# A FoW REPORT ON THE FUTURE OF HR

A report prepared by the Future of Work Research Consortium
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## Introduction

We launched the Future of HR theme in response to FoW member concerns about where the function is heading, and how to navigate the increasingly complex environment in which it operates. Using a combination of in-depth interviews, Round Table events and an extensive review of the current literature, we have established the five key trends that every HR professional will need to monitor and the three key roles that will define their ability to add value in future.

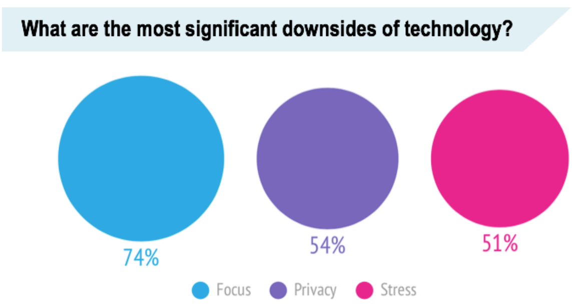
Our research for this theme benefits from the insights and experience of our FoW members over the last seven years, all of whom have contributed to the evolution of the FoW research agenda:

## The Five Trends Impacting HR

There are profound shifts taking place in the HR context, creating new challenges in delivering the people practices that underscore organisational performance. We believe that the five most pertinent trends impacting HR are: Technology overload, increasing complexity, diverse workforces, disappearing middle-skill roles, and the increasing burden of compliance. We explore each of these trends below and pose three questions that you may want to reflect upon as you interpret the impact on your own organisation and HR team:


### 1. Technology Overload

Technology has augmented the performance of most people in the workforce. Analysts run algorithms to analyse reams of data rather than manually searching for trends; GPS enables those working in supply chains to track inventory with greater accuracy and less effort than ever before; and apps and mobile devices have facilitated working anywhere and with permanent connectivity. However, a paradox is emerging: the very same technology that is augmenting the workforce on the one hand, is also potentially holding back their performance on the other. The pervasive nature of technology and in particular the rise of instant messaging and notifications, is leading to a technology overload: employees are frequently interrupted by a stream of information that distracts their attention and becomes a drain on their cognitive resources. Indeed, according to Daniel Levitin, author of *The Organized Mind*, 'Our brains are busier than ever before. We're assaulted with facts, pseudo facts and rumour, all posing as information. Trying to figure out what you need to know and what you can ignore is exhausting.'[1] The average employee checks their mobile phone more than 150 times a day[2] and, according to research by global media company Mashable, workers are interrupted once every 10.5 minutes by instant messages, Tweets and other notifications. Worse still, it takes on average 23 minutes for those social media users to get back on task.[3]




This concern is supported by our own research at the Consortium, with 74% of the 14 – 18 year-olds who responded to our Gen Z Survey reporting lack of focus as a downside of technology (see chart, right).

[1] Levitin, D. (2015) *The Organized Mind*
[2] Deloitte (2015) *Human Capital Trends*
[3] Mashable (2012)

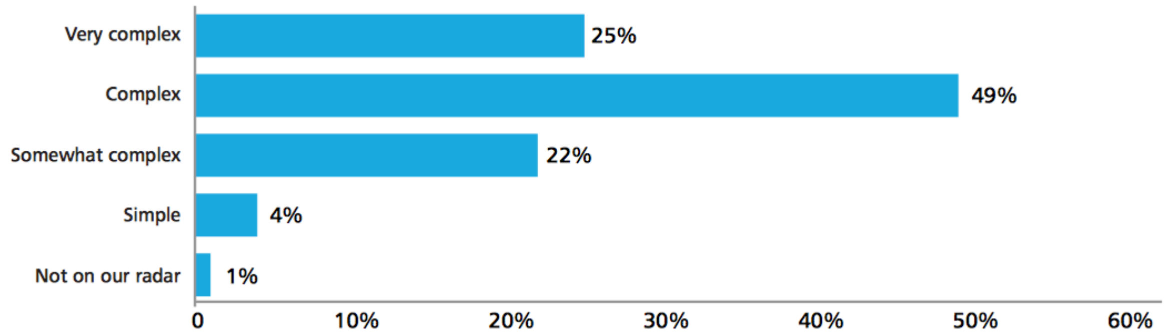
The challenge for Consortium members within the HR function is to manage the distractions that are holding back individual performance and reduce the amount of 'noise' in the working environment. Indeed, for many organisations, time management is moving from an individual concern to a company-level challenge.

***Key Questions:***
*Q: Which technologies or platforms create the most distractions within your organisation?*
*Q: To what extent can employees disconnect from these distractions in order to work on complex tasks that require focus?*
*Q: When is it ok for employees to be offline?*

## 2. Increasing Complexity

Managing large organisations is a complex task in itself and many companies have responded to this challenge by developing business models and structures that seek to create order and accountability. However, according to Yves Morieux, Managing Partner at Boston Consulting Group, the result has been a complex web of middle offices, matrix systems and endless processes that serve not only to disengage people, but also to reduce productivity levels in the organisation. According to research from Deloitte, 74% of people rate their workplace as either complex or very complex (see graph below). This is supported by anecdotal evidence from Adobe, whose performance management process was so complex it occupied around 1.8 million hours of work time across the company.[4] Likewise, a large manufacturing company reported that it had more than 4,000 tasks, rules, compliance processes, and procedures involved in making one of its major products.[5]

Respondents' assessment of their workplace's complexity




Note: Percentages may not total 100 percent due to rounding.

