CAHRS

Center for Advanced Human Resource Studies

WORKING PAPER SERIES

Execution: The Critical "What's Next?" in Strategic Human Resource Management

Patrick M. Wright
Lee Dyer
Michael G. Takla

ilr School of Industrial and Labor Relations

Advancing the World of Work

CORNELL UNIVERSITY

EXECUTION: THE CRITICAL "WHAT'S NEXT?"
IN STRATEGIC HUMAN RESOURCE MANAGEMENT

Patrick M. Wright
Cornell University

Lee Dyer
Cornell University

Michael G. Takla
MGT Associates

Working Paper 99-11

http://www.ilr.cornell.edu/cahrs

Abstract

The Human Resource Planning Society's 1999 State of the Art/Practice (SOTA/P) study was conducted by a virtual team of researchers who interviewed and surveyed 232 human resource and line executives, consultants, and academics worldwide. Looking three to five years ahead, the study probed four basic topics: (1) major emerging trends in external environments, (2) essential organizational capabilities, (3) critical people issues, and (4) the evolving role of the human resource function. This article briefly reports some of the study's major findings, along with an implied action agenda – the "gotta do's" for the leading edge. Cutting through the complexity, the general tone is one of urgency emanating from the intersection of several underlying themes: the increasing fierceness of competition, the rapid and unrelenting pace of change, the imperatives of marketplace and thus organizational agility, and the corresponding need to buck prevailing trends by attracting and, especially, retaining and capturing the commitment of world-class talent. While it all adds up to a golden opportunity for human resource functions, there is a clear need to get to get on with it – to get better, faster, and smarter – or run the risk of being left in the proverbial dust. Execute or be executed.

Since its inception in 1995, the State of the Art and Practice (SOTA/P) study has become a central activity of the Human Resource Planning Society. With the overall objective of pinpointing emerging developments, the study seeks to arm human resource professionals with timely information helpful to the preparation of appropriate strategies. This article provides a brief report of the key findings from this year's survey, along with an implied action agenda -- the gotta do's for the leading edge. (Readers are reminded that this article is a selective summary of a more extensive report, available through HRPS, titled "1999 Human Resource Planning Society State of the Art/Practice Report: Execution -- the Critical 'What's Next?' in Strategic Human Resource Management".)

METHODOLOGY

This year's survey was conducted by a virtual team of researchers around the globe. Overall, there were 232 respondents worldwide. Just under one-third were from the United States; most of the remaining were from Venezuela and Australia/New Zealand, with smaller numbers representing Canada, Asia Pacific, Japan, and Europe. Exhibit 1 delineates the researchers and the specific distribution of respondents by geographic region. The majority of respondents were human resource executives (138, or 59%), but the sample also included 42 (18%) line executives, 29 (13%) consultants, and 23 (10%) academics. Following past practice, researchers made every effort to focus on individuals considered to be thought leaders in the field and, indeed, the final sample was skewed toward highly seasoned professionals; average tenure with current employer and on current job were 11.5 and 4.6 years, respectively.

