



# Leading transformation from HR

CHINA GORMAN



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The present moment in global business and commerce is marked by proliferating invention coupled with the innate human desire to connect.



**TECHNOLOGY HAS BURROWED** into every aspect of personal communication and professional performance. Workers and customers have more mobility and fewer temporal and geographic barriers. Professional expression has more social qualities that bring workers together over ideas. Technology not only makes it possible for everyone to compute, it now connects people without the limits of time, place and culture.

More and more, work is a means of personal satisfaction in every field. Some workers can see fulfillment, not just compensation and security, within their career trajectories. This is happening at all levels of experience.

Yet not every company has adjusted to this significant development, only companies that have shifted their mindsets about the role of the workforce in customer relationships. Only the companies that harness technology to equip people have made the leap.

Companies must transform into structures that use technology to connect workers with each other and their customers seamlessly.

Human Resources has matured from its early days as “Personnel” to a robust corporate function. HR, however, is usually not perceived as a force for innovation in business, much less instrumental in connecting the company to its markets through the company’s workforce.

HR's progression through the decades can be measured in the effective deployment of mechanical tools and industrial psychology, not in guiding companies to reach beyond automation and convenient categorization of worker skills and potential. Outside the FORTUNE 200 companies, where HR chiefs have ready access to their CEOs and perform as strategists, most HR departments continue to be consumed with compliance issues that began escalating in 2007 and 2008. Their scope has been defined by regulation and enforcement, not strategy and vision. These HR teams tend to be small, yet even their C-suites recognize that talent management is becoming as pressing an issue as competition. The adoption of emerging talent management technology is, therefore, a thorny topic. Early adoption of such technology is perceived as risky when budgets are tight and HR is in response mode.

*HR must change its own structure and orientation to become a force for corporate transformation.*

People are ready to manage their own careers. They are even open to contract employment and consider it as steady a resource as conventional employment. Social technology has broadened the experience of workers, introducing them to the idea that they are more than what they can produce: each worker owns a collection of skills and experiences that constitutes talent – talent that they can choose to make available to the right employer at the right time.

It's time for HR to step up – to introduce and lead the enterprise to the value of talent management.  
It's time for HR to revolutionize its role.

# 01

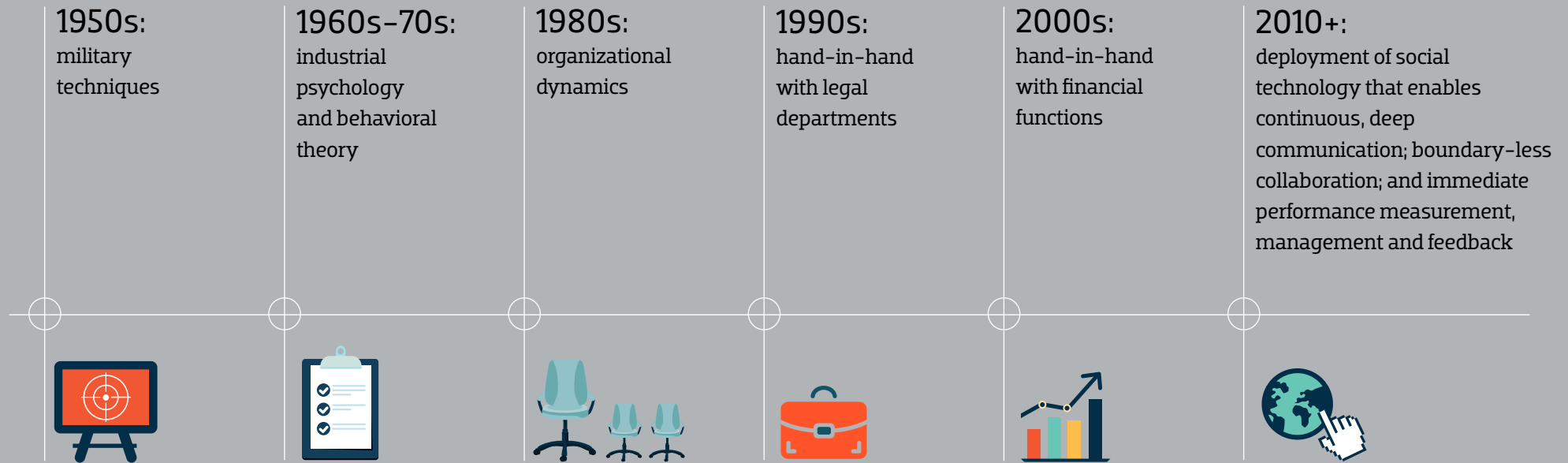
Understand how HR got here and where

it needs to go



FROM PERSONNEL TO TALENT:

# The ages of HR



Mid-20th century HR functions borrowed management techniques from the military establishment. To this day, HR is frequently seen as employing rigid structures and narrow definitions – less the generals/strategists and more the lieutenants/managers in any given business scenario.