**Case Study:**

JUNIPER NETWORKS

Juniper Networks (Juniper) was experiencing issues with its customer service. On multiple occasions, internal communication problems had resulted in missteps and quality concerns that threatened important client relationships. Juniper's HR team analysed the networks in the organisation to understand the true cause of the issues. In doing so, they found that approximately 920 employees were involved in each client experience, revealing the complexity of delivering each project.

Read the full case study at www.fowlab.com/library

In addition to complex systems within the workplace, this situation is driven by the increasingly global nature of work. Even the smallest of teams and businesses now operate across regions and time zones, faced with the challenge of synchronising tasks and having no clear time when they do not need to be available. Your challenge as an HR professional will be to cut through this complexity and ensure people are free to focus on high value adding work.

[4] *Get out of your own way: Unleashing productivity,* Deloitte Touche Tohmatsu, 2014
[5] *Global Human Capital Trends 2015,* Deloitte University Press, 2015

***Key Questions:***
*Q: What are the drivers of complexity within your organisation?*
*Q: What number of HR processes does the average employee in your organisation experience each week, and how much time does this take?*
*Q: How can you reduce the amount of time and energy required to complete HR processes?*

## 3. Diverse Workforces

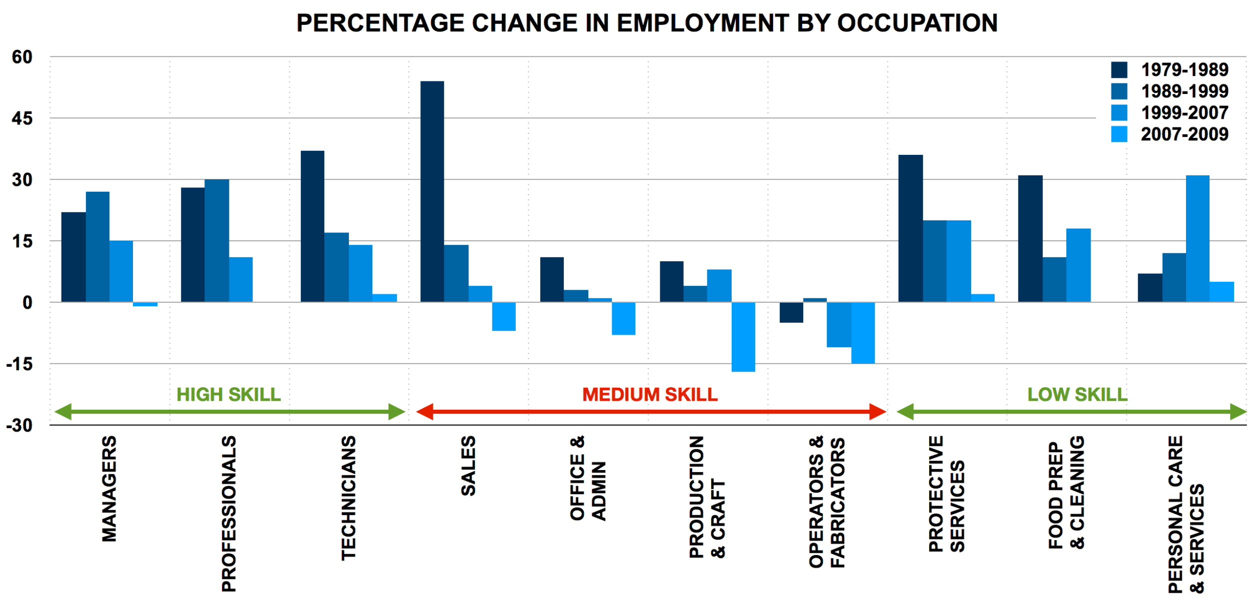
One of the key drivers of complexity is the increasing diversity of the workforce. Recent decades have seen a significant rise in the representation of women in the workforce and in the next decade approximately one billion women will enter the economic mainstream predominantly from developing countries[6]. This trend has given rise to a parallel challenge for HR teams in catering to the interests and needs of dual career couples in which both parties are pursuing family and professional goals simultaneously. No longer can you assume that your employees are secondary caregivers and primarily focused on work.

The second clear demographic trend is the increasing representation of older workers. In the UK, the employment rate for 50-64 year-olds has increased from 62 percent in 2001 to 67 percent in 2013. The employment rate for people aged 65 and over has also increased from 5 percent in 2001 to nearly 10 percent in 2013.[7] With life expectancy continuing to increase and current pension arrangements coming under strain, you can expect to see this segment of the workforce retiring later and accounting for a larger proportion of the workforce.