Exhibit 1

Sample

Canada n=21
Joanne Reid, Jeannette Lalonde
Bard, Pat Booker, Karen Jackson
CHRP

Europe n=8
John Herbert,
Paul Evans,
Paul Grol
EHRF

Japan n=9
Motohiro Morishima,
Patrick Wright
CAHRS

U.S. n=68
Patrick Wright, Lee
Dyer, Mike Takla
HRPS

Asia Pacific n=19
Patrick Wright
CAHRS

Latin/South America n=55
Elena Granell De Aldaz
IESA

Australia n=52
Helen DeCieri,
Marilyn Fenwick,
Viv Read
AHRI

SOTA/P 99

Overall n=232
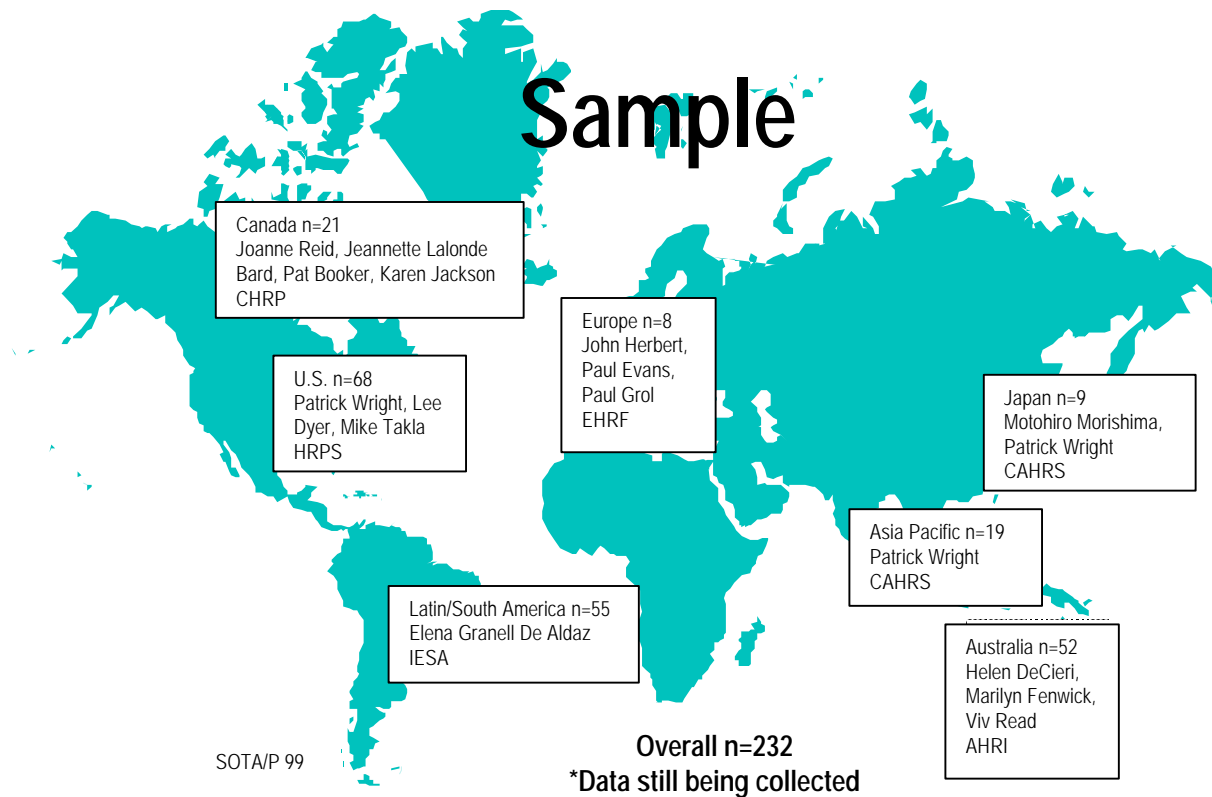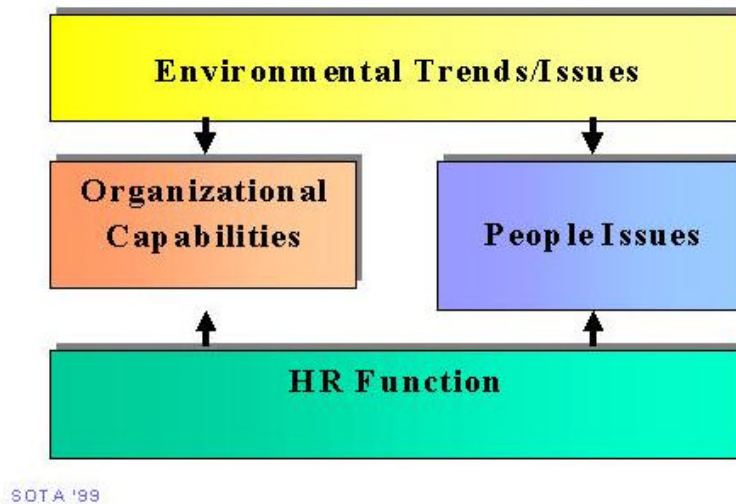***Data still being collected**

Exhibit 2 shows the model that guided the study. It assumes that environmental trends give rise to organizational and people related issues that human resource functions, in turn, play an integral role in anticipating and addressing. More specifically, with respect to the future landscape facing the field, the survey adopted a three to five year time horizon and probed four basic topics: (1) major emerging trends in the external environment, (2) three most important organizational capabilities/critical success factors that will be required to deal with these trends, (3) critical people issues to be addressed, and (4) ways in which an ideal human resource function would address these challenges and issues. In addition, the survey contained questions pertaining to the current performance and responsiveness of today's human resource functions.

Exhibit 2

SOTA '99

KEY ENVIRONMENTAL TRENDS:
COMPETITION IS FIERCE AND GETTING FIERCER

Looking three to five years out, this year's SOTA/P respondents foresee familiar, but intensifying environmental challenges; namely, unending demands for growth and results in an increasingly global, competitive, and complex business milieu

Key Findings

Key Finding #1
If you're not going global, global is coming to you

When reflecting on future environmental trends, an overwhelming majority of respondents mentioned some aspect of globalization either directly (44%) or indirectly (47%), basically anticipating an increasing number of global players, further expansion by those already in the game, and little refuge from foreign competitors for firms choosing to stay at home. Here the data are quite clear; notwithstanding minor variations in emphasis, the specter of globalization cuts a wide swath among respondents representing the full range of geographic regions and occupational groups.

Key Finding #2
If you're not driving the competition, the competition is driving you

One-third of the respondents expect global competition to be exacerbated in the years ahead by domestic and/or global economic slumps (this is a particular concern in the Asian countries, not

surprisingly, but was also mentioned by between one-fourth and two-fifths of the respondents elsewhere). This, in turn, appears to have led respondents to focus on two additional trends: the rapid flow of technological advances (mentioned by 44%) and an increasing number of mergers and acquisitions (brought up by 18%). Clearly, the former (uniformly emphasized across all geographic regions and occupational groups) reflects the opportunities and threats embedded in increasingly high-tech processes, products, and services and, especially, the emergence and heady growth of e-commerce. The latter (an especially pronounced concern in Europe and Canada) captures the competitive realities already obvious in many industries characterized by rapid, often global, consolidation. In brief, in an era of hypercompetition, many respondents see technology and industry structure, in particular, as domains in which firms will either, as the saying goes, "eat lunch or be lunch".

