



HR TECHNOLOGY CONFERENCE® UPDATE

A Blueprint for Emergency Planning

When planning, it's too easy to imagine your world staying just as it is now. Suddenly, a tree comes crashing through your office window, water starts pouring out of your ceiling and absolutely nothing is as it was. Joel Ronkin, vice president of HR and chief administrative officer for Miramar, Fla.-based cosmetics company Elizabeth Arden, knows that feeling and will tell attendees what he did when Hurricane Wilma shut down his corporate headquarters for eight days, and HR and payroll were run out of a hotel room.

Creating Pay-for-Performance at Deloitte

Pay for performance has long been the Holy Grail of compensation. But it's tough implementing variable-pay plans, including merit and COLA increases, bonuses and promotion decisions. Plus, at a professional services firm like Deloitte & Touche, flexibility is critical. William McKenzie, a principal at Deloitte, shares with attendees how the company allows managers to administer all pay elements, access performance-management data in real time and even override system recommendations where appropriate.

CedarCrestone Survey Results

Though her company has changed corporate names and owners four times, Lexy Martin, director of research and analytics for Alpharetta, Ga.-based CedarCrestone, has for nine years directed the industry's longest-running and most-respected annual survey on the use of HR self-service, portals and workforce technologies. Attendees will be treated to a first look at this year's findings, including what's actually in use, budgeted and planned. They'll also learn what value has been achieved from those and other applications, as well as whether their colleagues are buying them from their HRMS vendor or a best-of-breed supplier.

Total Rewards at Yahoo!

Most HR people simply rue the fact that a third of employees are clueless about their total rewards. Loree Farrar, vice president of global rewards for Yahoo!, decided to do something about it. She'll show attendees Yahoo!'s portal, where employees have self-service modeling tools and have to view their total comp before clicking onward. For a Silicon Valley company like Yahoo!, where stock is a vital (and changing) part of comp and Google and a dozen others are recruiting her very best people, the solution has given the company's HR department an important, much-needed tool.

Evidence Of Profit

Conference speaker claims better decision-making can boost the bottom line when those decisions are tied to evidence-based management.



Jeffrey Pfeffer, keynote speaker at the upcoming HR Technology Conference®, sees flaws in current management structures.

Editor's note: As its opening keynote speaker, well-known human resource academic Jeffrey Pfeffer will begin this year's HR Technology Conference® in Chicago with a warning of sorts: Doing what you've always done, or adopting the management fad of the moment, can be fatal to your enterprise. Pfeffer, a professor of organizational behavior at Stanford University's Graduate School of Business and co-author of a new book with Robert I. Sutton, Hard Facts, Dangerous Half-Truths and Total Nonsense: Profiting from Evidence-Based Management (Harvard Business School Press), urges leaders to adopt an evidence-based management style and propagate that style of thinking throughout their organizations. In his address, entitled "Making Evidence-Based Management Work for You," he will discuss some of the findings contained in his book, portions of which we have excerpted below. For more on the conference (Oct. 4 through 6), visit www.hrtechnologyconference.com.

There is compelling evidence that when companies use human resource practices based on the best research, they trump the competition. These findings are replicated in industry after industry, from automobiles, to textiles, to computer software, to baseball. Research on initial public offerings also shows that startups that place greater value on employees bolster their five-year survival rates.

Yet many companies still routinely use inferior people-management practices. The problem isn't just that HR managers know what to do but can't get their companies to do it. [A bigger problem is that,] like other leaders, many HR executives hold flawed and incomplete beliefs. They fall prey to second-rate evidence, logic and advice, which produce suspect practices and, in the end, damage performance and people.

When the late Peter Drucker was asked why managers fall for bad advice and fail to use sound evidence, he didn't mince words. "Thinking is very hard work. And management

fashions are a wonderful substitute for thinking." If you are willing to do the hard thinking required to practice evidence-based management, if you want to reap its benefits, you need to recognize your blind spots, biases and your company's problems and take responsibility for finding and following the best data and logic.

Evidence-based management isn't just a list of techniques that you can memorize, mimic and install. It is a perspective for traveling through organizational life, a way of thinking about what you and your company know and what you don't know, what is working and isn't and what to try next. It isn't a one-time fix that will magically solve all your problems. But there are effective steps that you can take every day to sustain the right mind-set—to keep facing the hard facts, avoid falling prey to dangerous half-truths and spot and reject total nonsense. We call these implementation principles for practicing evidence-based management.

