WHY DOESN’T THIS HR DEPARTMENT GET ANY RESPECT?

“I am stuck. I don’t know where to start, there are so many problems and issues,” Brian Henderson said, sighing. Jenny Fisher, sitting across the table from him sipping her skinny café latte, gave him a knowing grin. “You’re definitely in strife” she said. He leaned back. “Thanks a heap,” he replied. “Talk about the bleeding obvious! But what is your advice?”

Henderson and Fisher had been at the café for almost two hours; the lunch rush had ended long ago, and the waiters were setting up for the mid-afternoon coffee drinkers, some of whom were starting to arrive. Henderson, General Manager of human resources at Polygon Technologies, had called Fisher in part because she was a friend, but also because she was the Director of human resources at a large Chemical Company, and he knew that she was a star performer. Over lunch, he had told his story.

Before Henderson joined Polygon just over a year ago, he had been a partner at the Dimensions Group, a mid sized, but successful HR consulting firm. His specialty there had been working with information technology companies, but when Dimensions own head of HR was let go after an embarrassing misdemeanor, the Managing Director asked Henderson to take over HR and help Dimensions reinvigorate its performance management approach. Henderson had worked very effectively as HR director, helping the company’s consultants evaluate performance systems and had put together some highly marketable
development programs. The Dimensions Group, with Henderson’s help, had quickly become a strong competitor in this field. Despite this success, and a level of comfort at Dimensions, Henderson accepted the job at Polygon because he thought it would be a challenge, and that he would expand his horizons. For most of its 20-year life, Polygon had an enviable track record in attracting and retaining talent. But in 1998, when its charismatic CEO John Hassell retired, things changed. Hassell was an entrepreneur, who typified Polygon’s culture; it was his leadership and style that people thought of when they thought of doing business with the company. It was that same personality and drive that had attracted top people. When he left, some of the company’s energy went with him; and within a year, three of the five remaining senior managers had left feeling that the place was not the same any more.

“It doesn’t matter why those three left,” Henderson told Fisher between bites of Mediterranean lamb with pancetta. “But for the record, one bought a farm, another went to a competitor and the third became an academic. It wasn’t because things were bad at Polygon. In fact, the transition was actually quite smooth. Bob Dempsey, the new CEO, is a top operator. He was recruited from the outside, but his appointment was applauded. He’s a real talent and wants to do the right thing.”

The problem was, Henderson told his friend; the new CEO didn’t have Hassell’s flair for attracting and retaining talent. And the human resources department hadn’t been able to fill the gap. While Hassall was there the company saw him as the head of HR, and it seemed to work. HR was an administrative function, a service provider – a sort of gatekeeper.

“Dempsey, to his credit, recognised the problem,” Henderson said. “That’s why he employed me. But I’ve been there 18 months, and our turnover is still awful, especially with key people. And what’s worse, I have had no success in recruiting new talent or changing the perception that human resources is just a bunch of clerks processing pays, leave and fling workers compensation claims. It’s driving
me nuts, as I know how important HR can really be. I don’t seem to have an effective voice.

Fisher nodded in agreement. “In fact, ‘human resources’ made Polygon the company it is,” she said. “The problem is, attracting and keeping good people wasn’t being performed by Polygon’s HR department, nor by the Executives. It was all Hassell charisma and networks. “I’m trying to show them what to do,” Henderson complained. “But even Dempsey doesn’t know how to use me.”

Fisher asked Henderson to outline what he’d done since joining Polygon, and he quickly described a list of activity. When he had first joined the company he had spent a good deal of on-on-one time with each of the senior executives, asking them about the kind of people that made the company successful and how they viewed the talent they currently employed. He had also met with many other employees – managers, shop floor, and administrative staff and, of course, all the members of his own department. He had also spent time with most of the HR group’s external consultants such as Executive Search and recruitment, remuneration experts, training providers and so on.

At these meetings he got the clear impression that attracting and retaining talent was the only problem at Polygon’s. There seemed to be conflicting opinions as to whether Polygon was, in fact, a good place to work. And it seemed to him that most of the people at Polygon were not used to anyone from the human resources department asking probing questions. They were there to provide services only.

So Henderson had taken a number of steps. He developed a set of internal policies and standards, including customer-satisfaction measurement programs for his department. He created “listening posts” – that is, he sent a member of his staff to each of the company’s locations on a regular basis to answer questions, tell them about the “new” HR approach or to provide counselling. He implemented an “HR ambassador” program, assigning individual members of his staff to develop relationships with the people in a particular area of the company
so that they would have a voice speaking for them within HR. And he set up a 
regular schedule of meetings between himself and each of the firm’s business-
unit heads. He also began a comprehensive assessment of the quality of the HR 
staff, and replaced two under-performing HR staff with people who had solid 
experience in developing professionals in service firms like Polygon. Finally, he 
drafted a document and information program to help educate all the company’s 
employees about the role of HR – specifically, how it could contribute to the firm’s 
strategy for success.