Key Finding #3
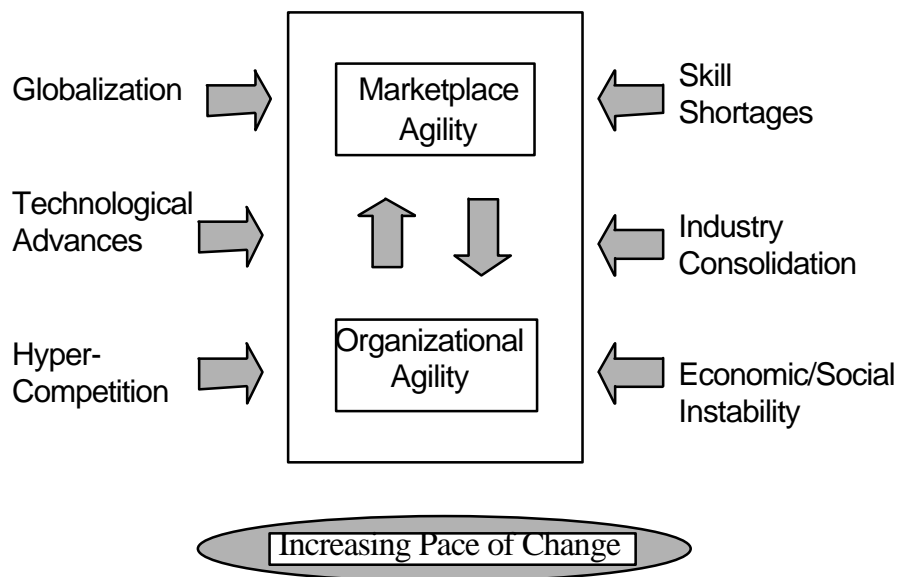## The competitive war will be fought on two fronts

To complicate matters further, 28% of the respondents anticipate serious labor shortages in the years ahead, presaging an intensifying competition for skilled employees. Concern on this front varied from extensive in the United States (where it was cited by 57% of the respondents) to virtually non-existent in Australia/New Zealand (4%). Further, the matter vexes human resource executives (32%), consultants (31%), and, to a lesser extent, academics (22%) more than line executives (17%). Compounding the concern in the United States generally, and among human resource executives and academics particularly, is the anticipated spread of the oft-noted change in the psychological contract between employers and employees from one of mutual loyalty and commitment to one of instrumental free agency and open market competition for talent and opportunities. What happens, these respondents wonder, when the imperatives and challenges of global growth and cutthroat competition collide with tighter labor markets and the mindset of "Generation X"?.

Implications: A Gotta Do for the Leading Edge

Broad environmental trends are one thing, while firm-specific realities are quite another. While respondents felt reasonably comfortable identifying the former, there appeared to be an underlying realization that, from a strategic perspective, the major environmental challenges in the years ahead will emanate from the rapid and unrelenting pace of change and the often unpredictable ways in which broad trends can affect a particular business. Under such circumstances, competitiveness becomes a constantly moving target, placing a premium on

marketplace agility as a key ingredient in an organization's pursuit of sustained competitive advantage (see Exhibit 3).

Exhibit 3

Environmental Forces Drive Agility

Globalization → Marketplace Agility ← Skill Shortages

Technological Advances → ⬆ ⬇ ← Industry Consolidation

Hyper-Competition → Organizational Agility ← Economic/Social Instability
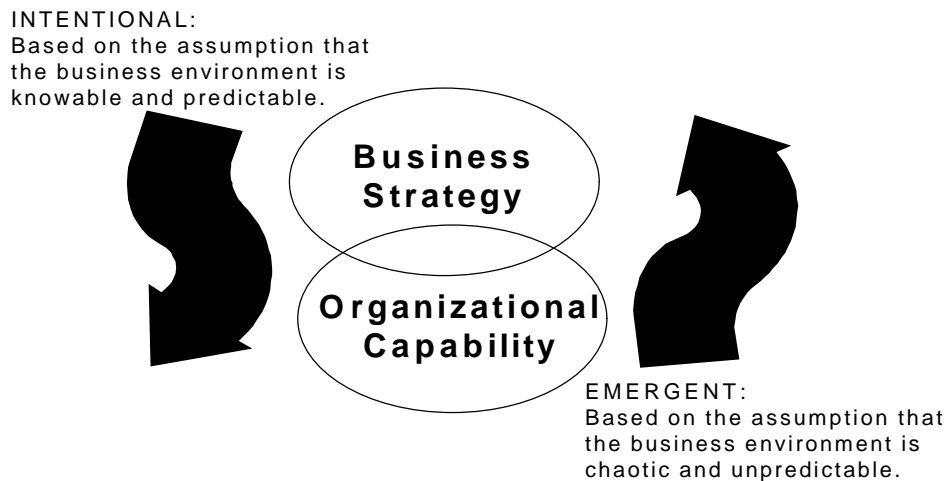
Increasing Pace of Change

Marketplace agility is the capacity to continually influence or detect changes in customer needs and to develop and deliver products and services to meet these needs better, faster, and smarter than current or potential competitors. The need for marketplace agility suggests the following critical gotta do.