***Key Questions***
*Q: What do your people practices assume about the characteristics and motivations of the employees in your organisation, and how accurate are these assumptions?*
*Q: How have your people practices evolved to meet the needs of the modern workforce?*
*Q: How do you envisage the demographic mix of your workforce changing in the next five years?*

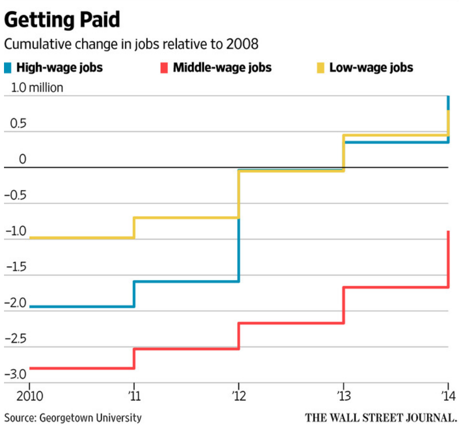
## 4. Disappearing Middle-skill Roles

Middle-skill roles have been in decline for more than a decade in advanced economies, as routine tasks are either automated or offshored to cheaper locations:




[6] ibid.
[7] *Older workers statistical booklet,* Department for Work and Pensions, 2013

This trend has become more pronounced following the recession, with job growth recovering in high and low-skill work, but remaining slow in middle-skill occupations (see graph below). Within HR, a key concern is the displacement of middle-skill roles that were previously vital rungs of internal career ladders. This polarisation of jobs within companies requires you to radically rethink traditional, linear progression models. It may also alter the nature of management in your organisation, with employees either high or low- skill, but rarely in the middle.




***Key Questions:***

*Q: Which rungs of your organisation's career ladder are broken, or are likely to fall away in the coming years?*

*Q: What options are available to employees in terms of non-linear progression within your organisation?*

*Q: How can you support people in the transition from low to high-skill roles?*

## 5. Increasing Burden of Compliance

According to Deloitte Australia, one in eleven people now work in a compliance role, more than are employed in the country's entire mining industry.[8] New regulations have sprung up in the wake of the recession, corporate scandals and concerns over data privacy. Banks in particular have experienced increasing compliance demands, with some reports that this is causing a brain drain as the most talented professionals move to smaller organisations, less impacted by regulation.[9] Navigating these regulations is a costly and time consuming task for support functions generally and HR in particular. Indeed, HR teams are being pulled in two directions: tasked with taking on a more strategic role on the one hand, while also being drawn into more compliance and regulatory activity.

***Key Questions:***

*Q: What is the current division of HR time and resources between compliance activity and strategic work?*

*Q: How has this division of time and resources changed in recent years?*

*Q: Which areas of strategic HR focus will you need to protect in the face of increasing compliance work?*

The forces outlined above are creating a complex environment in which your HR team are striving to deliver value. More diverse workforces, less linear career paths and technological disruption all combine to make the HR reality increasingly challenging. Based on our analysis of the trends, we believe that there are three key challenges that you will need to meet, both now and in the future. The first, is ensuring that the everyday experience of employees is aligned with the organisation's intentions and rhetoric. The second is that in the face of growing complexity, your HR team will need to lead in simplifying the context of work to unleash individual performance. Third, that you capitalise on the potential of people analytics to better understand and amplify the performance of your workforce. We explore each of these roles in the following sections of this report.

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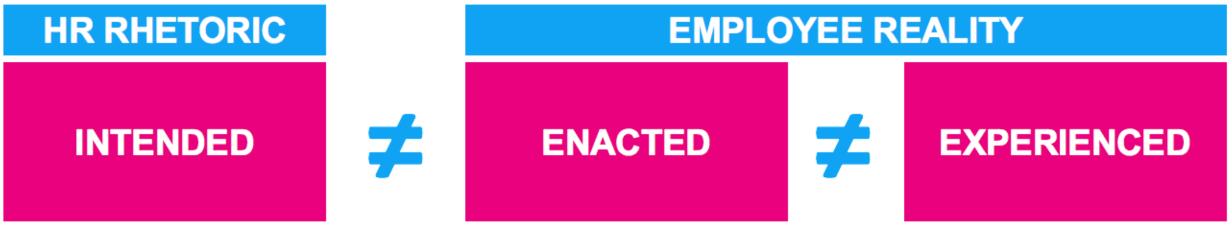
[8] *Global Human Capital Trends*, Deloitte University Press, 2015

[9] Parker, E. and Gupta, M., *Too much regulation creates bank brain drain,* Financial Times, 2015

## Challenge: Employee Experience

### How can HR ensure a strong link between the intentions of people practices, and the enactment and experiences of those practices within the organisation?

Your HR teams are in a uniquely challenging position in terms of delivering services to the business. First, they rely on a large network of people around the organisation to deliver those services as they were intended, despite those people not reporting into them. Second, these people practices impact every individual in the organisation on a daily basis, through performance management structures, timesheets, annual leave policies and so forth, meaning they have a significant impact on a person's day-to-day experience of work. These challenges often result in a break in the link between the intentions behind your HR practices, and the ways in which they are enacted and experienced by employees:




To move from intentions to experience, we believe you must take action in three key ways:

### Create a Strong Vertical Alignment

A strong vertical alignment means that there is a clear link between the overall vision of your organisation and the aims, objectives and underlying philosophy of the approach to managing people.[10] A strong vertical alignment ensures that employees are receiving the right signals from your HR policies as to how they should act and which behaviours and actions are valued in the business. Any dissonance between your organisation's vision and HR practices can result in mixed signals that serve only to frustrate and disengage employees.