Fisher had listened pretty much without comment as Henderson went on and on. 
She grimaced when he told her about the executive committee meeting he had 
participated in after three months on the job. He had presented his findings and 
the plans he had in mind, in a comprehensive and well-researched document and 
with a high quality power point presentation (he was a good presenter he was 
told.) He thought it went down well as at the time they met with little in the way 
of challenges or discussion. However, he noticed, “Dempsey and the others 
were being polite, but didn’t seem to be engaged, as a further take on the 
meeting. She raised an eyebrow and murmured “oh boy” when he confessed that 
the year-end bonus checks for the Executives were messed up, and that it had 
taken a month to sort it out with payroll. He also said that the half yearly 
superannuation statements had been messed up by their fund manager, and that 
his staff had had to review them manually, delaying the process by over six 
weeks. The union stewards had been to see him three times and had threatened 
a go slow if they weren’t fixed.

Fisher nodded knowingly when he told her how HR had mishandled an 
investigation of a sexual harassment claim shortly before he joined the company. 
“But that wasn’t me,” Henderson said, his voice revealing his frustration. “The 
new team I’ve put together wouldn’t stuff up like that!”

But Fisher hadn’t said much, just encouraged him with a “Then what?” or a 
“Could you explain that a bit more?” as he told his story. Throughout the lunch, 
Henderson’s food remained almost untouched, even though he loved
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Mediterranean lamb more than anything. When the waiter came to check on them, Henderson looked at Fisher’s clean plate and waved away his own.

As they finished their cafe lattes, remarking on the change in coffee preferences and weight loss, Henderson leaned back in his chair. “Well?” he asked. “Well, what?” Fisher responded. “I know that you’re a lot of good stuff, but you’re facing an uphill battle. Do you have any idea how hard it is to turn around a reputation created by someone else? HR is a difficult area – although most internal-service functions would argue that they are under appreciated as well. Besides, you can’t get vice at the table by just doing some good things, especially when there are these little stuff ups along the way. “I have to tell you, I’m thinking about doing a dummy spit or throwing in the towel altogether. Don’t they know how important HR is? Henderson said. “At least as a consultant I was accomplishing something in that world and you know the saying, ’Those who can, do and those who can’t, teach?’ Well, I’m beginning to think that it applies to me.”

“No, no,” Fisher laughed. “I’m sure that it doesn’t. But I will give you some advice . . .”

What is the best advice Fisher can give to Henderson?
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SOME RESPONSES

In his efforts to expand the role of HR, Henderson must not forget that administrative duties are the function’s bedrock.

Brian is doing many of the right things at Polygon Technologies. Listening posts, ambassador programs, and one-on-one meetings with department heads are all good initiatives. His good work will be in vain, however, unless he changes how CEO Bob Dempsey and the rest of the firm’s senior managers view human resources. Dempsey has an inkling that HR needs to expand its role, but Polygon has long been run on the power of personality – particularly that of the former CEO. Accordingly, it will take some effort to convince those at the top that an organised approach, with HR leading the way, is what’s needed now.

How can Henderson pull that off? First, he needs to gather data that will show the senior management team – in a concise form - the difficulties the firm is having recruiting good people and, having recruited good people, keeping them motivated and satisfied. These are financial services’ folks: they aren’t looking for an impassioned speech about the company’s soul; they’ll want information in a form they can recognise. Right now, they don’t see much value being created by Henderson’s department. Instead, they see a flurry of administrative activity and a round of bonus cheques that weren’t issued properly. Ouch, indeed. Henderson needs to clarify what Polygon really needs.

Then he needs to present the data – and follow up – in a way that shows each senior manager that HR’s efforts will benefit his or her bailiwick. How? By decentralising the HR department. Henderson should take his ambassador program one step further and assign each member of his team to a particular senior manager. They should do for that manager what Henderson will be doing
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for the CEO – educating, listening, counselling, and guiding until the company is back where it should be, and beyond.

Why does Henderson have to go that route? Because in this situation, perception is as important as reality. It’s not that centralised HR function is necessarily less effective than a centralised one. In many cases, the opposite is true. But if Henderson puts ten HR people in a room, all presenting their findings to the senior management group and offering to help, people are going to scream about costs. Every senior manager is going to wonder if his or her department is getting optimal support or the short end of the stick. On the other hand, if he takes that same group of HR people and has them work in a way that is tailored to individual managers’ needs, he’ll create that perception – to back up the reality – that the work of the HR department is vital to the organisation’s success.

Now, a word of caution about decentralisation. The danger is that the firm’s line managers will wash their hands of the responsibility for attracting and keeping good people. Henderson must strive for the middle ground: his people should be partners with the firm’s line managers – nothing more, nothing less.

That danger, however, is no reason to shy away from decentralising. In fact, the potential rewards far outweigh the risks. Polygon’s senior managers don’t seem to recognise that they badly need help in developing and maintaining a positive corporate culture, which is the heart and soul of an organisation. An up-close-and-personal HR presence will help improve the company’s culture as nothing else could. Financial services professionals, like engineers, are analytical types who often do not pay enough attention to issues of human relations and group dynamics. That doesn’t mean their corporate cultures are bad, it just means that the need for HR to play a large role on behalf of employees is more acute. Companies are like families: all sorts of difficulties arise unexpectedly – interpersonal problems at home that affect work, technical problems that become personal because they create stress, conflict between departments, you name it. Organisations that are prepared to deal with such issues are way ahead of the game.