These principles aren't mysterious or complicated, but you can't gain a competitive advantage unless you actually use them. A formidable impediment to evidence-based management is that people won't even try it because they doubt its value. They conclude that evidence-based management doesn't work, or if it does work in a few weird companies, it would be impossible to implement in their own company. When leaders believe it is impossible to obtain competitive leverage and it is impossible to do it via better inferences and data, they set in motion a self-fulfilling prophecy that undermines performance—and puts the company at a disadvantage compared to companies that believe in and use evidence-based methods.

Companies that succeed through evidence-based management develop the right mind-set. Their people learn even as they act on what they know. Leaders who practice the attitude of wisdom think and act as if their organization

What You Still Need to Learn About LMS

In today's fast-changing world, HR executives are coming to the realization they can't leave learning management systems to someone else, that the LMS needs to be a core HR competency. Industry expert Josh Bersin, CEO and president of Bersin & Associates, will help demystify the components of an LMS, explain and compare the leading vendors' products (including those for mid-market companies), share a proven seven-step process for selection, and guide participants to a successful implementation.

40 Companies on One Recruiting System

The advertising agency world has consolidated into four worldwide marketing services giants, and venerable Leo Burnett Worldwide of Chicago now sits on top of 40 once-separately-owned agencies (and is itself owned by The Publicis Group). Each of those 40 agencies maintains its own unique name, brand, Web site and HR strategy. Which left Byron Abramowitz, vice president and director of enterprise services, with the following challenge: Come up with one enterprise recruiting system that these agencies could all use separately, but not at the cost of sharing candidates between entities when needed.

The Truth About HR BPO

Signing an HR BPO contract is a little like getting married. When anything goes wrong, both the buyer and provider sometimes feel they are both at fault or (worse) the other one is. Either way, the last thing they want to do is discuss their problems in public. But behind closed doors, the fur can fly! Mark Azzarello is chairman of the HR BPO Buyers Advisory Group, a completely independent group of the more than 40 of the largest HR BPO customers. While he won't play attendees a tape of one of their meetings, he will give them the inside dope on what buyers have learned, how their needs have differed from what providers have delivered and what's being done to narrow the gap.

'On Demand' Performance And Compensation

HR has been outsourcing applications for years, most recently under the label ASP (Application Service Provider). That has now morphed into "on demand," meaning when a vendor hosts and maintains the application and stores all the data. Robert Chessen, vice president of HR of Charming Shoppes Inc., chose this technology platform for integrated performance and compensation management and to create pay-for-performance programs for his company's 27,500 employees in 2,300 women's apparel stores. He will explain the structure of his program and the benefits of "on demand," and will summarize his keys for success.

is an unfinished prototype, not something that is "not broke, so they won't fix it." They don't treat it as something they will ruin with dangerous new ideas, that is too much of a mess to fix or is impossible to change because there will be too much resistance.

It Seems Too Easy

You may wonder how using better evidence can possibly produce better results—it seems too easy and self-evident. It sometimes reminds us of the old joke about the two economists walking down the street who spot a \$20 bill lying on the sidewalk. The first says, "Look, a \$20 bill. Let's pick it up." The second replies, "It can't possibly be a \$20 bill—if a \$20 bill were lying on the sidewalk, someone would have picked it up by now." Managers also avoid what's clearly in front of them; they simply presume they are already doing all they can to make good decisions, so there is no point in changing anything.

The guidelines for practicing evidence-based management are rife with obvious and mundane common sense. But as we've seen, although much of what we suggest may seem like common sense, it is not common practice, and in fact common sense is in short supply. One obvious bit of advice, for example, is that if you are considering a program or practice, find out if others—another company, a consulting firm, or academics—have already gathered solid evidence about whether it works elsewhere, and if so, when, where, and why.

Evidence-based management is too important to leave exclusively to senior leaders. The best organizations are places where everyone has permission, or better yet, the responsibility to gather and act on quantitative and qualitative data, and to help everyone else learn what they know.

Think of the chilling similarity between the Challenger and Columbia tragedies, where in both cases engineers had evidence that a problem was likely, yet people with more power but less knowledge ignored their warnings and sometimes bullied those who made them. Worse yet, many others at NASA, and their contractors, had been taught that the norm was to keep silent, even when they had crucial facts. As the Columbia Investigation Board found, people who were "marginal and powerless" had "useful information or opinions" that they didn't express.