The first step in strengthening vertical alignment is to identify a few key areas where you can quickly demonstrate a contribution and where the positive benefits of change would are readily visible to line managers.[11] One example comes from PwC Australia, which recently made flexible working a default for all employees, removing formal approval processes. This highly visible move had a clear impact on each person in the organisation and created a stronger vertical alignment between the firm's values, which include an emphasis on agility, and its practices.[12]

### Ensure a Strong Horizontal Alignment

The second dimension of alignment relates to the consistency between your people policies and practices.[13] This means assessing the extent to which the performance management approach, for example, reinforces the same vision and values as the learning and development policy. Once again, this consistency is essential in delivering a positive employee experience by providing one clear signal of the behaviours you encourage and expect within the organisation.

As you strive to achieve stronger horizontal alignment, the first step will be ensuring that there are just enough policies and practices to keep your organisation performing, but no more. Indeed, a common criticism of HR is that it is effective in adding more initiatives and practices, but less adept at removing those that no longer add value. This means streamlining what it is

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[10] Gratton, L. and Truss, C. (2002) *The three dimensional people strategy*, Academy of Management Executive, V17, 3
[11] ibid.
[12] http://www.pwc.com/gx/en/about/ethics-business-conduct/our-values.html
[13] ibid.

that your HR team offers and ensuring that those select practices are effective and mutually reinforcing.

During our Future of HR interviews, Champions highlighted that horizontal alignment between HR processes is one step in a much larger project. Indeed, ensuring that employees are receiving consistent signals of the desired behaviours and actions requires collaboration with functions such as Finance and Internal Communications. Kate Richardson-Moore, Head of Talent and Engagement at Linklaters, spoke at the Future of HR Masterclass on this subject and shared their firm-wide approach to creating a consistent and positive employee experience. This approach is called 'Our Deal' and sets out clear expectations for everyone that works at Linklaters, along with what they can expect in return from the firm.

## The Action Dimension

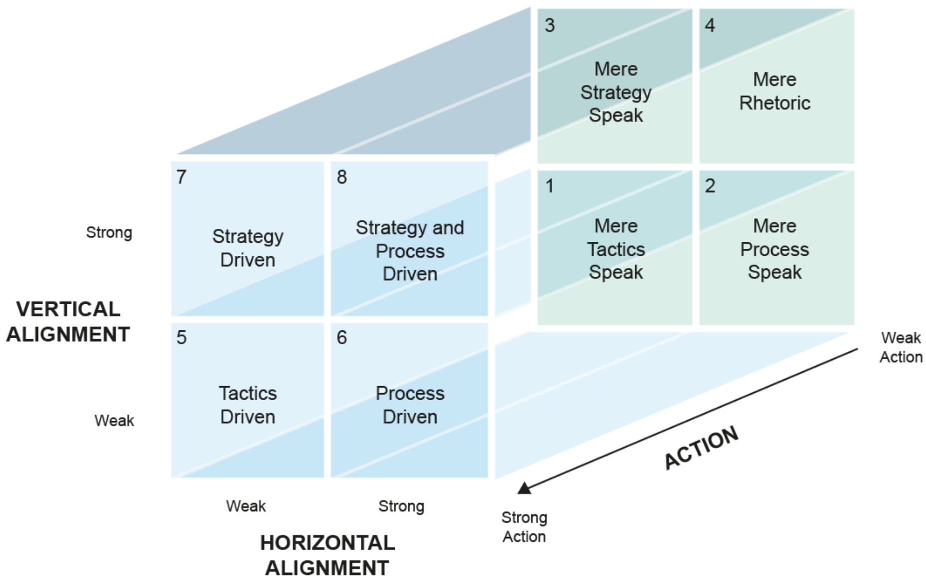
The ultimate success of your HR policies rests on how well they are executed by a diverse network of stakeholders in your organisation, over whom you have limited influence. This means we must consider a third dimension: action.

Is your HR policy actually being carried out in the business in a way that is consistent with the rhetoric? For example, your policy may state that employees will receive three feedback sessions each year with their line manager and will be appraised in relation to five competencies. However, if many employees receive far fewer feedback sessions and the five competencies are applied inconsistently, then this is a failure in the action dimension and a break in the link between HR rhetoric and the employee reality.

Do the people executing your HR policies have the will and the skill required to ensure it is a positive and engaging experience for those on the receiving end? The best of intentions can only be realised if line mangers are bought into the value of enacting the policy and have the commensurate skill to do so effectively.

Ensuring a positive employee experience rests in part on understanding that different regions and cultures will receive processes differently. For example, Fujitsu's Vice President of Global Talent and Leadership Development, Ian Parkes, highlighted the different approaches towards the employee experience in European, American and Asian branches. These include fundamental differences in attitudes towards work, and the effectiveness of different company structures, with formal hierarchies more accepted in some Asian cultures than they might be in offices in the US for example. These differences are essential in understanding why a particular process is well received in one region, but rejected by another.

By combining the assessment of vertical and horizontal alignment with the action dimension, it is possible to identify the effectiveness of an organisation's people strategy. The combination of assessments of these three dimensions places an organisation in one of the quadrants of the depiction below.




By identifying where in the three-dimensional quadrant your organisation currently sits, you can be clear about which element – vertical alignment, horizontal alignment, or action – needs to be strengthened. This will provide the direction required to move to the eighth box in the diagram above, defined by strong alignment and action resulting in a strategy and process driven organisation. By creating stronger alignment, your HR team can ensure that employees receive clear and consistent signals about optimal ways of working in your organisation, from reinforcing a collaborative culture, to communicating values of trust and transparency.