In the late 20th century, employee-versus-employer legal action became commonplace; fear of litigation and damage to reputation meant that HR's chief partner in managing the administration of policy was the legal department.

Later, in the first decade of the 21st century, HR met new expectations. Chief financial officers and their teams put entire organizations under the microscope, emphasizing regulatory compliance and money-saving technology. Any dream of becoming a strategic partner to C-level functions seemed remote to HR teams stretched by depleted budgets and changing formats for insurance, retirement and compensation programs.

Today, as business technology itself becomes more social and enjoys shorter development times, two factors are changing management-worker relationships in landmark ways.

First, technology platforms for customer and supplier management are adding features for internal collaboration and communication – linking real-time evaluation of customer and supplier data with specific company-customer interactions. Game-like programs that share results, acknowledge success or failure and measure improvement are enriching employee performance records. They are replacing the traditional employee file. Management and HR experts predict the demise of the annual performance review and herald the era of real-time 360 degree feedback.

Second, outsourcing is less controversial. What began as salary arbitrage – fueled by cheaper skills made readily available through technology – is now skills arbitrage. While outsourcing remains a clear path to reducing the cost of employment, it is also emerging as a way to find the best people to employ – wherever they are, inside and outside the organization.

The escalating cost of employment is a primary factor of contemporary layoffs. Workers are tired of it, so freelancing and contract employment have become appealing options. As more workers choose this route, the benefit to companies is access to a talent pool that, managed well, can strengthen a company's products and services. Companies benefit from the flexibility to retain pertinent skills when and where they are needed, over shorter periods of time.



As workers learn how to manage their time independently while they acquire new skills, they will look for employers who know how to use their talent – and who have the systems to enable these workers to focus on their work and not the administration of it.

To succeed, however, companies must make it a priority to leverage worker knowledge in setting strategy and promoting market value. They must bring workers to the center of every business model – by assessing and deploying the value of workers' knowledge as well as their productivity levels. HR can be the leader in this regard.

**Be the function that interprets the impact of technological advances on workers.** Be the champion of transformation, to breathe excitement into strategy and to make it real for workers. Technology has become both sophisticated and friendly. Workers are open to new formats of employment. These factors generate a new, pressing imperative for HR to define how companies and workers collaborate around market opportunity.

