



## **Ampersand Human Resources Insights 2012/13**

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## 2012 Human Resources Summit : Insights and Out-Takes

Celebrating its 10<sup>th</sup> year, the annual Human Resources Summit was held in Melbourne this month and was attended by some of the Australia's most respected and experienced Human Resources practitioners.

Not only did the Summit provide a forum for like-minded professionals to engage, this year's event drew focus on the critical importance of the Human Resources function and the growing necessity for Human Resources to be embedded within the operating fabric of an organisation. Further, discussions gave rise to the challenging new environment for Human Resources on the most pressing issues affecting today's marketplace including implementing people strategies that drive performance, shaping organisational culture and managing change, and emerging trends in the new workplace landscape.

Of particular note is the ongoing challenges in a globally competitive market where there is a continuing trend towards business growth and on driving business efficiencies, regardless of the sector or industry. We're still dealing with the hangovers from the last few unprecedented years in business, managing today's complexities and preparing for tomorrow's challenges. It's not a remit for the faint hearted! This is further backed by the recent Deloitte *'Human Capital Trends Report'* which identified the three main challenges facing businesses from a HR perspective globally in 2012 - (*all three of which were discussed in detail at the Summit*):

- **Talent Management** - talent is a key enabler of growth but if not managed effectively can be a stumbling block particularly in building a leadership pipeline and sales effectiveness – HR strategies in sourcing and retaining top talent, succession planning and talent development are critical to business success;
- **Transformative technologies** – new technologies such as cloud, mobile, social and advanced analytics are changing how organisations operate and how people work. While some organisations may not be ready to embrace such technologies, HR needs to stay one step ahead to build the capability to use these tools in the future;
- **People Risk** – Organisational risk is high on every CEO's agenda. It goes without saying that 'people risks' represent a significant proportion of potential exposure.

The result of attending the 2012 Human Resources Summit was the opportunity for industry and functional peers to draw key learning's from real life examples offered by key note speakers and during roundtable discussions, with the opportunity to learn from the successes and pitfalls.

As active participants, there were several insights and thought provoking comments to take away from the Summit that we'd like to share.



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## A CEO's Perspective

Imperative to any HR Director's success is the CEO's genuine support and buy-in to drive people strategies and organisational change that is influential, effective and enduring.

***"Loyal passionate staff bring as much benefit as loyal, passionate customers"***

*Karen Adcock, CEO Pandora*

Key discussion points raised:

- An Entrepreneur meets HR. Pandora experienced exponential growth from inception and it wasn't long before there was a need to refine the overall objective of the organisation to better manage its talent and performance. This was a learning curve for Karen. She had to collaborate and trust her HR Manager to mutually agree on the strategic challenges that needed to be addressed so the business could continue to grow and succeed;
- Values are not a theoretical ambition discussed in HR. Pandora has great products, trademarks, skilled people, production facilities, systems and a vision... but it is values that bring it all together. Values provide a framework within which all employees knows how to act;
- Organisations must preserve their values to make sure they continue to work; find a way to state who you are, and do it together - so you are truly unique and powerful;
- Staff engagement – It is not enough to develop performance management plans and action plans if we don't know how we are tracking to our action plan. Organisations must integrate values in all of their people processes and support employees through ongoing training and development and have a clear rewards and recognitions program.
- Talk about success - recent promotions, charity work and the CSR plan. Continue to have fun along the way.
- Develop and deliver a comprehensive People Development Plan;
- Values are to be lived in the organisation EVERY minute of EVERY day.



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## HR Agility and Responsiveness

The role of the HR Practitioner is continuously evolving and changing. HR Leaders must embrace this change and embark on this journey in order to add value to the organisation within your role and continue to build effective business partnerships.