**FoW Blog: The Drive for Simplicity and a Positive Employee Experience of HR Practices**

Employee experience and creating simplicity is one of the topics we explore in our FoW blog. Below, we present the key messages from an event at which FoW's Head of Research, Emma Birchall, shared the latest insights:

Why isn't work working? Most of us in advanced nations are stuck in economies with diminishing or already zero productivity growth despite continued advances in technology; only 13% of employees are engaged despite moving into higher quality work now that automation has taken over a lot of the dirty, dull and dangerous tasks; we're more educated and skilled than ever before, and yet we still struggle to create innovative teams. These are the three dilemmas that my fellow keynote speakers and I, at the Irish Management Institute (IMI)'s 2015 National Management Conference, sought to address. During an intense and thought-provoking day, I joined Boston Consulting Group's Yves Morieux, Vice Chairman of Ogilvy Group – Rory Sutherland, and strategic foresight company director – Thimon de Jong, to explore these issues with more than 200 business leaders.

We began by looking at how our personal and working lives have been made more complex by technology, and how social media in particular has become so pervasive in our lives that we are now 'addicted citizens.' Thimon shared the results of an experiment that separated people from their smart phones for just a few days, putting them into an MRI scanner afterwards only to find that the withdrawal had affected their brains in the same way as withdrawal from hard drugs. This chemical need to be always connected extends of course beyond our personal lives and into the way we work, a topic we then moved onto with a focus on the implications for productivity. Indeed, the advanced economies' productivity crisis is rooted in organisational complexity: as the business world has become more complex, we have created structures and processes with the aim of retaining clarity and accountability in our organisations. However, what we've actually created are matrix structures, middle offices, and additional layers of complexity that our employees struggle to navigate. And if we're wondering why employees are so disengaged at work, then there's our answer: disengagement is the proper and sane response to this chaotic environment.

In addition to creating complexity, these processes and practices have also encouraged overly competitive behaviours, despite management rhetoric promoting collaboration as the only way to spark the next leading product or service. These competitive environments have also amplified our risk aversion. Every process we have, from performance management to project management, signals loud and clear to people that not being wrong is far superior to being right. In what is termed 'defensive decision making', we are compelled to make decisions whereby we come off least bad in the worst case scenario: we will choose the boring "play it safe" option over the innovative one every time, and a boring advertising campaign that fails is the fault of a bad product, whereas an innovative campaign that fails is the fault of the advertiser.

So, that's the long and ironically complex scenario of what's not working in our organisations. But what did we have by way of actions our delegates could take to simplify work, unleash productivity and enhance engagement? The first action was to facilitate the process of 'digital balance' among employees, enabling them to switch off and avoid being overwhelmed by ubiquitous message streams and demands. Ensuring people are not overwhelmed is essential if we want them to step out of their comfort zone – the necessary precondition for sharing ideas and collaborating.

The second, poetically simple step was to understand what others do at work. Go beyond the job descriptions to really understand the content of your team's work, how they spend their time, what their average day looks like and take that as the starting point for simplifying work, stripping out the burdensome processes that add little value and create distraction. Doing so will address both the challenge of stagnating productivity and the puzzle of low employee engagement.

Finally, apply an understanding of human psychology to the way we design and run our organisations. When creating the necessary structures to keep the organisation moving, use insights from psychology to anticipate how people will perceive a process and how they will react. Too often, we have turned solely to economic theory to understand how employees will respond to carrot and stick type incentives, ignoring the weight of evidence from psychology that our behaviour is governed by far more emotive systems than could ever be understood through such a narrow, singular lens.

**Emma Birchall, Head of Research – Future of Work**

Read more of our FoW blog posts at http://www.hotspotsmovement.com/future-of-work-blog.html

## Challenge: Simplification

### How do you provide the simplicity required to enable high performance?

It is clear that employees in many organisations are overwhelmed with an array of low value tasks to complete and distractions to negotiate. In around 50% of companies surveyed by Deloitte, major simplification programs or at the very least some activities are in place to simplify the work environment. This is reflecting a shift in the narrative of management theory from ‘do more with less,’ to ‘do fewer things better.’[14]

To simplify work, we believe that HR must take three actions:

### Audit the organisation’s practices and processes

Simplification can be integrated into the vision of the company. One of the leading examples of this comes from GE, which has tasked leaders with removing unnecessary management layers and sense-checking any new initiatives against the drive for simplification.


Within HR, you can begin by removing sunset processes that are no longer adding value. During Professor Lynda Gratton’s keynote presentation at the Future of HR Masterclass, she depicted an organisation as the site of an archaeological dig. Each level contains more legacy processes and practices that have been built on top of one another, creating confusion and complexity. When seeking to create simplicity at the organisational level, you can analyse how each practice originated, whether it is vertically and horizontally aligned, and whether it is continuing to add value in the organisation.

One of the key points raised during the interviews was that creating new and more simple approaches within HR only works if people let go of the previous practice. Champions reported that often they will launch a more effective practice however, over time, employees slip back into old ways of working. As such, any changes to practices must be effectively managed so that people are compelled to adopt the new way of working and leave behind the old and familiar process. One example of this is the recent move by companies such as Virgin and Netflix to abandon their annual leave policies and instead allow people to take as much leave as they like. In many cases this approach has failed to provide employees with the autonomy intended, as the removal of the policy left a vacuum in terms of the signal to workers of how much time off they should be having. Without a policy in place, people had no cues as to how many annual leave days were appropriate and subsequently took far fewer than when the policy was in place.

