

Culture, Employment Brand, and a Stakeholder Mentality

By Mark F Herbert

So we are through with half of 2016 and so far I don't know about the rest of you, but I am not ready to declare victory relative to our progress in engaging employees and building a better workplace.

I think there are a number of reasons why we are stalled-

Leadership Development

A multi-year survey conducted by Development Dimensions International reported some interesting stats-

Although the highest quality leaders are 13 times more likely to outperform the competition, only 38% of those surveyed (12,000 line executives and 1900 HR executives) rated their leadership of leadership development as high or very high. To make it worse 60% of those who applied for leadership roles indicated their primary motivation was economic- they wanted to make more money!



Dustin McKissen, founder and CEO of McKissen and Company, shared his thoughts about our ongoing infatuation with Frederick W. Taylor and his Scientific Management models while pointing out the flaws in MBA programs.

"While Taylor's theories are viewed as harsh and impractical today, his work was still cited in every class I attended that discussed the roots of modern management science. What's not often discussed is how little Taylor thought of the people who actually produced products in the factories he studied."

I personally despise the term *human capital* which has crept into our management lexicon and to me reinforces McKissen's perspective that Fred's followers are alive and well.

Wrong model!

Conflicting Direction

The Workplace Institute's survey of 1800 participants split almost evenly between line management, HR professionals, and employees shared some scary insights-

- Over 30% of the HR respondents felt the HR leadership is responsible, however 90% of managers and 97% of employees surveyed disagreed.
- 26% of managers surveyed felt that it is the executive team, but 89% of HR professionals and 91% of employees disagreed with that assumption.

- 29% of employees surveyed say employees drive culture (and 40% of Millennial's) with 91% of HR practitioners and 87% of line managers disagreeing.

Don't worry the pattern continues when we look at each groups perception of what supports or impedes culture as well.

Employees cite lack of appropriate staffing, disengaged employees who pee in the well every day, and poor relationships with their supervisor manager as the key impediments.

Given that less than 40% of *leaders* are rated as good or very good and sixty percent are chasing personal economic improvement rather than improving the work environment or growing employee capability, no surprises there.

Poor Systems

The art and science of recruiting has been dumbed down. I happen to believe that highly effective recruiters whether they are on your staff or hired specialists have enormous value in helping you identify the attributes and skills of top performers in both current employees and applicants.

The new systems in many cases believe, I have an app for that! We just load a formula into the computer and it does that pesky work of screening. Therefore, the role of recruiting can be delegated to more junior people who manage the process.

The literature indicates that when it comes down to it executive search committees tend to rely on their own "gut" instincts, select candidates who "mirror" their own attributes, and other human tendencies in making their selections. The least reliable indicator of success is an interview without other validating information. Similarly, "track records" aren't always reliable unless the organization is facing similar challenges and an operating environment to the one the candidate faced. The skills sets at each level of management and leadership also become increasing complex- success as a middle manager or operational executive is not necessarily indicative of success at the higher level.

A while back I talked about the "leadership crisis" with something approaching 50% of middle managers rejecting providing "clarity", direction, and attending to morale issues as being their responsibility. (See the notes on what motivates them to pursue leadership roles).

When does the recognition that these responsibilities are part of their job occur if not built into the process?



If you ask most HR executives what the most important contribution they make to the organizations, they support 7 out of 10 will tell you compliance with state and Federal regulations.

So we have management rejecting their responsibility to provide clarity and context and HR hiding behind the rule book.

There is a recipe for success!

I had a chance to read a post on LinkedIn mentioning that Executive Search firms have lengthened the time they are willing to commit to in identifying candidates and that gasp, the search process in general is taking longer.

My reaction is Thank You God, maybe we will get better at it!

Your process drives your results! I recognize that this statement in and of itself is not particularly profound. Indeed, it represents the essence of the total quality movement. Good processes properly understood and practiced will consistently yield better results.



So What Is Important?

Josh Bersin, principal and CEO of Bersin by Deloitte who shared his research from 6000 companies and over 2 million employees that concluded that the most important element in high performing employment brands is **culture and values**, followed by career opportunities and confidence and leadership. Their research concluded that in terms of a positive employment brand these factors were 4.9, 4.5, and 4 times more important than compensation and benefits.

A New Role for HR

HR should focus on helping management and leadership with what I see as the three key elements of healthy, functioning relationships-

- Clarity- what is the mission or value proposition of the organization. Why does it exist?
- Context- how does the role of the individual employee fit into the larger mission and how do they know they are performing appropriately.
- Alignment- creating systems so that line of sight is both very clear and reinforced by other organizational systems. I believe a big part of the role of “new” HR is to train and reinforce those elements as being essential to everyone in management not just leadership and human resources.

A Strong Employment Brand

“A brand for a company is like a reputation for a person. You earn reputation by trying to do hard things well.”

–Jeff Bezos, founder of Amazon.com

I had a chance to read an exceptionally good blog post from Thomas Stewart about the difference between brand and branding.