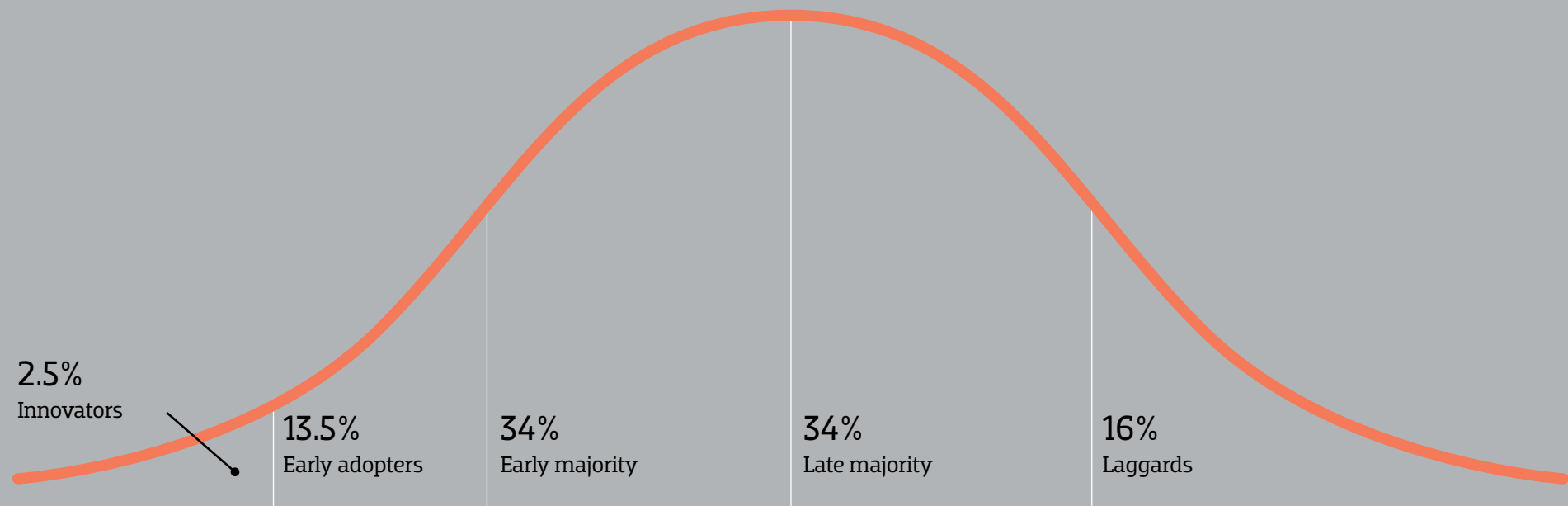
02

# Reengineer

or face mutation



# Rogers' innovation diffusion curve



Everett M. Rogers introduced his "diffusion of innovations" model in 1962. Clearly in use since well before mobile communication tools much less the personal computer, the model remains relevant for understanding how people adopt new technologies.

Processes, not just hardware and software, fall into the category of technologies. It can be chaotic to introduce change to any established corporate technology, and HR has often played the role of traffic cop. This is essential, and many HR functions will be comfortable playing this role in the future.

The difference today is, the technology traffic cop is not a management position. Therefore, HR professionals who believe that talent orchestration is a strategic exercise and that HR is the logical owner of workforce strategies must now organize their functions around these beliefs.

The current diminished investment in HR makes for a rocky path. Any talk of strategy setting is often just a source of aggravation to HR and to the C suite. Yet the senior executives who rely on HR for everything from enforcement to advice are ready for more from HR.

The Rogers model sets a path for HR to make its own transition from brawn to brain – even just as a tool to define a workable pace of change in company technologies. By identifying the company's innovators and early adopters, HR changes not just its focus; HR leads fellow executives to the realization that getting ahead of coming change is possible and manageable. HR also confirms that its role is to enable and manage transformation in the workforce, maximizing talent and leveraging it.

Just by enabling innovators and early adopters, HR can create success stories on an incremental basis, inspiring others to make the changes that are crucial to large-scale transformation. Perhaps most important for the HR teams that want a broader, more influential role centered in talent management, stepping into innovation and early adoption demonstrates that HR can expand its portfolio to include leading as well as administrating.

**Up the ante.** Companies will have no problem incorporating the new talent management imperative within another functional area, especially if a function other than HR makes its presence known as a risk taking, big thinking, contributing talent strategist. Set the agenda. Calibrate the company's endorsement and adoption of any change and watch HR's portfolio expand.

03

Act

technologically,

not technically



Only 21 percent of the more than 10,000 global organizations in operation today have recently adopted new technology programs for HR, according to CedarCrestone. Yet 97 percent of these companies have been using administrative software for decades. The adoption gap is about the same for medium and small companies.

In general, the fastest growing technology development in HR seems to be in platforms for talent management, performance management, rewards and recognition, and social and mobile. People use social media in their private lives, so they are comfortable using social tools at work. As a result, enterprise software companies are rushing to make their platforms more social.

Not every tool is appropriate for every organization. Hyper-social or informal-feeling interfaces probably won't work in more formal organizations, for example. However, personalizing technology platforms for company environments and worker groups helps to speed adoption and assure the capture of information workers and management actually can use.

In the end, technology has to make sense for the work; otherwise, it runs the risk of alienating people and disconnecting them from the business model and customers.



If HR does not manage the company's acquisition of technology tools for communication and performance, it is now time to take up this responsibility. Besides being inviting and easy to learn and use, these particular tools can support the communication dynamic and meet goals for information gathering and management while reducing cost.

HR is in the best position to make these judgments, but the function must be conversant in the technology and prepared to work closely with the Information Technology function.

**Be hip to the hype.** Know when a technology is at the height of the hype cycle and when it is actually getting adopted. Just because a new technology is getting attention does not mean it will work in every company. This distinction is invaluable to C-level decision makers in the areas of strategy, investment, technology acquisition and cost management.