Gotta do: Rethink the strategy-structure nexus

Firm's operating in relatively stable and predictable environments traditionally think of strategy driving structure (as shown on the left side of Exhibit 4). Based on environmental forecasts, formal business plans are drawn up and only after these are approved is much attention turned to building the organizational capability required to implement them. This model breaks down, however, as environments become increasingly dynamic and, thus, unforecastable. Intended plans become less and less sustainable, leading to frequent changes and, inevitably, to seemingly endless rounds of restructuring, reengineering, and rightsizing in repeated efforts to realign organizational capability. Marketplace agility suggests a different paradigm (shown on the right side of Exhibit 4). While top management still sets broad strategic direction and domain, specific business strategies -- called emergent strategies -- emanate from the collective decisions of those close to the action as they attempt to create, exploit, and (when necessary)

adapt to environmental exigencies. This paradigm shifts the relative emphasis from formal strategic planning to building organizational capability.

Exhibit 4

From Intentional to Emergent Strategy

INTENTIONAL:
Based on the assumption that the business environment is knowable and predictable.

Business Strategy

Organizational Capability

EMERGENT:
Based on the assumption that the business environment is chaotic and unpredictable.

ORGANIZATIONAL CAPABILITY: AGILE, NOT FRAGILE

As noted earlier, question 2 of the SOTA/P survey asked respondents to identify the three organizational capabilities/critical success factors in need of maintenance or improvement in the years ahead. This question elicited a variety of responses, which fell initially into 14 dimensions and subsequently into a smaller number of themes or key findings, the two most important of which follow:
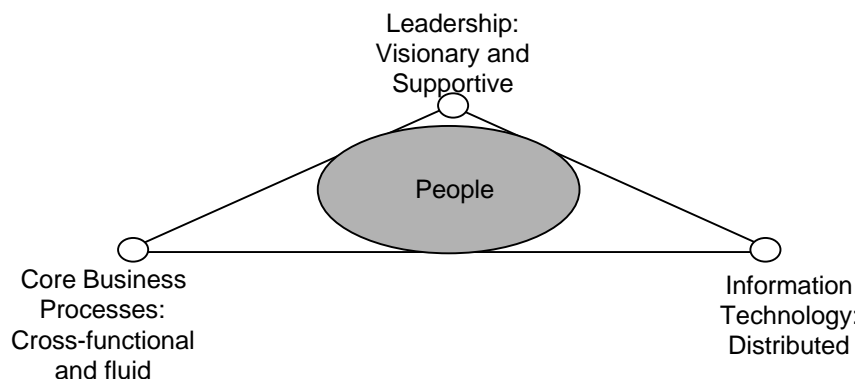
Key Findings

Key Finding #4
Focus on the effective management of people and processes

The most frequently mentioned factor (by 41% of the respondents) pertains to the more effective management of people (another 15% mentioned improving organizational culture, which obviously has a strong people component). Other frequently mentioned organizational characteristics include leadership capabilities (by 25%, with another 15% citing global management competencies), core business processes (25%), and technology management (17%). In brief, as shown in Exhibit 5, the respondents seemed to see an impending need for organizations to focus on developing people-driven systems backed by supportive configurations of leadership, core business processes, and information technologies. While opinions varied somewhat across regions and occupations with respect to the factors requiring

the greatest attention during the next few years, the nature of the perceived challenge emerges quite clearly.

Exhibit 5

The Emerging Agile Organizational Infrastructure

Leadership:
Visionary and
Supportive

People

Core Business
Processes:
Cross-functional
and fluid

Information
Technology:
Distributed

Key Finding #5
Marketplace agility requires organizational agility

Thirty-six percent of the sample also mentioned the need for organizations to configure these people-driven systems in ways that enhance speed, flexibility, and agility. These organizational attributes were particularly emphasized as critical success factors in the years ahead by respondents in Australia/New Zealand (48%), the United States (43%), Canada (43%), and Europe (38%), and by academics (61%) and consultants (48%). These results (without, we hope, excessive chauvinism with respect to either country or occupation) can be interpreted as an early warning signal. Simply put, organizational agility is prerequisite to marketplace agility and, thus, may be the only source of sustainable competitive advantage for firms operating in increasingly dynamic and unpredictable environments.

Implications: Gotta Do's for the Leading Edge

For over a century, the bureaucratic model has been the dominant organizational paradigm in much of the world. Bureaucracies are designed and managed to be basically stable systems that may, from time to time, regrettably be forced to endure periods of major change. Predicated as it is on stability, predictability, and control, however, the model clearly suffers as a guiding paradigm for organizations operating in turbulent and fluid environments characterized by constant change. One option is to search for ways to make bureaucracies faster and more flexible. Another -- intuitively recognized by many of the SOTA/P respondents -- is to work

toward developing a new guiding paradigm: the agile organization. In contrast to bureaucracies, agile organizations are deliberately crafted and operated as constantly evolving and adapting organisms that may occasionally experience, but not be lulled into complacency by, brief periods of relative stability. Because it is new, many of the specifics of this paradigm have yet to be worked out. Recall, however, that the SOTA/P respondents envisioned people-driven systems backed by supportive configurations of leadership, core business processes, and information technologies (refer again to Exhibit 5). As a starting point, then, the following gotta do's focus on enhancing the three infrastructural components to enhance organizational agility. People issues are addressed at a later point.

Gotta do: Foster a new leadership style

Leadership styles honed in traditional bureaucracies fail in agile organizations. This is because, as noted earlier, agile organizations thrive on emergent business strategies and are essentially self-organizing systems driven by individual initiative and self-control. Thus, those in formal leadership positions do very little, if any, formal planning, commanding, and controlling and, instead, spend most of their time promoting the organizational vision; setting broad strategic direction and domain; championing the new (agile) paradigm; instilling a sense of urgency; and coaching, communicating, and cajoling. Occasionally they take charge, often they follow, and a lot of the time they simply stay out of the way while their colleagues throughout the organization craft emergent business strategies, configure and reconfigure the organizational infrastructure, and collaborate to produce results.

