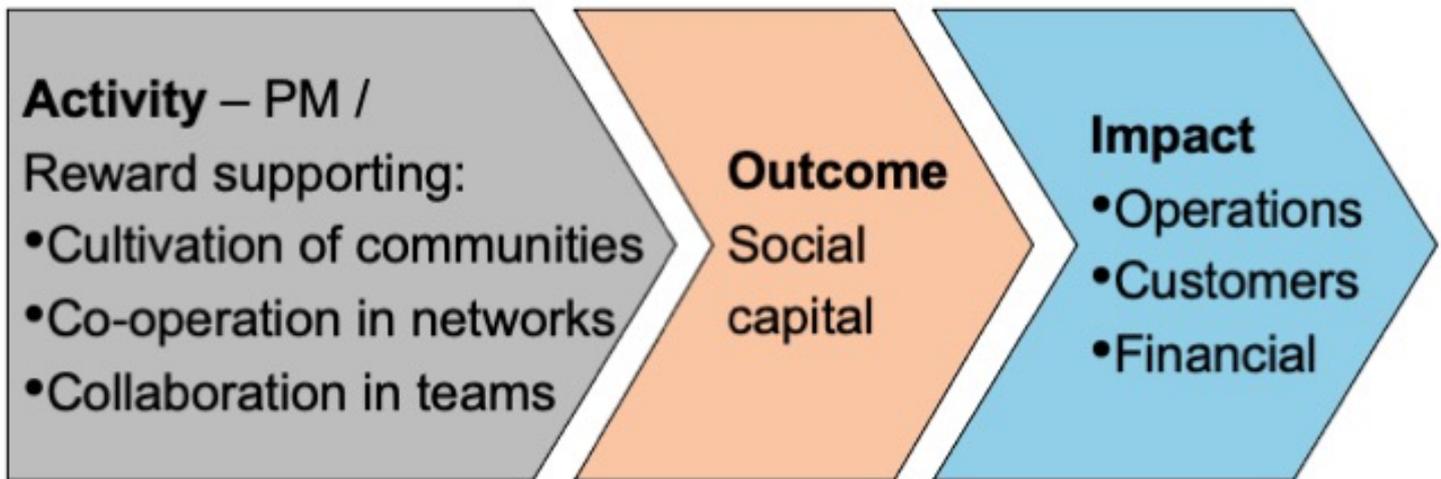
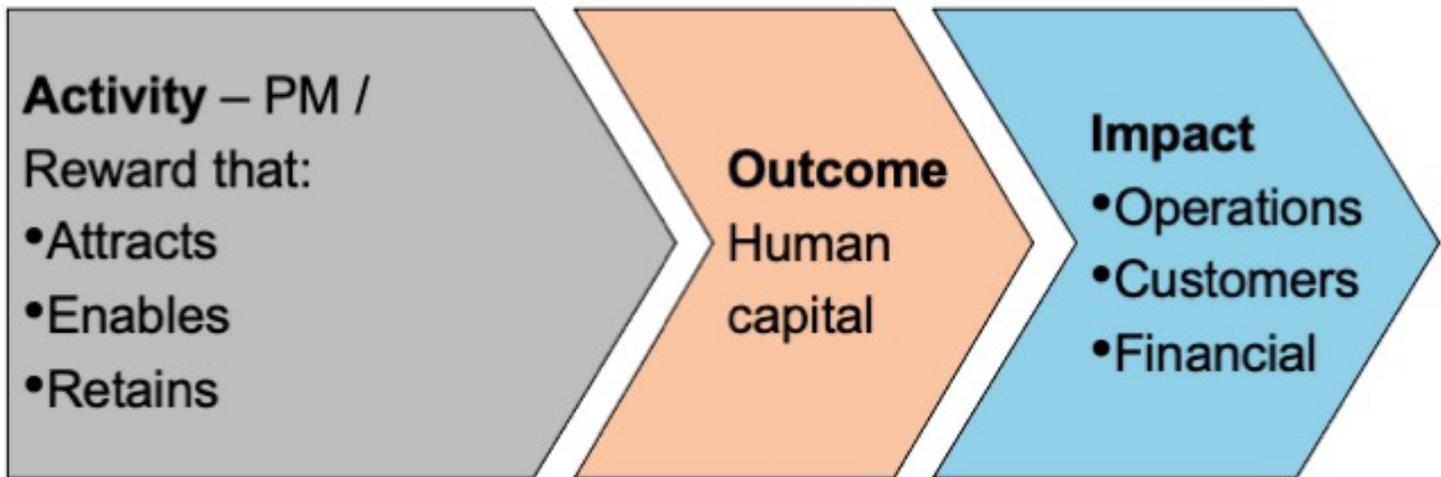
Debundling focuses performance management on the most important of these objectives to ensure it can meet this smaller number of requirements more effectively and then identifies other approaches to meet other less important needs.