### Analyse work-flows

The starting point for simplification within management is to understand how people are using their time. While many organisations use timesheets, these tools fail to capture the actual tasks and activities occupying their staff.

[14] Jeffrey Immelt, CEO, General Electric

**Case Study: Removing Sunset Processes at PwC**

At PwC Australia, flexible working is now considered the norm. Rather than employees having to submit a business case explaining why they, as an exception, should be allowed to work flexibly, it is now up to line managers to find a way to make it work. They have removed this process on the realisation that flexible working policies were no longer adding value or vertically aligned with their broader principles: "We trust our people to decide the best way to work for themselves."

**Case Study: Simplification at GE**

GE felt that new products in manufacturing could retain the agility found in software development. It was hoped that quick deliverables and fast learning processes would keep the company connected to rapid learning cycles with their customers. This reduces the risk that the company will build an unsuccessful product that is difficult to sell.

**Case Study: Ending Voicemail at Coca-Cola**

Leading companies are looking to simplify their processes and practices and boost productivity. One approach to simplifying work is illustrated by Coca Cola and Apple. Both companies have used the power of personal, smart devices to cut the administrative burden of listening to voice messages. In doing so, both companies are streamlining their processes to adapt to changing tastes in sending, recording and sorting voicemail. They are also helping bridge the gap between generations in terms of preferred communication style.

Read the full case studies at www.fowlab.com/library

According to research by London Business School, 47% of desk work could be easily offloaded to cheaper resources either within or outside of the organisation. This suggests that companies are occupying staff with activities below their pay grade, representing a significant waste of resources and potentially acting as a source of frustration.[15] Pharmaceutical company, Pfizer, has sought to address this after finding that between 20% and 40% of employee time was occupied by non-core tasks. Pfizer launched PfizerWorks, providing employees with the autonomy to decide which tasks are below their pay grade and then enter the details on a platform ready for a team of freelance resources to complete. As a result, they claim to have regained 66,000 hours of work time in less than a year.

A common complaint in many organisations is ineffective or unreliable technology infrastructure. Employees are increasingly under pressure to be able to deliver their work anywhere and at any time in response to client demands. As a result, if their technology infrastructure does not effectively support this then it can become a source of complexity and stress within the organisation. During the interviews, Champions highlighted that intuitive and reliable technology was essential in enacting simplified HR processes. This is particularly the case in organisations that have embraced self-service HR tools that enable employees to request leave, check their training and development plans and access information on HR policies through a portal rather than by contacting an HR representative.

### Reduce the 'noise' in the work environment

This includes enabling people to achieve digital balance, switching off for periods of time to focus on complex work or to recuperate. In recent years, organisations have taken a range of approaches to achieve this. Car manufacturer Volkswagen, stopped its Blackberry servers from sending emails to some of its employees when they were off-shift. Similarly, Henkel, the company behind Persil washing powder, declared an email amnesty between Christmas and New Year to protect staff downtime. However, forcing people to disconnect at certain times can come into conflict with flexible working initiatives that are imperative for some people when balancing home and work responsibilities. Instead, the solution may lie more in empowering people to communicate when they need time out to disconnect so that they are able to craft an individually tailored balance.

[15] Birkenshaw and Cohen, 2013

FoW Champions highlighted during the interviews that simplification cannot be the sole preserve of the HR function. It requires collaboration between all business support functions including Finance and IT, both of which have a significant influence on the organisation's working environment and culture. Creating a cross-functional centre of excellence around simplification would make it possible to understand all the processes, practices and constraints that impact employees. It may also provide opportunities for enhanced horizontal alignment of HR, Finance and IT practices.

Simplifying the context of work for employees throughout the organisation has the potential to reduce frustration and disengagement, enhance productivity and possibly even carve out time for innovation. We believe that ensuring that employees are not distracted or over-burdened with low value adding process is essential in unleashing their individual performance, and thus the performance of the business.

## Challenge: People Analytics

### How can HR embrace tools such as People Analytics to enhance performance in the organisation?

There are many tools and approaches that can help you simplify work and enhance the employee experience. One area that has captured the interest of Consortium member companies is people analytics, and in particular its ability to transform approaches to wellbeing and performance.

### Understand the Potential

Consortium members are considering the benefits of biometric data, such as heart rates, to understand employee performance. The increasing popularity of wearable activity tracking devices such as Fitbits and the Apple Watch mean that there are reams of data readily available. The challenge now is for organisations to clarify what questions they are seeking to answer and how they can do this while maintaining the trust of their employees. One company that has embraced this tool already is BP. As part of their wellbeing strategy, the company bought 14,000 Fitbits and handed them out to employees. The growth rate in BP's healthcare expenses fell to below-average levels and the most active employees lost 5% of their body weight in the first two weeks.[16] UK-based food retailer, Tesco, has also used wearables to enhance the wellbeing and performance of its employees. Tesco launched corporate challenges, such as achieving the highest number of steps taken in a day, enabling the CEO to compete against people responsible for collecting trolleys in car parks. Likewise, healthcare provider Bupa is working with many corporations to gamify wellbeing, for example rewarding people with 'wellbeing points' for exercising or staying within calorie recommendations at meal times.[17]


The second opportunity Champions explored in the interviews, related to building a stronger value proposition for HR's activities. One way of achieving this would be through linking employee metrics with those relating to customer satisfaction. For example, if they could demonstrate a clear link between employee wellbeing and positive customer experiences, it would increase buy-in for related HR initiatives. This could go beyond current approaches seeking to link employee and customer satisfaction, such as net promoter scores (NPS). NPS measure customer and employee loyalty by asking the question 'Would you recommend this organisation/product to a friend?' The key limitation of the NPS is the lack of information it provides on the reasons why an employee or customer would recommend the organisation. People analytics, by virtue of drawing on a much larger range of data from more varied sources, could create a more comprehensive picture.