***“The HR career pathway will lead to the CEO position and will replace the CFO as the natural successor”***

*Peter Coyne, Executive General Manager HR, Crown Melbourne*

Key discussion points raised:

- Every organisation makes a promise to its customers through marketing but this promise is delivered through its people. People are the most important asset and in order for this to work HR Leaders must have a Structure, Function and Capability. The Structure is your framework and underpins everything you do. The Function is the deliverables and what needs to happen. The Capability is your HR team;
- HR Business Partners must avoid becoming an extension of management and must not do their job. A genuine and true BP will guide, support and coach and will challenge core decisions;
- HR Specialists are functional and they set generalists up for success. Collaboration is key for specialists and generalists if HR is to be effective and successful;
- Invest in, and create a culture of learning and prioritise your organisations EVP. Results, organisational objectives and targets will be met and delivered through employees who feel valued, challenged, empowered and recognised;
- The HR Generalist role is getting bigger which is a concern for all HR professionals. To succeed, we must be very good at HR and this means knowing the business strategy, who are our Executives and Managers, what are their nuances and values base;
- Be a decent person – be fair and ethical. Show empathy, fairness and trust. Remember, out of recognition comes rewards;
- Embrace challenges head on and have strategies in place around diversity, acquisitions and growth.
- HR will accelerate in the next 10 years and HR Leaders will need to have stronger academic qualifications in business and will need to possess deep knowledge of specialty business areas such as law, marketing, global strategy etc. The current market demands agile and adaptable HR Generalists and key to their success is their ability to be influential;
- HR Leaders must know their business well – drivers, accountability, revenue, profitability and how to get it.



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## Talent Acquisition

Talent Acquisition and attraction is a priority for every business leader, regardless of sector or industry and particularly as the talent gap is getting bigger. Talent is the key enabler of organisation growth and if the Talent Acquisition process is not carried out appropriately, it will have a direct impact on cost and business success.

***“When developing your Talent Acquisition Strategy, think in your candidates shoes”***

*Michelle Cooper, National Manager People & Performance, PeopleBank*

Key discussion points raised:

- Organisations should first look internally and ask the questions – do we understand how talented our talent is and can we promote from within;
- Talent Acquisition strategies and plans need to be innovative and HR Leaders need to embrace social media and sites such as LinkedIn to source talent. Organisations that continue to rely on traditional job boards to source talent will get left behind;
- Simulations and role plays will increase your chances of making the right hire by 65% to 70%. Relying on competency based interviews alone, will only guarantee you a success rate of 55% to 60% whilst relying on unstructured interviews (casual chats over coffee), will give you a 10% to 15% success rate. If you hire based on someone’s resume alone your success rate of making the right hire will be between 5% and 10%;
- The skills gap in Australia will continue to grow.



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## Diversity and Inclusion

Global leaders have heard and talked about 'the business case for diversity' for some time now. Organisations have developed strategies and plans to tackle diversity and some have set some stringent targets, but how deep does the message really go?

***“Diversity means more than just having a sprinkle of women and a dap of colour”. “No leader is an island – working in a team”.***

*Jerry Sadlowski, Partner Human Capital, Deloitte Consulting*

Key discussion points raised:

- Diversity is leveraged through inclusion – the extent to which employees feel valued and included by an organisation. Diversity + inclusion = improved business outcomes. It is not enough to create a corporate version of Noah's Ark bringing in 'two of each kind'. Unless the zebras, giraffes and lions on Noah's Ark fully engage with each other to understand and benefit from these perspectives then the opportunity has been lost;
- Working in diverse teams, whether cross-functional, virtual or global, can be both rewarding and frustrating. A diverse team can produce results which are far greater than the sum of its parts, but a conflicted team is every leader's worst nightmare with wasted energy and poor output;
- Inclusion means adaptation, not assimilation and toleration;
- An Inclusive Manager (IM) visibly champions diversity and drives initiatives. An IM creates an environment which is inclusive and open and demonstrates a collaborative leadership style. An IM embodies merit-based decision-making and seeks out and values employees' contribution. An Inclusive Manager will create a sense of collective identity/shared goals within the team; will possess cultural competency and; has the ability to actively manage conflict;
- Employees given the option of working flexibly experienced less work/life conflict and were able to work longer hours before experiencing work/life difficulty. Hidden benefits of flexibility, according to research is reducing work/life conflict for men and women, enhancing productivity for parents and managers and improving well-being and reducing absenteeism;
- Practical ideas for organisations that support the business case for diversity and want to embrace the diversity + inclusion = improved business outcomes equation:
  - Build leadership capability;
  - Align strategies;
  - Re-phrase the conversation;
  - Develop metrics to hold leaders to account for implementing the business case;
  - Use an evidence-based approach to identify diversity barriers (e.g. data analytics and employee perceptions);
  - Prioritise initiatives for maximum impact;
  - Address unconscious biases;
  - Cast a diversity and inclusion lens over the entire business.