Gotta do: Demolish barriers to resource mobility

Agile organizations require an easy flow of resources (ideas, money, information, people, and the like) across boundaries that traditionally separate organizational layers and functions and even organizations themselves (as they form virtual alliances in pursuit of marketplace opportunities). Similarly, to facilitate adaptability, core business processes have to be soft- rather than hard-wired (e.g., protocols versus standard operating procedures). Employees are required to focus on the big picture and take responsibility for overall results. TIM-J -- that isn't my job -- is out. Rather than thinking of themselves as occupants of fixed positions (jobs) just doing tasks, employees at all levels must come to view themselves as owners of fluid assignments who are responsible for doing whatever it takes to achieve agreed-upon results.

Gotta-do: Open the information spigot

Agile organizations run on real-time, easily accessible information. Every employee must have up-to-date and accurate information about the business environment, strategic direction and domain, the prevailing business model, and the results being achieved. In addition to state-of-the-art technology, this requires a mindset that views information and knowledge as potential sources of organizational rather than personal power and as resources to be openly shared rather than selectively deployed. Employees have license to determine their own information needs and, rather than being inundated with often irrelevant material, they have the option of accessing only the information that is needed when and where it can be put to good use.

Gotta do: Enhance self-organization

For maximum agility, the key dimensions of organizational infrastructure (here leadership, core business processes, and information technologies) need to adapt and adjust continually, and this process has to be pretty much spontaneous. This means that employees at all levels must view organizational infrastructure as a dynamic tool to be consciously framed as necessary to deal with the challenges at hand and not (as is so often the case in traditional organizations) as a necessary evil to be surreptitiously circumscribed or (worse) passively accepted. In agile organizations, everyone has to learn how to regularly create and disband temporary mini-organizational infrastructures (e.g., quick response teams, project teams, and the like) and to use them to move resources when and to where they are needed instantaneously.

PEOPLE ISSUES: MISSIONARIES, NOT MERCENARIES

Recall that the respondents clearly recognized the centrality of people to the pursuit of marketplace and organizational agility (see Exhibit 5). When delineating the particulars, the responses coalesced around two major findings.

Key Findings

Key Finding #6
Enhance the talent pool

That the respondents would express urgency with respect to enhancing the talent pool is not surprising given the earlier-noted concern about tight labor markets and the changing psychological contract. Just under one-third of them specifically mentioned the need to do a better job of attracting, selecting, and retaining talent, while nearly one-half focused on the importance of doing the best possible job of developing this talent once on board. Obtaining

and holding onto talent were major issues for those in Asia/Pacific (58%), the United States (47%), Europe (38%), and Canada (33%), while the challenge of talent development was high on the list of respondents from all regions (the range of mentions was from 41 to 57%). Across the four occupational groups, line executives (at 12%) were relatively sanguine about attracting, selecting, and retaining talent (recall that they were also least concerned about impending labor shortages), but a full 50% of them recognized a need for organizations to make considerable investments in talent development. When discussing talent development, it should be noted, many respondents made a point of emphasizing the need to move beyond simplistic training approaches to develop broad models of learning that involve an engaged interplay between employees who understand the need to constantly update their knowledge and skills and organizational mechanisms designed to disseminate and assist employees in internalizing relevant information and competency-building experiences on a real-time, as-needed basis.

Key Finding #7
Align behavior with firm goals

The talent mobilization issue surfaced in several ways. The need to develop high commitment work systems and high performance cultures were mentioned by 34% and 19% of the respondents, respectively, while another 20% focused on the development of better performance management/total reward systems. High performance work systems and/or cultures were of particular concern among those in Europe (76%), Venezuela (67%), Canada (66%) and Australia/New Zealand (60%) and among line executives (76%; other occupational groups clustered around 50%). Not surprisingly, performance management and rewards were emphasized more by those in Canada (33%), the United States (28%), and Australia/New Zealand (25%) than by those in other regions (only 4% of the Venezuelans mentioned them and none of the Europeans did). And, perhaps surprisingly, consultants (34%) and academics (26%) brought these topics up more often than either human resource or line executives (19% and 10%, respectively).

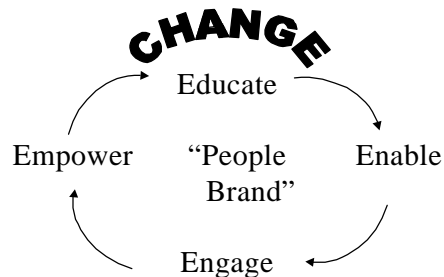**Implications: Gotta Do's for the Leading Edge**
The theme here is "missionaries, not mercenaries". Missionaries go anywhere, do anything, and make any sacrifice for a cause they believe in; mercenaries sell their skills to the highest bidders. Future competition through enhanced marketplace and organizational agility requires employees who resemble the former. But, recent developments (most notably repeated

downsizings and organizational efforts to eschew responsibility for employee development and well-being) have encouraged employees to think more like the latter. The big -- very big! -- gotta do?: Transform mercenaries into missionaries. Exhibit 6 provides a guiding model for leading edge firms.