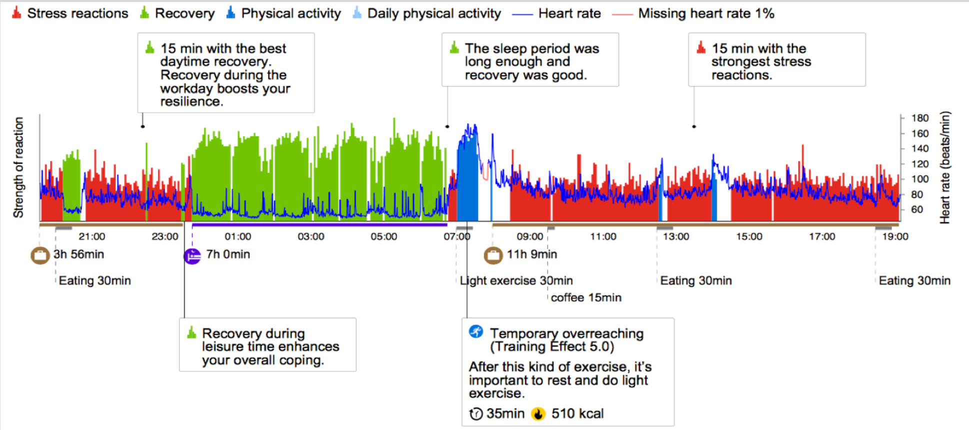
The third opportunity was shifting the culture and mind-set within HR to become more evidence-based. In the years preceding people analytics, many HR decisions were made on the basis of intuition rather than data as a result of the difficult to measure nature of many HR outcomes. With the increasing availability of people analytics, HR teams are better able to track the outcomes of their initiatives and provide evidence of their impact.

[16] Smedley, T. *Wearbles could make it impossible to keep your hangover secret at work,* The Guardian, 2015
[17] ibid.

PeakHealth
Human Data Analytics

**Case Study and Guest Speaker Insight: Biometric data with Peak Health**

During the Future of HR Masterclass, Dan Zelezinski, CEO of Peak Health, shared the potential of biometric data in helping people understand the link between performance and wellbeing. Dan shared insights from a recent project with a leading London-based hedge fund that commissioned Peak Health Ltd. to deliver a programme to increase the performance and resilience of their employees. First, the organisation wanted to optimise every aspect of human performance by leveraging advances in both science and technology in order to gain competitive advantage. Second, the hedge fund aimed at promoting attraction, development and retention of staff by developing a unique, evidence-based people management strategy through the use of latest technology. Each participant wore a heart monitor for a 24-hour period, after which they received a bespoke report that revealed their stress reactions, recovery and physical activity (see below). This helped them understand whether or not they were allowing themselves enough time to recover from high stress periods and the amount of quality sleep time they had.




Read the full case study and view CEO Dan Zelezinski's presentation at www.fowlab.com/library

## Assess the Barriers

Despite the many opportunities posed by people analytics, interviewees felt that there were several barriers preventing organisations from developing this capability:

- **Integration of legacy systems and lack of high quality data**

Consortium members were concerned that while they had abundant data within their organisations, it was distributed between several databases and would be challenging to integrate. This was often the result of growth through mergers and acquisitions, with acquired companies retaining elements of their own processes and practices that were not aligned with the parent company. This was perceived to be the greatest barrier to creating people analytics capabilities.

Consortium members were also concerned with the quality of the data available to them. Members reported gaps in databases as a result of transitioning to new approaches and inconsistencies in data collection methods. Many sought clarity on the extent to which an organisation should strive for perfect data before completing any analysis.

- **Lack of data analysis skills in the HR function**

Consortium members worried that even if they had clean data and integrated databases, they would still be hindered by a lack of analytical skill in the HR function. This would limit their ability to turn data into insights. It was interesting to note that this was the case even in organisations that had expert data analytics teams in client facing parts of the business. The challenge therefore, is to make it easier to draw on expertise within the organisation to enhance performance internally.

To address the concern around lack of data analysis capabilities within many HR functions, members are undertaking a number of initiatives. One example comes from John Lewis Partnership, where Manager, Personnel Insight, Peter Meyler, has launched a series of workshops for HR Business Partners to build their appetite, understanding and skills in using HR metrics, analysis and insight effectively with their internal clients. In addition, many members intend to build strong networks with other functions internally, such as Finance and Marketing, to share data and expertise.

- **Limited collaboration with other data holders in the business**

Consortium members appreciated that when creating new and compelling insights, they would need to combine HR data with data from other parts of the organisation including marketing and finance. At present, data sharing between departments appears to be limited.