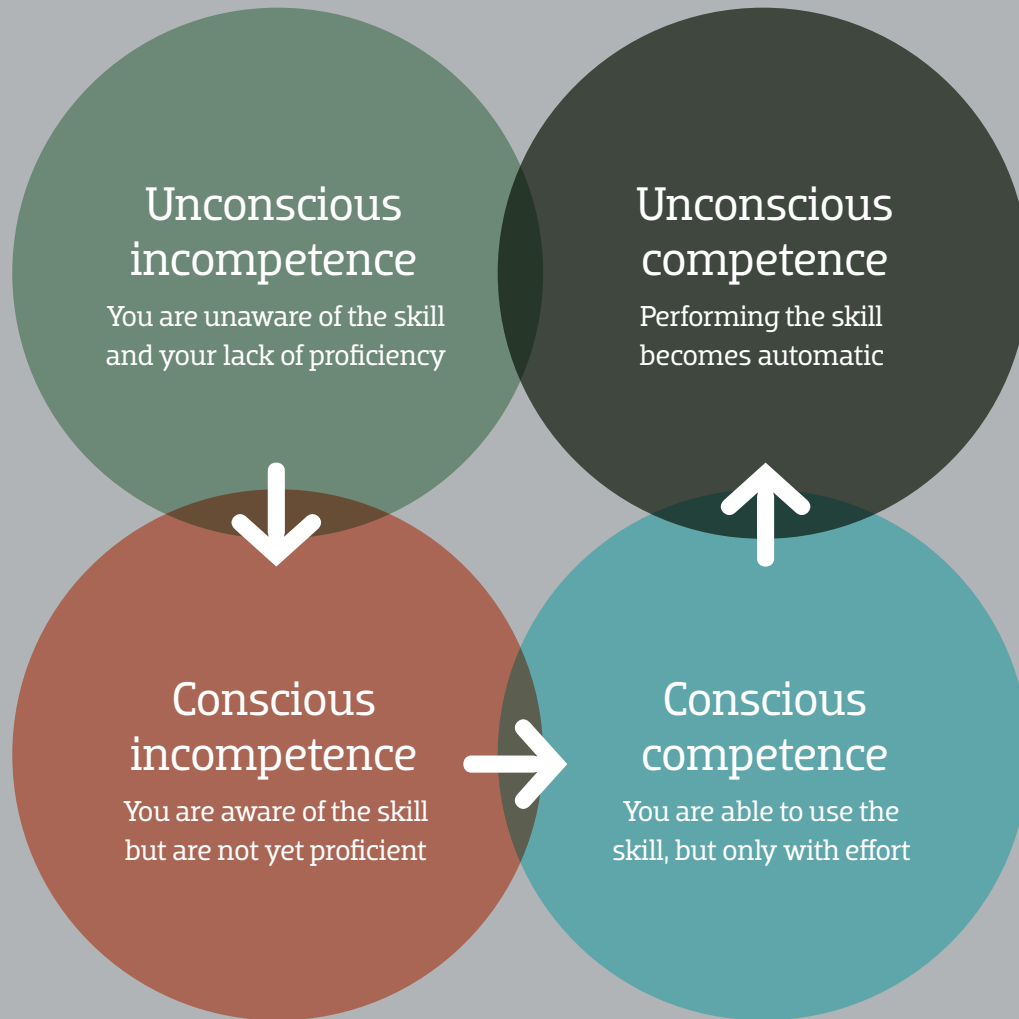


04

# Train for change

and become a talent center





Since the mid 20th century, technology has reduced the time it takes to perform administrative tasks. Systems process data faster and across multiple filters, yielding information that once took years to produce.

Today, social technology already has changed the nature of how companies relate to markets, and it has influenced not just how companies find workers but how they define jobs and roles.

Broadcast and command-and-control practices have ceded ground to engagement and participatory management.

For workers, this means more comfort with collaborating, speaking up, and owning results, not just processes. For management, while there is still the need for order and protection, there is a greater understanding of the positive aspects of self-assured, assertive workers.

Corporate structures will change in the first half of this century – not just to accommodate even higher transaction and production speeds but to make way for leaders who welcome engagement in the company's story, from workers as well as customers. In fact, these leaders will want and need workers who show and tell the story deftly, leveraging social technology to connect the company and the marketplace.

Internal communication programs will be a help in this regard. In fact, a longstanding priority on internal communication is a primary accomplishment of the typical modern Human Resources function. A core component of change management initiatives, communication strategy became a point of emphasis beyond one-time programs. It is an important tool in helping workers understand the market reasons for change and how new technology helps a company to survive.

