



HOW TO MEASURE ADDED VALUE IN HR

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CONTENTS

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Dr. Tony Miller - business coach and HR consultant with years of experience working with major international companies. Mr. Miller has worked with such companies as Coca-Cola, Shell, PwC, IBM, BMW and many others. His experience as a consultant to work with staff allowed Tony to work closely with a number of governments, financial regulators, blue chips and European Union projects. Articles authored by Tony Miller published in specialized journals. In addition, Tony Miller is the author of 13 books on management and HR.

Introduction

The strategic role of HR

HR - business-partner

Recruitment and selection

Differentiation for pay and bonus

Right-sizing your organisation

INTRODUCTION

The old style human resource functions are history: Thomas A Stewart, author & editor of the Harvard Review summed up the position of the old HR in an article written for Fortune Magazine. He described HR as follows: “HR is a department that spends 80% of its time on routine administration”.

New HR needs to focus on key issues and become a true business partner. In this short paper, we will give you tips and methodologies to dramatically improve 5 critical parts of HR. This will add measurable value to the organisation and pave the way for HR to be a value centre rather than a cost to the organisation.



THE STRATEGIC ROLE OF HR

Strategic approach to human
resource management.
MILLER model

HR NEEDS TO WORK AT STRATEGIC LEVEL

Before getting to grips with the map, let's just spend a moment looking at timelines for the formulation of HR strategy. There are three timelines we need to be aware of. First, what we can learn from previous experience looking retrospectively at what we have done.

The second strategic timeline relates to current issues and information, which needs to be resolved in the future.

The third and most important timeline is that of the future. It is only the future that we really have control of; from a strategic viewpoint it is the most important. Often this timeline comprises both retrospective and current issues.

Most of the current strategic models, which are being put forward for HR use, are over simplistic, particularly for those of us who are only involved in strategic planning occasionally.

Most businesses today use a model of some sort to ensure continuity and for putting strategic plans together.

The majority of these models consist of a combination of best practice in strategic planning and therefore use established strategic models such as PEST and FIVE FORCES. In addition to those two models there is the MILLER model, which looks specifically at productivity over time.

This model is essentially an HR model but tends to be reviewed by the majority of the other strategic partners.

The MILLER model, although being a strategic HR model is specifically aimed at detecting when organisations need to change or reinvent themselves.

Therefore, it has added importance for use in HR departments, as it is HR's responsibility to point out strategically when to change in the organisation needs to be triggered.

The additional information not covered in the aforementioned three models are that of the strategic partners' specific area of expertise.

As well as using these strategic models each partner will have a checklist of what to look at and report on for the future in their next strategic plan. From what I've been told by hundreds of HR professionals internationally this is the area that current HR professionals are having the most difficulty with.