He describes branding as the marketing, sales and other strategies we use to try to position ourselves in a certain way with our customers, communities, and shareholders. Brand on the other hand is how they



see us. That is what I describe as alignment or true engagement. I believe strongly that building that into the foundation of your organization is much more successful than trying to “bolt it on”

So my recommendations in cultivating your leadership brand-

- Build on a base of identity based trust. You will likely have to master the first two levels to achieve that.
- Ensure that your actions incorporate legitimacy both implicitly and explicitly
- Manage people, not human capital. People are individuals, respect that and treat them accordingly.

Angela Duckworth, author of Grit provides a brilliant description of what successful culture/employment brand looks like-

...Culture has the power to shape our identity. Over time and under the right circumstances, the norms and values of the group to which we belong become our own. We internalize them. We carry them with us. The way we do things around here and why become the way I do things and why!

Tips to Improve

Hire Hard- Manage Easy, this a slogan created by my colleague Joseph Skursky of Market Leader Solutions. It catches the essence of the importance on spending the time upfront to really understand your culture and your requirements before you invite someone to climb into your canoe.

Engagement is about Alignment; the concept of engagement is taking a lot of heat these days because a lot of people don't really understand it. It is not morale. It is not a survey. It is about clear line of sight to the organizations goals and objectives and a social contract that connects employee goals and organizational goals.

Employees have Entitlements, when I am being a wiseass (which is most of the time), I use the expression Mr. Lincoln freed the slaves.

What I mean by that is you don't own your employees; you rent their talents and abilities. You don't get more trust and loyalty than you display.

Adapt a Stakeholder Mentality. Years ago James Heskett talked about the service value chain and that optimal performance is based on alignment between employee and organizational values. Study after study has demonstrated that you will never have higher customer engagement than employee engagement!

Richard Branson has stated that your employees are the most important stakeholder in your enterprise!

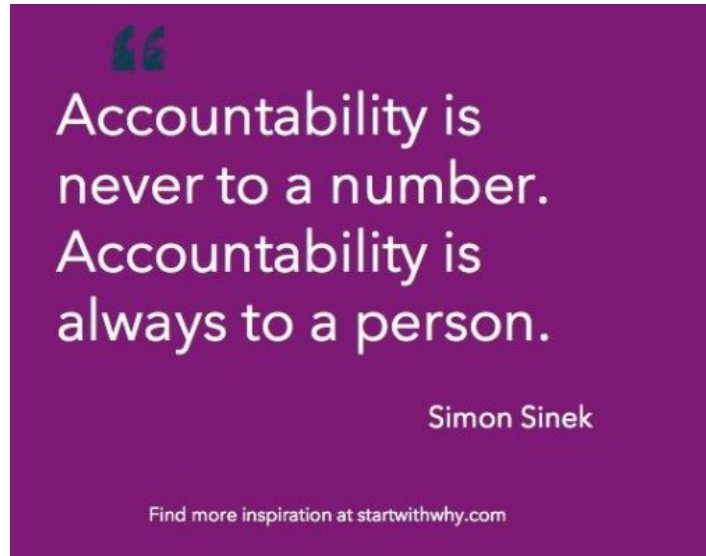
People aren't assets per se. Their efforts and contributions when they are aligned with the interests of the enterprise become powerful assets, but the ownership of that contribution always rests with them. I don't think we can extract those efforts and contributions; we can only create an environment where they share them.

Alignment doesn't mean we cater to employees. Organizations exist to achieve the goals of their stakeholders' plural, not a stakeholder! I would argue that treating this stakeholder group subordinate to customers and shareholders doesn't build either strong employment brands or engaged employees.

There was a great article from Google on their compensation philosophy. They explain it quite simply. *Our compensation model is based on the value of your skills and contributions to the organization and the market rate to rent those services.*

They take all the bullshit out of it. They don't get caught up in what you were making previously or what you "need" or desire for your personal lifestyle. It is based on supply, demand and equity.

Build Your Own Culture. Your culture needs to fit you and it **will** and should evolve. There is no one perfect culture although there are attributes that you tend to find in "healthy" cultures.



Don't try to implement someone else's culture in your organization! Just as imperative don't leave your culture to chance.

Remember that there are fundamentally three levels of trust.

- Deterrence, which comes from formal authority;
- Knowledge-based, which comes from professional capabilities, qualifications, and experience and;
- Identity-based, which comes from shared experienced and mutual investment.

Identity based trust is not an entitlement based on your position, certifications, or education. You have to earn it and it is way more powerful and valuable than the other two. It is a gift that is earned.

90% plus of performance issues are caused by or exacerbated by *congruency issues*. There are multiple levels of congruency;

- My view of the activity,
- My view of my ability to do the activity,
- My willingness to do the work to be proficient,
- My belief in the product or service we offer,
- Whether or not the activity is aligned with my personal values.

Addressing congruency issues with discipline, (or corrective action if we are being politically correct) doesn't work, ever!

Training and engagement surveys are tactics and tools in addressing these issues but they are not the solution.

If you are retaining people over 90 days who aren't meeting your performance expectations, then you as a manager own that!

I can't guarantee you that if you follow my direction that you will enjoy the success of organizations like Amazon, Google, or Starbucks; but then again you just might.....



Mark F. Herbert is the managing principal of New Paradigms LLC, a consultancy that has been helping organizations build and implement their employment brands for over ten years.

He blogs and writes at www.newparadigmsllc.com