The problem is, communication is no substitute for training.

First, training is a point of differentiation for talent stars seeking work that promises fulfillment and greater market value. Second, the pace of technology development means that training is incentive for experienced workers to make the emotional leap required to change and preserve their relevance.

From the organization's standpoint, there are three things to consider in helping people learn and change: worker knowledge and how to use it; the location of worker knowledge and where to deploy it; and the preservation of knowledge during and after a worker's tenure.

HR can now, using big data, connect the dots between how workers learn, how workers perform, knowledge retention, talent retention, customer satisfaction and market traction. However, understanding how people learn – and making room for the process to flourish – is a key success factor in associating a company's knowledge base with talent.

Noel Burch of Gordon Training International categorized four stages of learning any skill, the flow of which is usually depicted in a matrix. To reach unconscious competence, the most comfortable stage for workers and the most productive for management, a person's performance has to be automatic – performed easily and often quickly. A skill has been mastered. The worker has progressed from a raw state of unawareness and no proficiency, through accepting the need for a skill, then the process of mastering a skill, to mastery.

In Burch's model, the introduction of new technology means the company is taking workers who are unconsciously competent back to a state of conscious incompetence. This is not a problem for workers who like change; they will embrace new roles and welcome the development of new skills.

For others, introducing technology that disrupts their status quo can be traumatic. They also might be resentful, having expected to spend the majority of their careers in a steady flow based upon skills they worked hard to acquire. Others may feel a new technology is unnecessary.

One or all of these factors can impede change, and constant communication is not enough. It may also be a source of aggravation for the workers who believe they are being sold a bill of goods. Only planned, sustained training initiatives – programs that bolster skill, a sense of accomplishment, and a measurable increase in worker value, to the company and to the market – will equip and inspire skeptical, resistant workers to begin a new learning curve.

**Fortify training.** Recast its purpose as uncovering, honing and promoting talent. Beyond acculturating employees in the company way, empower workers to build knowledge that will serve them, customers and the company. Emphasize learning. Define what your company means by competence. Promote worker talent as a central chapter in the company's story. Achieve authentic transformation by making training the linchpin of every change management initiative.

## HR's new charter: Analyze fearlessly, interpret openly, strategize boldly

Pre- 2008	Post 2008	Implication
Better chance of budgeting flexibility	Doing more with less	Meet administrative expectations but don't make them the primary focus of HR's mission
Operating from a central organizational hub	Operating globally in whatever the company's territory, on the ground and locally	Develop a process for global participation in establishing and executing standard practices and procedures
Defining company culture from the top down	Welcoming new and diverse perspectives that enrich existing traditions and protocol	Create instances and case studies that show how worker talent is the source of new ideas that are part of the company's story
Compensation	Reward	Evaluate and adjust packages constantly and help employees understand how any bonus or sacrifice ties to their long-term goals
"People are our most important asset."	"Relationships with our people shape our products, services and customer relationships."	Make the company's talent profile the hub of HR's functional activity; use it to inspire and to check administrative policies as well as acquisition and retention plans
Communication and training	Training and communication	Train workers to acquire new skills with confidence and weather the increasing amount of change in their jobs
Compliance	Influence	Watch and address risk 24/7 but look for talent that puts the company in a position of strength
Follower of emerging technology for HR administration	Champion of emerging technology for talent management	Move beyond automating administrative tasks and avoiding risk to become an early adopter of technology; enable HR teams to capture big data, interpret the impact of talent trends and provide rich advice
Human Resources	Talent Management	Elevate the talent plan to business strategy status, not as an appendix to the company's business plan – or be content with playing a supporting role

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## ABOUT THE AUTHOR

China Gorman is Chief Executive Officer of Great Place to Work®. With 30 years' experience in strategic business leadership roles within HR professional services organizations, China has firmly established herself as a sought-after speaker, writer and thought leader within the human resources domain. Her blog, Data Point Tuesday ([www.ChinaGorman.com](http://www.ChinaGorman.com)), has quickly become one of the most-read HR blogs. Prior to joining Great Place to Work, China became well-known for her tenure as Chief Operating Officer and interim CEO of the Society for Human Resource Management (SHRM). Most recently she served as CEO for CMG Group and has also held the posts of President of DBM North America, and President of Lee Hecht Harrison, the global consulting division of Adecco, which became the performance leader in its industry under her leadership. China earned a bachelor's degree from Principia College in Elsah, IL and has completed significant post-graduate work in Organizational Development.



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