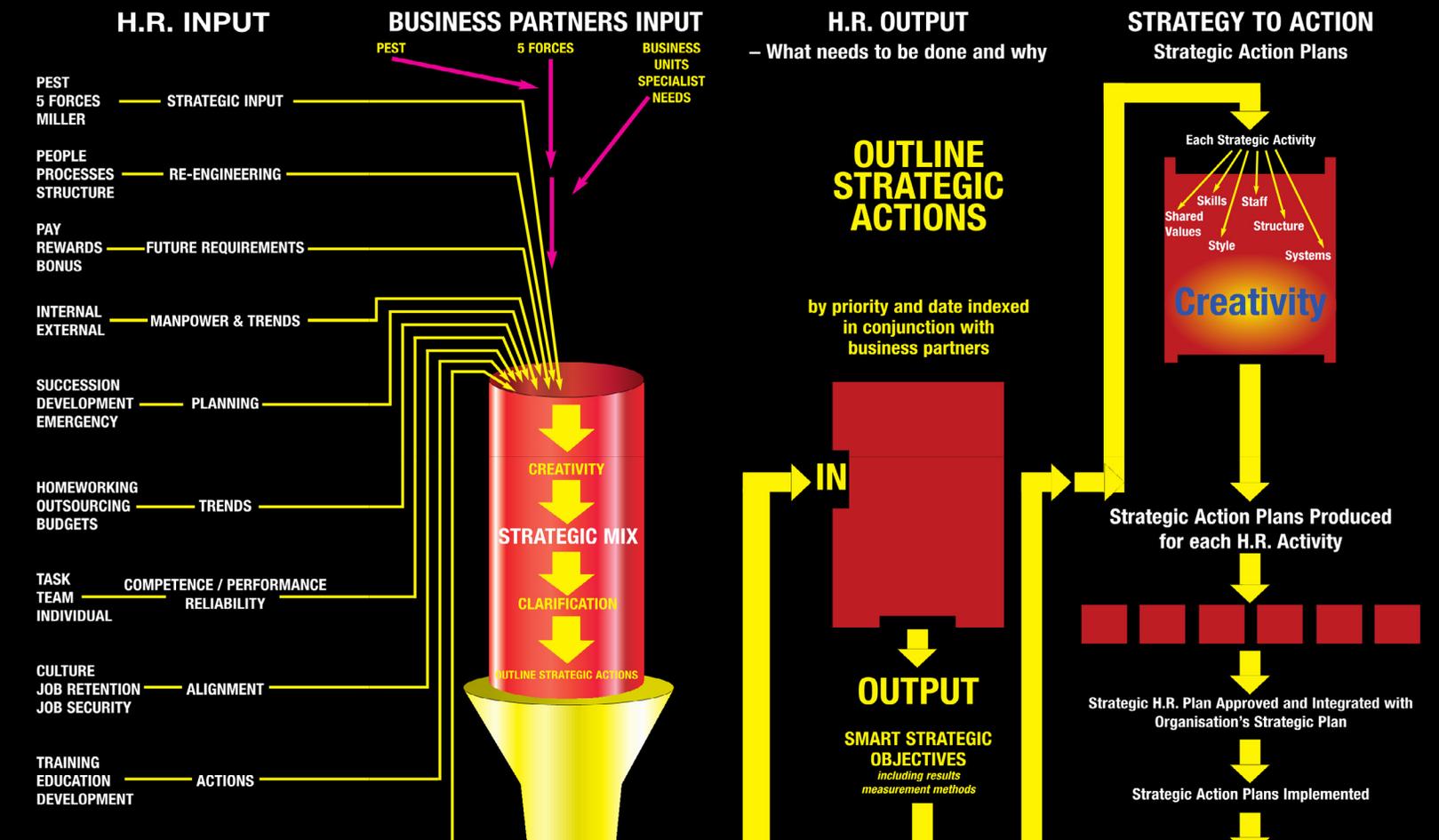
The map included here gives you a checklist of some of the most important HR areas to examine and use to see if there needs to be a specific inclusion in your strategic plan for those items.

Having worked through the checklist and drawn up your strategic plan you can see from the map that there is then the strategic mix; HR strategy does not stand on its own.

THE MAP

Our HR map, may at first be very complicated. It consists of three parts: strategic input, strategic output and business plans for action.

You will see that all of the business partners input their strategic requirements in the form of PEST, FIVE FORCES and their individual strategic requirements, into the strategic mix. The latter are extremely specific to the strategic partners' own function.



On the map, you will notice that we have highlighted the areas that are the specific function of the human resources professional. We hope that this will help you with the requirements needed to formulate your human resources strategic plan.

The specific input for human resources into the strategic plan takes the form of the 10 indicators. Use of this map will put you on par with all of the major strategic contributors in the company - what will happen - they will ask if you can do a strategic map for them!

Key points when being strategic:

- **Focus on what, why and when things need to be done**, the how comes along later
- **Make sure you structure your strategy into three timelines - short term, medium term and long term.** Avoid trying to do everything short term - it just wont work
- **Be a master of your 10 strategic inputs**, you will need to look at these every year

done and are great at achieving objectives on time and within budget

- **You need strategically always to be talking to the top team - no one else**
- **A very simple idea to follow is the FACE approach not only to internal customers but also external customers**

The face principle requires us to deliver strategies and concepts that meet its requirements. These are:

Fast

Accurate

Cheap

Easy



HR - BUSINESS-PARTNER

What is a role of modern HR
department? The concept of the
shape of new HR

THE EFFECTIVE SHAPE OF HR - THE BUSINESS PARTNER

The concept of the shape of new HR was an idea first expounded by Dave Ulrich. Before explaining this it is necessary to cut through some of the myths in HR about who the customer is. Once that is understood a move to the new shape of HR becomes more comfortable and easy to explain.

I am fortunate in that I meet literally thousands of HR people every year. Ask them the question “who is your customer and the reply is always the same (99%) of the time - The employees. But is this statement true? It can't be.

The HR function is a function that is funded at a corporate level, the employees don't pay for the function, don't have any say about your salary and they often use HR to undermine their managers. The employees have supervisors, Team leaders and Managers to recruit, develop and help them produce higher levels of competence and performance. It's also the line manager's responsibility to enforce discipline and deal with day-to-day grievance issues.

