



Is HR Ready For the Economic Recovery?

New study shows leadership changes, new approaches to retention and engagement and reskilling the HR function may be the keys to success.

In the lengthy, new Deloitte University Press report about Engaging the 21st-Century Workforce, there are over 150 pages of valuable information. I thought it would be helpful to break it down to what are most relevant and, more importantly, what it means to busy HR executives who may not have time to study it front to back. The authors describe the young, Millennial worker as global, highly connected, technology-savvy, and demanding. Demanding...? Do Millennials think they're demanding? Probably not, so while they may be by current management standards, we don't want to appear as if we don't understand them or worse yet, create an "us against them" scenario. I submit that the first rule of engagement is inclusiveness. Deloitte shares that as the world's population grows, the global workforce is getting younger, older, and more urbanized. Millennials are projected to make up 75 percent of the global workforce by 2025, and they want to be creative, run their own businesses, expect an accelerated career and in the words of one manager: "They don't want a career, they want an experience." Add to that a growing number of Baby Boomers that for financial and professional satisfaction reasons are not leaving the workforce, we are seeing the most multi-generational workforce in history.

Next, you have to consider technology. It's now possible for teams to work in remote locations, easily access experts within and outside the organization, and get information almost instantly. The skills we need today and in the future are dramatically different than what they were only five years ago; Millennials and Boomers react to this in somewhat different ways and at very different rates.

With all of these changes happening all at once and their impact on leadership, retention and engagement, learning and development, analytics— executives recognize the need to take action, but express reservations about their team's ability to deliver results. Deloitte's research suggests that today companies have to manage people differently – creating an imperative to innovate, transform, and reengineer human capital practices.

Researchers set out to identify the top 12 global business challenges in talent management, leadership and HR. They drew upon more than 15 years of research to examine the range of issues and the most effective solutions in the market, as well as surveyed 2,532 business and HR leaders in 94 countries around the world.

Making sure they know you care as much as you really do.

The findings show that as we exit the recession, the ways that organizations will grow may be dependent on skill sets and management styles that are quite different than traditional approaches.

The three biggest areas of change outlined in the Deloitte study are:

1. **Leadership** – 38% of survey respondents noted building leadership is important. This is the highest of all categories, showing that many companies acknowledge that they aren't ready to embrace the necessary changes to their leadership style. The old, autocratic view that employees are lucky to have a job should be glad to be here and are expected to simply well up a high level of morale and performance won't work anymore. As the economy turns, the best employees are looking for engaging career paths and challenges, not just a job.

2. **Retention and Engagement** – 26% responded that redefining their engagement strategy is key to attracting and keeping key people. Perhaps this is due in part to a lack of understanding of the terms. In reality, no company can make people stay; retention is the result of a number of both emotional and logical engagement initiatives. The danger is when management does things to "Satisfy" employees rather than "Engage" them. As Bob Kelleher, founder of The Employee Engagement Group puts it, *"Satisfied employees are here to GET ... Engaged employees are here to GIVE"*. The distinction between those two characteristics is huge, and it's all based on your employee's perception of your management, recognition, retention and engagement style as well as the overall company culture. Everything must be cohesive and management has to all be on the same page to make this work. Sadly, most company cultures are far from ready to embrace this challenge effectively.

3. **Reskilling the HR Function** – The third largest response, at 25%, suggests that HR talent functions are in need of transformation. We've come a long way from the good old "Personnel Department". Employee demographics, higher diversity, new technology and economic concerns are rapidly changing the demands on traditional HR. Over 36% of respondents feel that they are not ready, so we have a major education and training issue before us. The good news is that this may offer the opportunity to simplify HR's approach to people and keep an eye on what employees think more than just rules and policy.

So, what do you do now to solve your Engagement and Retention Issues?

There are a few very simple steps that will facilitate the path to the solution.

1. **They've got to Believe your Motives.** When it comes to your employees, it's all about perception. Whether Boomer, Gen X or Millennial, employees base everything about your organization on how much they believe what you say. When you garner trust, show consistency, exhibit transparency in communication and engage them emotionally prior to logically, you will gain higher levels of discretionary effort. Employees want to trade a fair day's work for a fair day's pay, but only when they like,

trust and believe in management. When that combination of feelings and opportunities is made available, most employees will excel and you'll get the benefits; all you have to do is set the path and get out of the way.

