



HR: Taking the red pill or the blue pill?

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The CEO Briefing report¹ released last week by the EIU had three significant messages for those of us in HR. In terms of greatest challenges facing organisations to be successful, three of the top four were people related (teams, talent, communication). In terms of the greatest risks, two out of the top four were people related (innovation and talent).

Contrast this with the third message, of the eleven business areas, HR was ranked bottom in terms of performance and next to bottom for importance. Once again, evidence that the HR function is still seen as the poor relation inside an organisation; and, once more raising the question of HR effectiveness ('the hippo in the corner').

A few decades ago Charles Handy, writing about organisations, illustrated the boiling frog syndrome - a metaphor for (comfortably) reacting to slow changes in the environment, in this case the temperature, but which eventually leads to the death of the frog. Another related, but more personal example in health, is often patients who are mentally ill do not accept their illness and for too many they never do.

Both of these examples could be interpreted as 'coping strategies' though neither of which leads to a satisfactory outcome.

In light of the message regarding HR above, both of these analogies can be related to the HR function. The CEO Briefing echoes the results of the VB-HR™ Rating study we conducted last year where effectiveness was challenged, despite the apparent, 'busy-ness' of activity and feeling of satisfaction.

Of course, the study focused on human capital management across the organisation as well as the HR function which provided a mandate for improvement.

With regard to the HR function, we have noticed an increasing (and unhealthy) focus on compliance-related activities. Most HR people would argue that this reflects the increasing organisational drivers. We would argue that it is yet another example of the boiling frog syndrome. At the current rate, HR will become a sub-unit of internal audit within ten years.

To illustrate the point, HR benchmarking (measuring irrelevance), Investors in People (a basket-case), and CIPD qualifications (which lack commercial/practitioner focus) provide an illusion of competency and thus comfort. In fact, all three can be viewed as part-manifestations of box-ticking exercises or processes.

Human capital management as a discipline is all about value and risk – compliance is just a small part of this. HR functions need to understand what their value proposition is or should be.

What is particularly sad, is the number of bright talented people we have come across in HR – what's in it for them, in this scenario?

This article is not meant to be 'bashing HR' – more a reality check and cry to arms. To back this up, in the last twelve months, we have released the most sophisticated people management evaluative tool, HC reporting standards and a university dedicated to HC Management. However, those relying on coping strategies may interpret it as such.

In an updated metaphor, in the recent film 'The Matrix', the protagonist is offered a choice of pill, a red one - denoting reality and a tough challenge, but with support – a blue one denoting comfort but ultimately doomed to a subservient and irrelevant life.

Over a decade ago I wrote about organisations, through their intent, deserving the employees and thus talent they get, i.e. you get what you deserve. Increasingly, I believe that this has far more resonance with the HR function.

So, I would challenge all senior HR executives and their teams to ask themselves the question – 'Do I want to take the red or the blue pill?' and in this particular instance to ask it honestly. We owe it to ourselves.

There's an old adage in business that states, 'If you're not part of the solution – you're part of the problem'. The question to ask therefore, is 'what part of the solution is HR trying to provide?'. If the answer seems confused or uncertain or is overwhelmingly compliance related, then perhaps HR needs to realise it is part of the problem.

The great news is that there is still time to do something about it.

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¹ CEO Briefing, Corporate priorities for 2006 and beyond, Economist Intelligence Unit