Exhibit 6

Systemic Approach to Managing People

Gotta do: Build brand in the labor market

The power of brands in attracting and retaining customers is widely recognized. The same logic applies with respect to attracting and retaining employees in increasingly competitive labor markets. But, to do so requires thinking well beyond simple notions of "employer of choice". Rather it requires a thorough understanding of an organization's critical success factors and an in-depth analysis of corresponding personal attributes (attitudes, competencies, behaviors), followed by the development and consistent communication of a culture that appeals to those who possess these attributes. Obviously, this takes time. Yet, as a few firms -- Southwest Airlines and Microsoft come to mind -- have clearly shown, significant labor market (and competitive) advantages accrue to those willing to invest the requisite resolve, focus, energy, and resources (while resisting temptations to flit from one short-term fix to another -- work/family programs today, a dose of diversity tomorrow, and something else the day after).

Gotta do: Create mindsets that embrace change

Marketplace and organizational agility involve constant change and require employees with a mindset to match; that is, employees who, individually and collectively, embrace change, who see it as not only invigorating, but also as absolutely essential to organizational success and who essentially equate the status quo with a death wish (think of Andy Grove's famous dictum, "only the paranoid survive"). What does it take? First, to return to the theme of the previous section, it helps to select and retain people who are endowed with agile attributes such as a sense of adventure, comfort with ambiguity, openness to experimentation, a sense of urgency,

and resilience.   Second, there is a need for constant communication concerning the new marketplace realities and the key role of organizational agility in achieving business, and thus personal, success. And third, it is important to counter entropy by keeping the organization in general, and the people in particular, in motion (by, for example, assuring a recurring flow through various, relatively short-term assignments).

Gotta do: Educate employees to competitive realities

In agile organizations, employees operate essentially without a net -- ill-defined goals, no bosses (in the traditional sense), few rules, and broad assignments (rather than clearly defined jobs and job descriptions). It is easy, therefore, for missionaries to become lost souls. Education can be used to help focus and assist the self-organizing system without stifling its essential creativity. Particularly, important are efforts to assure that employees have access to all the information they need concerning the organization's vision and core values, current and anticipated competitive conditions, business and operating results, and their roles in bringing forth these results (good or bad). Employees who make use of this information are relatively well-equipped to quickly and easily adjust their behaviors to anticipate and respond to the shifting needs of the marketplace.

Gotta do: Enable employees by investing in skill development

In fast-paced environments, the half life of (particularly technical) skills grows shorter and shorter, and the best employees intuitively understand how critical it is to keep their skills on the cutting edge. Organizations courting missionaries do all they can to assist in this process, otherwise they run the risk of fostering mercenaries who will go elsewhere to obtain the training they need. Partly this is a matter of providing employees with as much information as possible about emerging competitive conditions and technological developments, as well as resources for assessing their own strengths and weaknesses (e.g., 360-degree feedback), so they can ascertain their own training priorities. Additionally, of course, it is a matter of assuring that employees have the time and access needed to pursue the requisite training, much of which will increasingly be done in-house on a real-time, interactive basis. Organizational investments in firm specific skill development are no-brainers; the skills provide a source of sustainable competitive advantage and, by definition, are of at best limited use to other employers. But, investments in more general skills (communication, problem-solving, decision-making, and the like) are essential as well, particularly in agile organizations, notwithstanding the portability of such training. This is one reason why it is so important to build a brand image among

employees; retention makes it possible to recoup training investments in general, as well as specific, skills.

Gotta do: Engage employees to exhibit discretionary behavior to benefit the firm

In agile organizations, employee behavior is essentially discretionary. The major motivational challenge, therefore, is to assure that this behavior, in true missionary style, is largely directed toward delivering positive organizational results. This involves multiple goals and activities. There is a need, for example, to forge a sense of common purpose among employees, as noted above, by promulgating a clear vision for the organization and assuring that all employees, top to bottom, are abreast of the organization's competitive realities. Second, it is important to assure that the organization's core values are clear, widely shared, and consistently adhered to. A third set of activities involves efforts to assist employees in assessing the extent to which they are contributing to desired organizational results to facilitate the taking of corrective actions when necessary. Finally, there is the matter of pay. Ideally, it would play a major role in engaging desired employee behaviors, but realistically this is unlikely. In part this reflects the exigencies of agile organizations, especially the difficulty of assessing individual contribution with acceptable (i.e., perceptually equitable) degrees of accuracy. And in part it reflects the realities of today's labor markets which require firms increasingly to peg pay to going rates to help attract and retain essential skills which (as noted above) are expected to be in perennial short supply.

Gotta do: Empower employees to make decisions

For maximum agility, everyone in an organization must be increasingly empowered to make decisions in ever-broadening spheres of influence. This helps speed decision-making since employees can act and react immediately rather than having to navigate through a bureaucracy. It also helps improve the quality of decisions since they are made by those who possess the tacit (i.e., unrecorded, taken-for-granted) knowledge born of first-hand experiences with processes, technologies, and customers. Further, broadening spheres of decision-making enhances organizational learning because it encourages the sharing of tacit knowledge among employees who become increasingly dependent on one another's performance. And, as is well-documented, increasingly enriched assignments enhance so-called intrinsic motivation among employees of the type that agile organizations must attract and retain.