This applies in particular to performance management's focus on development or reward as it is difficult for a single process to support both of these needs effectively. The Performance Management course describes issues such as social threat which means if the processes include a focus on assessment, it is unlikely to provide a basis for learning and improvement.

However, debundling also applies well in the reward space. This does, in part, include finding other non-reward approaches to attract, motivate and retain employees. However, it also suggests focusing key reward activities or elements (salary, bonus, incentives, recognition, other total rewards, etc) on key objectives or outcomes.

There will never be a clear distinction between each of the levers and their impacts. However, by linking levers and impacts as clearly as possible it becomes easier to ensure that each objective is well met.

Debundled performance management processes and reward elements can then be clearly linked to particular business needs as described in the following pages.



Objectives

Whilst it is important to link performance management, reward and other processes to business objectives, this alignment is improved by inserting organisational outcomes into the value chain.

Organisational outcomes or capabilities are based on the quality of people, and the way they are managed, developed, and organised, also known as human, social and organisation capital. These three terms are often disliked but are very useful strategically. Importantly, we are not suggesting that human capital refers to the people in the workforce but to the value the people provide to the organisation which helps it achieve its business needs. So, you could have a group of people who provide substantial human capital in one organisation, whereas this same group may provide no human capital to another organisation if it does not need the skills these people have.

So, human capital refers to the value of people skills, engagement, and diversity across the workforce. Social capital is the value of the connections, relationships and conversations taking place between these people - see my (Jon Ingham's) book, 'The Social Organization'. Organisation capital is the value of the way these people and their work are brought together.

We can link HR practices and business objectives most effectively by identifying the human, social and organisation capital a business needs and then the performance management, reward and other process changes which will deliver these capabilities, not by just trying to meet the business objectives.

One important aspect of this alignment is whether these processes are designed to form part of organisation capital, i.e., to connect people more closely to delivering on business objectives in a very business focused, short-term way. Or, whether these are about creating human and social capital which leads to HR oriented processes focusing on the longer-term development of people.

It is mainly by clarifying the outcomes a particular business and particular unbundled process need to create that organisations can develop more strategic, best fit approaches.



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• Assertive and Open-Minded at the same time

Rare point in time where what you are saying doesn't really make sense that much. What really changes (aside from the mkt action) that changed your ...



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9
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• Assertive and Open-Minded at the same time

The way you managed the discussion on Trump policies.



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	8	8	8	6	7	4	9	-	4	-	8	6
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	4	7	9	3	7	9	6	3	4	7	6	5
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Principles

It is also very useful, and probably vital for a strategic approach that processes meet key needs for how they are required to work. These requirements can be articulated by principles.

Performance management and reward principles should ideally be cascaded from broader organisation principles and will identify how an organisation intends to navigate between polarities such as technology or high touch; manager or employee responsibility; internal and external equity; and focus on key individuals or group cohesion, etc.

One interesting example of this approach is the investment firm Bridgewater. They have developed over 200 principles (far too many!) which inform their organisational activities. These principles are centred around radical transparency and candour.

Bridgewater's performance management process aligns with the needs of these principles and are based on a tool called the Dot Collector. Here, employees use company tablets to rate each other continuously against a range of behaviours and contexts. Resulting scores for these areas then inform an employee's right to be listened to about different topics.

This is not an approach that would work for many organisations or employees. However, we are not suggesting it as an example of best practice. Instead, we think Bridgewater provides a good example of best fit. The firm has decided how it wants to work and has cascaded its thinking into its approaches to performance management and other processes. Most other organisations would benefit, not by adopting the Dot Collector, but from adopting a similar approach to best fit design.

What employees can expect from Ernst & Young

Recognise and reward individual's contribution

Enjoyable place to work

Care, listen and respond to people's ideas and concerns

Continuous learning opportunities, access to knowledge and support for personal and career growth, and achieving your potential

What Ernst & Young expects from its people

Do the right thing and succeed for clients

Energy, enthusiasm, stretch and excel yourself

Build relationships, teamwork and the courage to lead

Take charge and personal responsibility for your career

Employee Expectations

One of the greatest recent shifts in strategic HR, particularly during the pandemic, is HR processes becoming more people-centric. For example, performance management practices have been made more appreciative, focusing less on assessment and more on development. Reward practices have started to de-emphasise variable pay and build up recognition. Some organisations have also increased the pay of their key workers and reduced differentials with the 'higher ups'. All processes in most organisations have been at least partly reproduced for a digital and now hybrid working environment.

Many organisations are also trying to improve employees' experience of these and other HR and management practices using design thinking techniques such as the use of personas and journey mapping, etc.

However, most employees do not come to work just for a good experience. They really want to achieve something for themselves. Reward has a key role in delivering such things as does performance management, but these are not limited to income and wealth.

For example, when I was an HR Director at EY, they moved performance management towards a two-way review of the employment deal. In this approach, the firm set objectives and reviewed an individual's performance against these. However, employees were also asked to explain how they want to be engaged, and at the end of the year, how well the firm had been able to manage them in this very personalised way.