So what is HR's new role? It is our function to provide the tools, systems and processes to enable managers to enhance the best from their staff. Using innovation and skill, HR can, if its focus is right help and organisation to significantly improve its performance. This is the essence of New HR.

To enable this to happen, HR will need to master a number of new concepts - all of which are contained in this book.

The first is to reorganise the shape of HR so that it becomes properly focused on being able to produce results. This new shape will also provide the HR function with the time to be able to think strategically and implement added value thinking.

The concept is very uncluttered, put all of the terms of conditions, holiday, and training requests on the intranet. Managers, staff and employees first point of information on any of these topics will be on your local intranet, cloud site or system.

The second line of contact will be by phone - these calls will be fielded by the HR call centre This is not setting up a call centre in the true sense but having one phone(s) that are answered to deal with inquiries or for clarification about where to get information from. Invariably 90% of these calls will merely be directing people to the appropriate place on the intranet.

The third point or level of contact will be the HR professional - You. This is where expert advice will be available and where you will be dealing with the senior personnel of the organisation.

This design offers you many advantages; it will stop that endless stream of people wandering into the HR department and allow you the time to focus on what's important - creating value. It also sends a strong message to everyone - that you are a professional department and are running the function in a professional way.

Key action points:

- 1) Move into the 21st century - most HR functions are based on the old Personnel Departments of 1960's! You won't be able to deliver outstanding performance without a reshape.
- 2) Security is very important 1 above is a good reason for keeping the HR door locked, you won't have any trouble selling this concept.
- 3) Vitally important remember who is your customer, its not the employees they are the Managers responsibility. Your prime customer are the directors or the main board - just think who sanctions you Salary and budget - they are the group who need to see results.



RECRUITMENT AND SELECTION

How to get the most from
recruitment? Use process map

The Professional Recruiter – Process Map – Dr Tony Miller 2016/17



To get the best from recruitment (The Gateway) we need a process - in 2016 a process map was formulated to provide HR professionals with an end-to-end process. Its design is to aid in stopping bias and reducing the possibility of hiring the wrong people.

One of the biggest problems you will ever face is improving productivity. The reason is someone has hired the wrong people or people who are not talented. This is THE biggest problem workforce planners currently face.

Here we will look at the three biggest improvements you can make to have a world-class recruitment process.

Improvement number one: the use of pre-written and scored questions. This is a great opportunity to save time and do a really good job. Often interviewers make up questions during the interview or give roughly the same question but sometimes with more of an explanation. In short displays a lack of consistency and is not fair to all the candidates and introduces bias in a big way.

All the interview questions should be based on your key criteria, and taken from your list of essentials and desirables. Working with the line manager gives you both the opportunity to examine the topic and write good experienced based questions to explore what candidate has actually done in their previous jobs.

qualified as a medical doctor.

Some of this falsification of CV's is so good it would take private detective months to check them out.

About testing and its development

Psychological tests have been shown to be amongst our most powerful aids in the crucial problem of selecting, and developing people at work. Estimates by some researchers have shown for example that large increases in the GNP could result from more widespread use of tests in selection.

Testing shows us what someone can do today - it will also show how they compare not to each other but to an external bench mark referred to as a norm group.

Past experience is a good indicator for how they will actually fit in your a vacant position in your organisation.

So to recap, each key criterion will be a topic heading and we will write between 4 - 6 questions on each topic. When we interview later each of the topic questions will be scored out of 10.

First, we need to decide how we are going to check each item on our Essential list and desirable list from our advert. These are going to be split between Testing (T), questions (Q) and visual examination (V).

The second major strengthening of the process is testing for every one. We know internationally there is wide spread falsification of qualifications. This has been well reported in both the HR press and in international papers. One of the biggest and most widely reported was that of Dr. Obarni. Employed without any testing on one of his first patients visits he administered a fatal does of painkiller and then fled the Country to avoid prosecution.

user to be qualified, either through the supplier or via the British or American Psychological societies.

Tests are now well established and a part of a business selection process. Most of the top performing world leading companies make use for testing both for selection recruitment and when succession planning.

Progress of personality profiles

The top profilers today are accurate and of immense use for recruiting, promotion selection and development

What profilers should we use?

For Supervisory level and below
For recruitment, up to a supervisory level the recommendations are the NEO or the EPI. Both are about 60 questions and in particular the NEO is very fast to score.