This notion of empowerment requires organizations to take a unique view of work design. Traditionally, jobs consist of tasks that must be performed (required behavior) surrounded by areas that must not be invaded (forbidden behavior). The most common

approach to job enrichment is to slowly expand the number of tasks that can be performed (now called permissible behavior) by incorporating some of the tasks that previously were forbidden territory (e.g., sales people are given permission to offer, within bounds, discounts or special deals to customers). In the context of agility, however, the paradigm is quite different. The focus shifts to domains of work that consist of activities that must be performed (required behavior again) and known and unknown activities that could and should be performed (discretionary behavior). The philosophy driving work design is to increasingly diminish spheres of required behavior while simultaneously increasing each employee's sphere of discretionary behavior. Empowerment, then, is not a matter of having a select number of employees who have a few additional tasks to perform, but rather (as noted above) a matter of having an entire workforce of individuals who think of themselves as owners of fluid assignments with responsibility for doing whatever it takes to achieve desired organizational results.

Gotta do: Think systems not activities

The task of transforming mercenaries into much-needed missionaries requires a systemic approach to the management of people. As Exhibit 6 shows, it is synch or sink. Paradoxically, the entire system promotes flexibility only when the various components are tightly aligned. Imagine what would happen, for example, to a firm that empowered employees who were disengaged, lacking in essential skills, ignorant of the firm's competitive realities, and resistant to change. Or to a firm that invested heavily in developing skills among employees who lack the competitive insights and discretionary authority to put the acquired skills to good use. Or to an organization needing to attract and retain the types of employees capable of creating a people-driven system, but not providing the information, human capital investments, and challenges that turn them on.

These points simply reinforce the critical role of people -- and thus human resource functions -- in creating the organizational capabilities required by leading edge firms seeking to thrive in an increasingly dynamic and competitive world. It is to the evolving role of human resource functions that attention is now turned.

THE HUMAN RESOURCE FUNCTION: EXECUTE OR BE EXECUTED

As noted earlier, this year's SOTA/P survey asked several questions concerning the contributions and effectiveness of human resource functions. Cutting across the myriad findings, the broad conclusion comes through loud and clear: The past decade has produced an impressive array of exhortations, conceptual models, and even tools aimed at positioning

human resource professionals as true business partners and value-added contributors. The challenge now lies in getting the job done, in executing better, faster, and smarter, or facing the very real prospect of becoming irrelevant.

Key Findings

Key Finding #8
The ideal human resource function is totally wired into the business

Clearly, the respondents see contribution to business success as the major contribution of human resource functions in the years ahead. In this context, the top three responses all related to this issue: being a business partner (30%), linking human resource practices with business strategy (29%), and training and development linked with business strategy (24%). Further, this view prevailed across the globe and across all occupational groups except line executives, who put more emphasis on providing people consulting (33%).

Key Finding #9
A barely passing grade for the human resource function

To what extent are current human resource functions living up to this ideal? Overall, the respondents provided a barely passing grade: 5.93 on a 10-point scale. And, again, this perception was quite consistent across geographic regions. Interestingly, though, human resource executives were tougher graders (5.66) than any other occupational group, including line executives (6.19). It is unclear whether this pattern is a function of a higher degree of aspiration among human resource people or simply a keener insight into the realities of the situation.

Key Finding # 10
Get on with it

Sensing the new emphasis on speed, the respondents were asked, first, how long it would take for their organizations to formulate a new human resource strategy in response to a major change in business strategy and, second, how long it would take to implement the new strategy. On balance, they indicated that it would take about seven months to devise a new strategy. The estimates ranged from a low of 4.66 months in the United States to a high of 10.50 months in Japan. Human resource executives (5.49), consultants (4.39), and academics (6.35) were relatively sanguine on this point, but line executives clearly were not (10.20 months).

Regarding implementation, the all-sample mean was 16.67 months. Here the high-side outliers were Europe (21.00 months), Australia/New Zealand (21.85) months, and, especially,

Canada (30.50 months). Line executives, perhaps because they are heavily involved in implementation, were quite optimistic; their estimate was 7.56 months, while the other three occupational groups ranged from a low of 10.06 months to a high of 15.17 months.

Key Finding #11
Build processes and competencies

When asked to suggest actions for improvement, the respondents provided a plethora of ideas, most of which fell into two categories: (1) improving functional processes (leadership development, recruitment and selection, information technology applications, etc.) and (2) developing professional skills (business partnering, leadership, consulting, etc.). Although the pattern of results is complex, in general skill development was more heavily emphasized than process improvement in every geographic region except Venezuela, as well as by all four occupational groups. The need to do a better job of execution was specifically mentioned by only 16% of the sample overall (although it is clearly implied by many of the other responses as well); however, it was identified as a major issue among the respondents in Europe (38%), the United States (31%), and Canada (29%) and more often among human resource executives (19%) than line executives (7%).

Implications: Gotta Do's for the Leading Edge

These findings suggest a rather straightforward set of challenges for human resource functions: grasp the essences of emergent business strategies and marketplace and organizational agility, diagnose the gaps in organizational and individual capabilities that inhibit the move to greater agility, and systematically build human resource organizations capable of addressing these gaps better, faster, and smarter than current or would-be competitors.