Being employee centric is therefore not just about creating a better experience. It is also about helping to meet what we know about the broader expectations and objectives of employees and other workers. And it also involves using HR processes to generate a better understanding of what these needs involve.



Best Fit

It is by implementing debundling focused on outcomes, principles, and employee expectations that organisations can create more strategic best fit HR processes for the post pandemic world.

This approach depends upon being really clear about these three sets of objectives. Unless we have this clarity there is no easy or effective way to align our processes with our needs. We are then much more likely to end up implementing more best practices, completely missing the growing opportunities (or these days, requirements) for our businesses to differentiate, and compete, through our people practices.

Once we have a complete, clear list of objectives, we can create a series of options for going about meeting these. Doing this is important, as if we just identify one way of meeting our needs this is unlikely to be the most innovative, and therefore may not be the most optimal either. Instead of this, we should rate the pros and cons of each option against our objectives and choose the one or ones which fit best.

The above approach does not stop us being agile, and indeed, it supports it. If we simply focus on improving the current state, or just on employee experience without the broader set of objectives, then we are likely to progress in a fairly haphazard way with no strategic basis. It is by having a good understanding of the future state that we want to build, and updating this where necessary, that we are most able to focus on short term improvements, knowing that these will still take us where we eventually want to go.

Therefore, if you follow the suggestions in this best practice guide, you are much more likely to innovate your performance management, reward, and other practices appropriately, leading to processes and systems than employees want to use, and which will lead to your own, and your company's success.

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Problems with and Insights on Traditiona...

Cross-company research findings

Case studies from the vanguard

Psychological research 2 Topics

Learning from cognitive neurosci... 1 Topic

Learning from behavioural economics

Impacts of the changing world ... 2 Topics

Setting best fit objectives 4 Topics

Making Traditional Performance Manage...

Why you may want to focus on increme...

Objective setting 6 Topics

Topic Materials

Performance Management
Re-engineering

Problems and Insights on Traditional PM

Mark Complete

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Reward: True Transformation vs Timid Tinkering

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Last activity on 24/03/2021

Introduction

Introduction

A strategic approach to reward

The need for reward innovation

First Zoom call: Introductions, experienc...

Where We Are Now and the Business Ca...

Existing developments in comp... 4 Topics

What happened to the New Pay?

Developments in Total Rewards

Reward adding value to the business

Current pressures on reward

Impacts of pre or early-digital / ... 3 Topics

LESSON 1 OF 12

In Progress

Introduction

Topic Materials

Reward: True Transformation
(vs Timid Tinkering)

Introduction

Mark Complete

Our Programmes on Innovating HR

Performance Management Re-engineering

<https://joningham.academy/courses/performance-management/>

Employee performance management should be an absolutely critical business process or approach – providing the main mechanism an organisation has for ensuring that work is performed, and objectives are achieved effectively. It should also be an important enabler for employees – helping them understand what they need to do, and to do it. But after 30 years of trying, we cannot go on making incremental improvements that do little to reduce frustration or increase impact on business performance. It is time to seriously transform.

The good news is that there are things that can be done to make a major difference here. In particular, new insights from business and psychological research, new ways of thinking and new technologies provide some new and significant opportunities for improvement. Organisations need to understand both these opportunities and also the best way in which they can select an approach which will work for them.

Reward Innovation: True Transformation vs Timid Tinkering

<https://joningham.academy/courses/reward>

Over the last decade, HR has undergone a radical transformation. New insights from neuroscience and behavioural economics and new digital technologies are just some of the drivers leading to a new focus on creating an environment in which people can develop and perform.

It is clear that in these areas of HR, there has been a revolution, not just an iterative improvement. But what about reward? Well, outside increasing focus on social recognition and wellbeing benefits, there has not been that much change.

And the business environment continues to transform. Reward may have missed the previous changes, but it is not going to escape for long. Attend this digital training, or really, guided conversation, about the opportunities for a new reward.

All Our Programmes

Other Academy programmes running in early 2022 include:

Increasing impact through strategic HR

- Competitive advantage through organisation capability
- Digital transformation for HR

Creating people-centric HR approaches

- Putting people first for meaning and performance

Organising people and work in the 4th industrial revolution

- Organisation design for modern, compelling, and effective working
- Process design in both HR and the business
- Role and job design for good work and higher productivity

Developing effective organisations and groups

- Culture change – what and how

HR business partnering for strategic impact

- Strategic partnering to improve HR credibility and contribution
- HR transformation for creating value.

Courses cost £298 GBP including optional participation in a study group. All course fees include ongoing silver membership providing access to all non-course learning resources in the Academy.

Find more information and enrol at www.joningham.academy.

Ask us any questions you may have - contact admin@joningham.academy.

Follow the academy on LinkedIn for updates and general insights at www.linkedin.com/school/jon-ingham-strategic-hr-academy.