What was the foundation of the astounding turnaround of the NUMMI automobile plant in Fremont, California, which went from one of the worst plants in the world under General Motors to one of the best under Toyota management, with nearly the same workforce? One big difference between the old and the new system was that, under the Toyota system, assembly workers were actively involved in and responsible for tracking their own quality and productivity, coming up with ideas about how to improve them, and designing experiments to test their ideas—all with remarkably light management oversight.

Or consider Google and 3M, companies with vastly different cultures, workforces, technologies and histories (Google is barely five years old and 3M is approaching its 100th birthday). Yet both thrive through the creativity of their people. Technical staff in both organizations are given the time, resources, plus trust and responsibility, to tinker with their own ideas that might help the company.

The theme that cuts across all of these settings is that when managers treat employees as if a big part of their job is to invent, find, test and implement the best ideas, then managers make fewer mistakes, organizations learn more and more innovation happens. This conclusion isn't backed just by selective case studies. Much research shows that when companies use more of each employee's intelligence and talents, they make more money.

Forgive and Remember

What happens when people fail? The most succinct and useful advice we know about how to handle failure comes from medicine, where the motto is forgive and remember. Forgive, so that people are willing to talk about and admit the errors that are inevitable in any human endeavor, and

remember, so that the same mistakes don't occur repeatedly. Organizations that forgive and forget keep making the same mistakes over and over again. Organizations that remember—but blame, stigmatize, and punish losers—create a climate of fear. So the game becomes avoiding personal punishment and humiliation, not helping others learn or fixing the system. Forgiving but remembering failure promotes learning without creating a climate of fear. Remembering also helps because when the same people keep making the same mistakes again and again (and others don't), it is a sign that these people need more training or are better suited for a different job.

This means that, if you want to take a first step towards practicing evidence-based management and closing knowing-gaps, find out: What happens to people who fail in your organization? Do you ever admit your own mistakes? Does your organization forgive and remember when people make mistakes, and does it use that information to keep making things better?

And don't just listen to what your friends tell you, or even to people who are still in your company. Collect some anonymous evidence. Find out if you actually learn something from bad hiring decisions, failed product development efforts, botched mergers, and mistakes and setbacks that plague successful projects as well. Talk to people who you usually disagree with, don't like, don't know, who have quit, and perhaps even those you've fired. Collect the evidence and confront the hard facts.

The myth of the superhuman über-executive persists, but it's total nonsense. There isn't a shred of evidence that great leaders have magical powers that result in superior decisions and strategies, devised with little or no help from the mere mortals they tower over, inspire and command. Research on what leaders actually do reveals that they live in a messy, uncertain world of give and take, with interruption piled on top of interruption, and they spend their days bouncing from one short and often unplanned interaction to another, where they attempt to motivate, coach and influence people to get things done.

Hard Facts, Dangerous Half-Truths and Total Nonsense shows that as leaders travel through their messy work lives, one of their most crucial chores is to display and promote curiosity—so that they and their followers will keep learning new skills, coming to grips with the best logic and evidence and applying what they know (for now) to change their organizations for the better. Leaders breed such curiosity by having both the humility to be students and the confidence to be teachers. And the best leaders know when and how to switch between these roles.

Consider what leaders need to do. As we've shown, the search for the corporate savior—that lone, brilliant individual who can by force of will and breadth of intellect solve all organizational problems—is a bad bet. The business world is turbulent, constantly in flux and intensely competitive. Adaptability, flexibility and constant learning are indispensable under such conditions, in large part because a good answer today might be a bad one tomorrow. And in well-run organizations, searching for evidence and logic about better and worse business practices, running small experiments and learning from them, and always questioning, evolving, and learning by doing and from experience is not only some activity conducted by the CEO, but should be a perspective on management—a mind-set—used throughout the organization.

There has been far more talk than action about building systems that cause people to learn and act on what is known, rather than what they believe or hope to be true. These gaps between the rhetoric about learning and actual organizational practices, the disconnect between what is known and what is applied in management practice, and the inconsistency between the need for reflective practices and how few managers actually stop and take time to reflect—and encourage their people to do it too—aren't, however, unsolvable problems. These and so many other discontinuities between action and the hard facts provide rich opportunities for those leaders and companies that actually implement an evidence-based approach. The question remains: Who will have the courage and wisdom to do it?

Send questions or comments about this story to hreletters@lrp.com.