2. Get Organized. Most companies already have a number of recognition, employee engagement and performance management programs in place. The problem is that they were started at different times, by different people in different departments, so while they may be working, they are highly disjointed, politically protected and impossible to measure. Every HR team I meet with is asking pretty much the same question ... "How can I do more with less?" In other words, how can we rein in these multiple trickles of money that are, in many cases, outdated entitlement programs, make better use of the money and prove that what we're spending is yielding financial results? Our Umbrella Recognition Solution is all about doing this and turning current expenses into profits, by making recognition part of your company culture, not just a bunch of inconsistent methods of throwing your employees a bone now and then.

3. Transcend the Four Generations. Earlier I shared a quote about today's employees from the Deloitte study ... "They don't want a career, they want an experience." Perhaps this trend correlates with a growing dissatisfaction with many of the traditional forms of recognition awards and performance management rewards being used today. Employee awards used to be custom, symbolic and presented in meaningful ceremonies by highly engaged upper managers. Today, recognition could easily be nothing more than a gift card delivered in an email link, by a faceless manager within the company's computer network. Any wonder why trust, believability and engagement is waning in many organizations? We've seen a steady movement from true recognition to manipulative motivation, due to several corresponding factors:

- a. companies are not happy with current recognition programs, so conduct employee surveys to find out what employees really want.
- b. employees don't trust the motives of the survey, so tell you what they think you want to hear; most ask for cash or cash equivalents.
- c. gift cards are everywhere; you can grab one at the grocery store on the way to work, so appeasing employees is easy and everybody wins, right? Dead wrong, and engagement studies show it!

Well known and respected research from Maslow to Gallup overwhelmingly demonstrate that you must engage employees emotionally by showing Love and Respect, before asking for behavior change to benefit the company. When you jump right to "*what have you done for me lately*" thinking, employees feel manipulated and see your attempts to improve their work as more beneficial to you than to them. In other words, they see the company winning more than the employees and they are left feeling a bit used. That comes across as unfair and feeds an "us against them" culture.

Here's how we view the proper use of balanced recognition –

Recognition ⇒ Culture
Culture ⇒ Behaviors
Behaviors ⇒ Results

Every company is unique and different, but people are surprisingly similar in how they respond to management. The best companies use a simple, comprehensive, and consistent approach to recognition based on their Culture, Mission, Values, and Current Goals. Then, they work from the employee's Right Brain (where emotional messages such as Love and Respect are processed) to Left Brain (where logical calculations of fairness and value are determined).

When you create a proper balance of emotional and logical engagement and implement them in the right order, you build trust, confidence and believability, which make your performance management initiatives come across as meaningful, valuable and fair for both the company and the employees. This leads to the high levels of cooperation, teamwork and morale, which directly impacts longevity, training compliance, safety, creativity, teamwork, productivity and ultimately profits.

In this new world of high technology where everybody is tossing around the same buzzwords, but not necessarily with the same meanings, it's important to get back to basics, organize your tools and then measure your progress. So here are the steps in order:

1. Organize all of your employee communications, recognition, employee engagement and performance management in to single, comprehensive strategy that makes is easy to understand that teach to both employees and supervisors.
2. Engage your management team prior to program launch, so they are solidly and enthusiastically behind your program; then they'll come across as believable to your employees.
3. Track, measure and report on the results, so you minimize costs, improve your results and can show provable ROI to your CFO. Use the Three R's - Recognize, Reward, and Reinforce; that's the key to a program that will turn expenses into profits and optimize your most important asset – people!



John Schaefer is a Consultant with more than 25 years of experience helping companies realize and react to what he calls the *Employer/Employee Disconnect*. "Your people have the capacity and desire to become far more involved and productive than they are today. The resources required are freely available, if you simply choose to use them," says Schaefer. "The key is to get your managers and supervisors to embrace this challenge by seeing what's financially in it for them." John is the author of the book *Get More Productivity for Less Money ... Your Employees will Love You for It!* as well as *The Vocational Shrink The Game* and Manager Training Program "*Why Should Supervisors Care?*" which gets to the bottom of what they're *really* thinking, "what's in it for me?" www.SchaeferRecognitionGroup.com