During the People Analytics Roundtable, delegates discussed the importance of cross-staffing any projects with members of other functions, in part to ensure buy-in across the business. They also felt that it was important for HR Functions to share insights from people analytics projects as soon as they arise, demonstrating the value of the initiative to the business. Finally, during the Masterclass, guest speaker Nigel Guenole discussed the potential of outsourcing people analytics activities, or creating a hybrid model with only some elements outsourced.

### Make a Start

Masterclass guest speaker Nigel Guenole, highlighted that organisations should not be held back by fears that their data is imperfect. Instead, they would be better served by agreeing what level of quality is acceptable and being aware of this when interpreting any findings. This message was corroborated by David Souperbiet, HR Vice President for Enabling Services at PepsiCo Europe during the Future of Work People Analytics Roundtable session. David was keen to point out that a relentless focus on data quality can become a significant obstacle to conducting any people analytics. PepsiCo's success in its current analytical endeavours is the result of knowing when to move forward with the data available and use the insights in combination with other data sources when making decisions.

A common concern with people analytics that delays many projects, is how to avoid appearing intrusive when collecting and analysing employee data. Indeed, your employees may not be willing or comfortable with you holding large amounts of personal data. One way of ensuring that employees both benefit from and are comfortable with people analytics, is to place the data in their hands. Andrew James, a Managing Director at Accenture, stressed the value of empowering employees to understand their own performance through apps and wearables. This increases the transparency of data collection and delivers immediate benefits to employees who could access real-time data on key performance indicators.

## Concluding Remarks

The HR function is at a turning point. Many of the traditional processes and practices that have kept organisations thriving in the past are unlikely to yield such results in future and recent reports calling on HR to radically revisit its structure and offerings are testament to this.

The challenge is great indeed. Your HR teams are endeavouring to unleash the performance of every individual in the organisation through carefully crafted talent practices. However, they are doing this in the context of technology overload, creating constant distractions and a drain on the cognitive resources of employees in the business. They are coordinating more global and complex workforces, with increasing diversity in working arrangements as freelancers and portfolio workers enter the mix. Their internal processes are also under strain as the disappearance of middle-skill roles fractures traditional career ladders, calling for something altogether more flexible. Finally, they are being called upon to be more strategic, while at the same time facing an increasing burden of compliance. It is clear therefore, why many HR functions are at a transition point and keen to craft their future role in driving business performance.

Our research on this theme has drawn together the experiences of executives from a range of industries, from pharmaceuticals to energy. Through the Future of HR interviews, a Round Table session and extensive secondary research we have identified three key roles that will need to underscore your HR activities in the coming decades: enhancing employees' experiences of your HR practices, simplifying the context of work and driving people analytics.

As we explored the particular actions that you will need to take in order to fulfil these roles, three underlying themes emerged:

First, that your HR teams will need to extend and deepen their internal networks in order to access the data and skill sets that it needs. This stronger internal network will also be essential in coordinating efforts in order to create simpler working environments for employees and in accessing the analytical skills required to benefit from people analytics. Indeed, it is increasingly clear that very few business objectives can be achieved by any one function acting in isolation. If your HR team is to become the creator of simplicity and benefit from analytical tools, it will do so in a coordinating role that acknowledges the impact of other functions, such as Finance and IT, in achieving this.

Second, the narrative within your HR team must shift from 'do more with less' to 'do fewer activities better.' As a starting point, this means reducing the number of processes and practices you deploy in the business to the minimum required to keep the organisation operating effectively. It means uncovering legacy processes, questioning their value, and having the courage to call time on those that serve only to distract and frustrate employees.

Third, HR's ability to bring about change in the organisation rests on a diverse network of leaders and line managers, all of whom need the will and the skill to enact new HR initiatives. The future HR function will need to hone its ability to influence stakeholders throughout the organisation, specifically identifying who in the business will drive the change, supporting them effectively and monitoring progress.

The next decade holds great opportunity for HR teams that are able to make this transition, and our interviews with Consortium members reveal that many have already begun to embark on this journey. We look forward to sharing the insights and best practices, as they emerge.

**Emma Birchall, Head of Research – Future of Work**

## About the Future of Work Research Consortium

*Over the coming decades, the world will be transformed by the host of emerging technologies that are shaping our interactions with work and connecting us with each other in ever more sophisticated ways and across ever more parts of the globe. These technological developments will play a continuous role in linking the regions of the world together as the force of globalisation brings goods, services, and indeed jobs to ever more areas of the world.*

- Lynda Gratton, Professor at London Business School and founder of the Hot Spots Movement

Over the last seven years, the Future of Work Research Consortium (FoW) has brought together a global community of 90 of the world's most influential companies. By combining energetic live events with cutting-edge collaborative technology, we have connected more than 500 executives, all of whom are leading their organisations in preparing for the future.

FoW is widely acknowledged as one of the most innovative and collaborative forums for exchanging insights, models and concerns about the future of work. Led by Professor Lynda Gratton, FoW unites academic research and organisational practice to deliver a unique multidisciplinary experience. Members of the Consortium benefit from access to the very latest academic research and practical insights and have the ability to learn and develop in a way that is customised to their needs.

For more information on any of the topics explored in this report, please contact Emma Birchall:
**E:** emma@hotspotsmovement.com
**T:** +44 (0) 20 7759 1848