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## E-Learning and Social Media

In the first decade of this new millennium the world market for e-learning grew over 2,600% and if anything, growth today is accelerating. Moreover, e-learning is developing and changing as fast as it is growing. As we enter the new decade we see many new technologies emerging; we see changes in the way e-learning is delivered; we see changes in how, when and where people learn.

***“80% of learning in the workplace takes place outside of formal learning in the workplace – it’s through social learning”***

*Tim Legge, CEO, Learning Seat*

Key discussion points raised:

- E-learning is the fastest growing industry in the world but the future is mobile learning (m-learning);
- Traditional book sales fall 20% per annum, year on year and e-book sales have gone up 160% per annum, year on year;
- Google Apps for Education is a free App now being used in schools in the USA for their learning methods;
- Social learning = sharing, communication, connection, collaboration and co-creation;
- A recent study of 1,000 Learning & Development/Human Resources Managers across the globe, found the top seven learning tools for 2011 are:
  - Twitter (3<sup>rd</sup> year running);
  - YouTube
  - Google docs
  - Skype
  - Wordpress
  - Moodle
  - Wikipedia
  - (facebook was number 14).
- As well as m-learning, future trends include Serious Gaming. This is where organisations are using online games as a tool to learn by doing.



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## Terminations: Redundancies, Performance and Bad Fits

Managing terminations is part and parcel of being a HR Leader, and terminating an employee's employment must be done carefully. HR Leaders must act fairly and ethically while mitigating legal risk and cost.

***“Think about the policies you really need and what your employer can comply with – remember your employer is not exempt”***

*Joydeep Hor, Managing Principal, People & Culture Strategies.*

Key discussion points raised:

- 17,000 unfair dismissal claims made per year and 75% of unfair dismissal claims result in payouts. The payouts average is 12 weeks' pay and claimant success rates 51% under Fair Work Act;
- There are two types of separation – neat and messy. Neat separations include redundancies, misconduct or performance management. Messy separations include resignation and constructive dismissal (employee has no choice but to resign), cultural fit, negative influence and not a part of organisational future;
- Having a valid reason and following a process is no longer enough. Fair Work will consider overall context and overall context of an organisations culture. Personal circumstances of the employee as well as their reputation will also be taken into account;
- HR Managers must be honest in their communication and focus on the core reason of the termination. If you are not genuine, you place your organisation at risk;
- Contract management is instrumental in ensuring your organisation is not at risk. Be disciplined as HR Managers and ensure you confirm any minor variations to someone's contract in writing. Fair Work refer to this as 'sloppy' if not adhered to and you will lose in court;
- The culture of today's workforce is *'if you get sacked you have a go'*– Get the process right and let fear of an employee being re-appointed as a consequence drive to this. The current statistic is 3%, which might seem low but you don't want your organisation to be in that 3%;
- When managing redundancies remember that it is about the position and not the person;
- According to Joydeep, written policies, as a general rule, have created more difficulties for his clients than solutions. If you need to have or want a written policy he recommends you ensure that enough latitude is built in, they are not a term of contracts and Managers have been thoroughly trained.
- Performance management is difficult for employers because they do not have the skills to manage the issue (i.e. don't know the solution or legal ramifications), their personality or style is to avoid conflict or they worry about the reaction. Another issue is employer assumptions and hopes – the problem will fix itself or they are due to retire soon anyway;
- HR Leaders must broaden the scope of 'performance' – It is not enough to focus on duties, tasks and output. HR professionals must address the issues of poor team players, cultural misfits, distinct from misconduct and general compliance with organisational mission;
- Recommends that organisations make poster examples of people who do and don't comply with culture.



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## And, Change Management

In today's economic climate it is rare to see a business who is not undergoing some form of transformation and change, to reduce cost, build efficiencies and capability. As Change Agents, it is imperative that HR Leaders are equipped to lead an organisation through this change and are equipped to manage resistance, scepticism and cynicism when challenging leaders and staff to change.