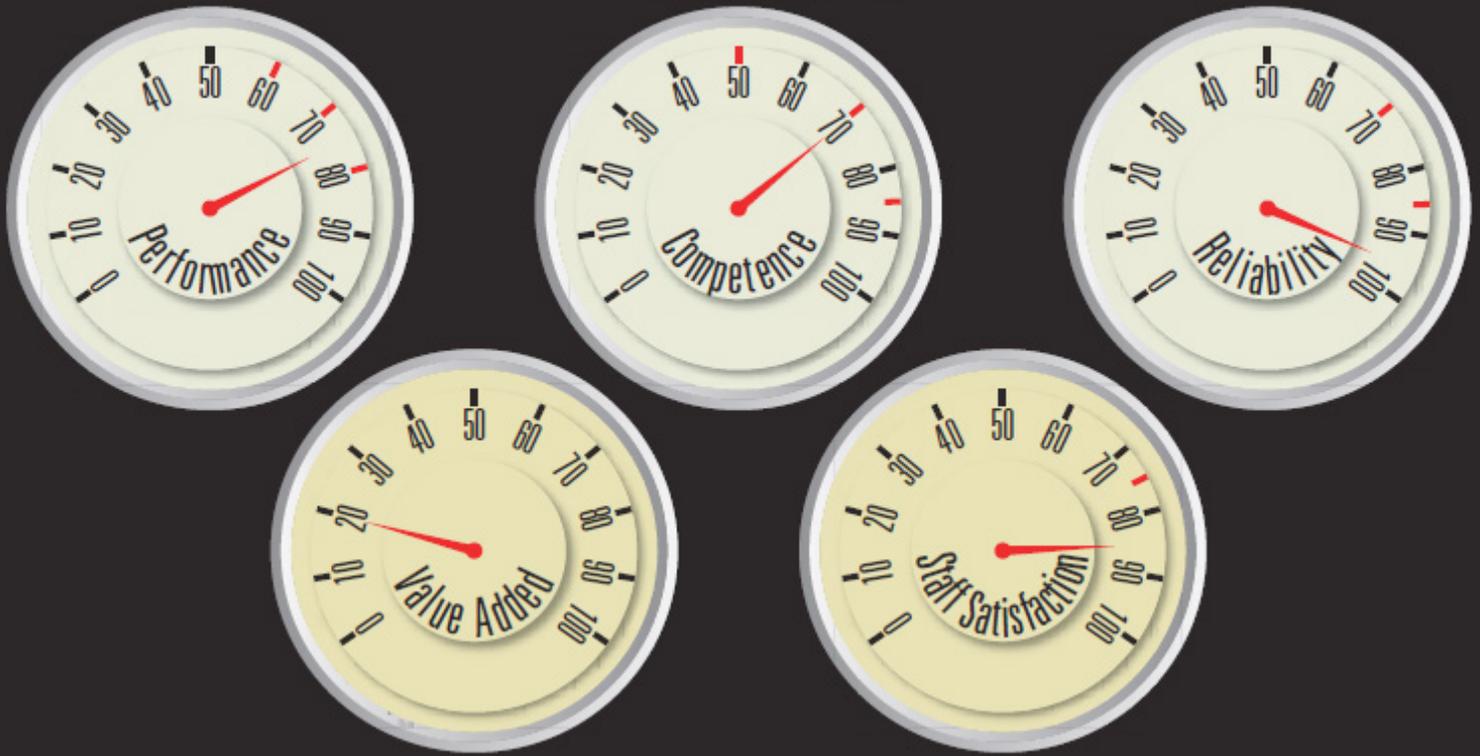


DIFFERENTIATION FOR PAY AND BONUS

The productivity dashboard and
hopper bonus system

The Productivity Dashboard – Dr. Tony Miller

人力资源仪表盘



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We have a productivity dashboard for HR; the big issue has always been how best do we pay people who are outstanding. We are using the dashboard to fuel bonus systems. The Productivity indicators provide an input for your bonus scheme. Using the three pre-sets:

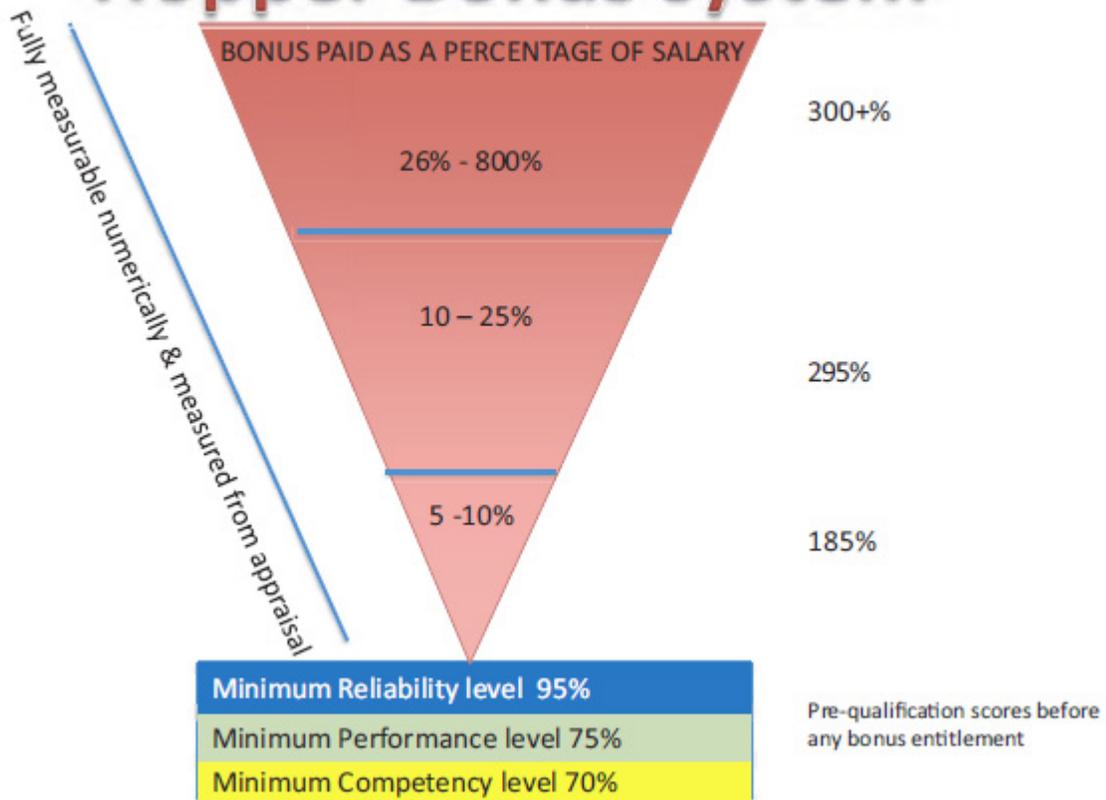
- Competence 70%
- Performance 75%
- Reliability 95%

With this input data, you can use a hopper type system to feed a bonus scheme either team based or individual based.

enhancement to the basic salary/wage. This is a very fair and equitable way of putting a scheme together as the rules for entry are very clear.

Earning bonus is then decided only on the performance scores, as both competency and reliability are the minimum quality assurance figures.

Hopper Bonus system



Key points for differentiation and bonus:

- If you're looking for a fair and transparent system - this is it
- Without understanding differentiation and having the three categories of employees how can you plan -this information is the most critical HR management information in any organisation.
- Getting differentiation information will enable you to accurately show the cost and the scale of poor performance in your organisation -then you can devise a strategy to improve and show the financial benefit.
- Having a hopper system show employees what they need to do to get the big bonus therefore it's a great motivator.
- Poor performers will never be able to qualify for this scheme, Average performers will sit in the 5 -10% bonus to start with until they improve and only about 17% of the entire workforce will get onto the 26% line.
- Staff satisfaction is a good indicator that your motivation strategy is working. This needs to be monitored each year and the results published - HR can claim all the credit for this.



RIGHT-SIZING YOUR ORGANISATION

Accurate math models for right
sizing of your organisation

Is all the work being done in your organisation each year? If the answer is yes, then it's the start of a right-sizing project. There now exists the methodology to accurately; mathematically work out exactly how many people any organisation needs. Recently we have completed a project with a company employing 3000 people and after the right sizing exercise found that it was overstaffed by 33%.

Key actions you can take

- Establish how many poor performers, Average performers and talented people you have
- Ascertain how many hours a week each group works. In a recent survey of 103 major companies in the Middle East, we found the following

Talented people work 32 hours a week, average people work 20 hours a week and poor performers work 5 hours a week.

In addition to this information you will need to find the prime working day (total of a day actually worked each year. For a very modest fee we will calculate for you're the exact right size that your organisation should be.

We hope you have found this paper useful, we run a range of HR specific courses that can help you achieve great things. In addition we can also offer a full back up consultancy service.