Gotta Do: Get better and prove it

Human resource functions need to become every bit as aggressive and agile as the business units they support. This raises at least three critical issues. First, there is a need to put qualified talent close to the action, particularly as organizations increasingly embrace emergent, rather than formally planned, business strategies (as shown in Exhibit 4). This, in turn, involves experimentation with new organizational forms that make it possible to embed greater numbers of knowledgeable professionals deeper into business unit operations, to increase the speed and accuracy of organizational diagnoses, and to facilitate the allocation of resources to areas where they are most needed. Eschewing so-called "best practices", this experimentation must

focus on developing customized arrangements that fit the exigencies of specific geographies, businesses, organizational arrangements, and cultures. Guiding principles, however, are provided by the key characteristics of agile organizations noted above: adopting a supportive, rather than directive, leadership style; demolishing barriers to resource mobility, particularly traditional subfunctional silos (recruiting, training, compensation, and the like); enhancing information sharing which involves not only better technology, but also a culture characterized by openness and trust; and promoting self-organization by shifting priorities from activities to results (or, as Dave Ulrich would have it, from doables to deliverables) and developing policies that encourage employees to take the risks inherent in coalescing around work that needs doing (as opposed to protecting narrow turfs).

Second, as this organizational experimentation proceeds, there is a need to keep in mind the full range of roles that human resource functions play. Specifically, the SOTA/P respondents focused heavily on the role of business partner, less on the roles of change agent and consultant (to build employee capability and commitment), and hardly at all on the role of administrative expert. This may reflect the nature of the study. Nonetheless, it is best not to forget the dangers of tilting too far toward temporary trendiness, and ignoring the need to deliver essential services to line executives and employees accurately, rapidly, and inexpensively.. Experience suggests that, inevitably, the first criterion of client credibility for human resource functions is "delivering on the basics".

Third and finally, it is one thing for human resource functions to think they are getting better, and quite another for them to prove it. The SOTA/P respondents tended to downplay the importance of measuring and marketing the function's contributions. But, this may be dangerous thinking. How else can progress be adequately assessed or key decision-makers convinced that requisite investments are producing worthwhile benefits? Measuring and marketing are not new issues, of course; in a sense they are the field's "monsters under the bed" (things we deeply fear, and would rather not confront). Models and tools abound; what seems to be lacking is the widespread will to put these to the test in a systematic and sustained way.

Gotta do: Get faster, and hurry up about it

Talk of agility automatically invokes thoughts of cycle times. This is true for organizations generally and, thus, can be no less true for their human resource functions since, in the new model, they share a collective responsibility for serving customers in real-time. Clearly there is room for improvement, if the data cited above concerning cycle times required to craft and

implement human resource strategies are anywhere near accurate. So, faster must join better as a criterion for judging the success of ongoing experiments to improve the function's operations.

Many organizations have already tackled part of this equation. Many processes, particularly those having to do with relatively routine support and service activities, have been reengineered and either automated or outsourced thus improving response and processing times (as well as quality). The bigger challenge has to do with strategic (and other non-routine) human resource work that, in agile organizations, is typically performed by temporary (and sometimes virtual) teams of line and staff people drawn from various operating units and centers of excellence. So, along with their line brethren, human resource professionals will have to learn the factors that foster -- and accelerate -- this type of spontaneous collaboration (aided, perhaps, by some judicious benchmarking in consulting, engineering, and investment banking firms where such behavior is commonplace, if not routine).

Gotta do: Get smarter, or else

This and previous SOTA/P studies, as well as other research and anecdotal evidence, clearly suggests that the available talent in most human resource functions falls far short of what is needed to meet current, let along emerging, challenges and opportunities. Further, notwithstanding endless pleas for action, organizations generally appear to be underinvesting in the development of human resource people (how often, in this context, does one hear the metaphor of the "shoemaker's children"?). It's not that human resource functions lack the knowledge, expertise, or tools to do a better job. Rather, the answer seems to lie partly in making a better business case for the requisite resources, partly in making the matter a higher priority (no matter how busy people think they are), and partly in biting the bullet by releasing those who, given the opportunity, cannot or will not develop their competencies to levels required for world-class contributions in the years ahead.

SUMMARY AND CONCLUSION:
THE MORE THINGS CHANGE, THE MORE THEY STAY THE SAME
– BUT HAVE TO CHANGE

Comparing this year's results with those of the previous four SOTA/P studies, it is easy to conclude that nothing much has changed. Similar environmental challenges come up year after year. The organizational and people issues don't change much either and, alas, neither do the reported shortfalls in dealing with these issues (notwithstanding some new initiatives around

organizational learning, intellectual capital, and alignment). Persistent, too, is the clarion call for human resource folks to do a better job of change management and, especially, business partnering.

So, where does this leave us?   Basically, and perhaps paradoxically, with a renewed sense of urgency emerging primarily from the underlying themes that surfaced with particular intensity during this year's study: the increasing fierceness of competition, the rapid and unrelenting pace of change, the imperatives of marketplace and thus organizational agility, and the corresponding need to buck prevailing trends by attracting and, especially, retaining and capturing the commitment of world-class talent.

All of which puts the human resource function center stage. Who better to take the lead as the search for the holy grail of sustainable competitive advantage increasingly centers on organizational capability? Who besides human resource professionals have broad enough franchises and the level of expertise needed to drive the development of people-driven systems and adaptive and reconfigurable organizational infrastructures?   Clearly, there is a golden opportunity here. But, to capitalize on it will take courage, as well as competence. Now is the time for the function to step forward, cast aside the prevailing tendency for talk to outpace action, and get on with it. Execute, or be executed.