***"Change is the new certainty. Change can be constructive, for without it, there is no learning"***

*Syliva Vorhauser-Smith, General Manager Integrated Talent Management – PageUp People*

Key discussion points raised:

- The basic instinct of survival is the natural movement of any organism toward equilibrium and away from change;
- The biology of dissonance and change:
  - Our brain's limbic system processes 400 million bits of information per second. It is our unconscious system and our storehouse of habits. It also stores our emotions at a subconscious level (i.e. how we brush our teeth every morning, we don't learn this every day we just know this as a habit so don't have to think about it);
  - Our brains orbital frontal cortex picks up anything that is not normal or routine and automatically defaults as this being wrong – this is linked to our amygdale which is our emotional centre for fear;
  - Our prefrontal cortex is limited to 3-4 hours of activity per day and starts working from the time you wake up. This allows us to learn new things that we accept and will inhibit our limbic system. It can process 2,000 bits of information per second (when you have had a busy day tackling difficult stakeholders or if you have been in training all day – you will feel more tired because you've used up your 3-4 hours of capacity compared to a day filled with routine tasks);
- Some change methodologies are designed to contravene how humans are naturally wired and modelled which is why 70% of change initiatives fail in organisations – HR Leaders who don't take into account the neuroscience of change and understand human behaviour and reactions to change, will not get buy-in or be successful;
- Syliva specifically looked at Kotters 8 steps to change methodology as an example of this:
  - Step 1 - Create a sense of urgency
  - Step 2 – Guiding coalition
  - Step 3 – Change vision
  - Step 4 – Communication plan
  - Step 5 – Employer employees
  - Step 6 – Short term wins
  - Step 7 – Consolidate and more change
  - Step 8 – Make change stick

***Syliva believes this methodology fails because creating a sense of urgency makes people scared of the status quo and immediately they will resist. This methodology is on the premise that fear motivates change when in fact the reality is that fear shuts us down. Step 2 and the guiding coalition can create in/out groups and it doesn't give employees a choice. Some change agents accustomed to following these process steps, that are not how people typically react (that is considered normal), may not make it work.***

- Be the architect of change and get people as involved when you can at the point of creation and not implementation – Share the change load early (we are social people so share the communication of change – Remember it's not you, it's your brain and help people understand that their brains are not complying);
  - Organisations and HR Leaders need to lighten up about change and not be so serious.
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## In summary

The HR Summit 2012 was a resounding success with some terrific insights into the importance of this continually evolving and critical function. In short, Australian organisations are in good hands. The calibre, thinking, diversity and passion of Human Resources practitioners in this country is becoming more and more strategic. We continue to be proud of our association and advocacy of such a talented group of functional heads and business leaders.

Human Resources continues to go from strength to strength. It remains front and centre in Group structures and as our local capability and sophistication grows rapidly, so too will the continued evolution of the function on our local shores.

At Ampersand Executive & Search, we watch with interest the functional trends within Australia and globally and view our role as not only to map, source and engage top executive and emerging leadership talent but to offer functional advocacy, structural design and capability assessment, and cross-sectoral advice to our client partners at CEO and Executive level.

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## And a little more about us...

Ampersand is one of the leading, specialist Executive Search and Recruitment firms operating within the Asia Pacific region. Its world-class service delivery, strength of national and global networks, innovation in service and channel offering, and uncompromising candidate and client experience has created new benchmarks in industry standards within Australia and offshore.



It is our **Client Service Proposition** that best defines Ampersand Executive's functional expertise.

Our business model is built on organisations' two core assets – their **Customers & People** and **Business Enablement**.

**Ampersand's Customers & People Asset** builds and delivers talent capability across four specialist disciplines:

- **Corporate Affairs**
- **Marketing, Product & Insights**
- **Digital**
- **Human Resources**
- **Sales & Business Development**

**Ampersand's Business Enablement Asset** builds and delivers talent capability across two specialist disciplines:

- **Change & Transformation**
- **Project Management**
- **Strategy**

Accordingly, the Ampersand business has appointed National Practice Managers to lead each functional discipline as subject matter experts for Permanent and Contract requirements. We partner with a diverse suite of some of Australia's most iconic brands, together with global blue chip organisations.



Since inception, Ampersand has managed and delivered Executive Search assignments across Functional & Commercial Heads of Business, General Management and C-Level. In 2012 due to market and client demand, Ampersand Search separated from the Executive business to allow for focused growth, an exclusive leadership structure and a Search brand offering a fully equipped and expertly resourced business unit with an established national and Asia Pacific framework.