STRATEGY:
FLORENCE DURING THE RENAISSANCE –
INNOVATION IN HR

By Vinnie Mirchandani, Deal Architect

What are the constants in business life today? Chaotic change, globalization, outsourcing, the 24/7 work day. The next few years will be gut wrenching ones for most corporations, with so many opportunities, and so many threats. The HR role in organizations should be huge. We need cheerleading. We need soothing. We need tolerance as we go global. Boy, do we need change management. We need HR due diligence as we outsource more – who better to validate if the outsourcing vendors are indeed doing a better job at talent management than we are. As Tom Peters, the famous management philosopher says, "One of the 20 dumbest business practices is not to have the HR boss on the board of directors."

And HR, in turn, keeps looking to technology for help, but the vendor community is only partially helping. Oh, there are plenty of Software-as-a-Service (SaaS) and service-oriented architecture (SOA) solutions – "old faithful" Dave Duffield with his new company, Workday, as well as SuccessFactors, SAP and Oracle – all promising next generation technology.

But for the most part, they just make your payroll processing and HR administration technically contemporary. Or, they offer some new wrinkles on outsourcing and call it some new, "high-falutin" term like "Total HR Outsourcing." It's mostly paving the old cow paths. It's not enough to get management to listen to Tom Peters and give HR more of a role in the executive suite.

Human Resources should look wider – much wider. Take basic technology building blocks and use them creatively. Think outside the traditional recruit/retain/compensate/administer boxes. And, don't just wait for "cooked meals" from the vendor community.

HR INNOVATIONS

Let me give you a few examples of innovations involving people matters that I have seen at companies. I wish I could tell you that the HR executive thought up the innovative use of technology in each case.

EXAMPLE 1: TIVO

Would you use consider using TiVo for a job interview? The candidate does the interview at the place and time of his/her choosing. The interviewer reviews responses from multiple candidates when and where convenient.

A small company called HireVue is facilitating just that. They work with the recruiting company to develop a list of consistent interview questions for each candidate. Each candidate has 30 seconds to read each question, two minutes to answer, with no opportunity to rewind or re-answer – simulating a real interview. The interview can be done anywhere, (HireVue sends them a high quality web cam – which the candidate is allowed to keep) at the employment office or increasingly at a campus recruiting office.

Once the interviews are on the HireVue server, the employer can post comments on each candidate – fast forward or rewind. It's ideal for first round interviews. HireVue estimates it saves between 50 and 75 percent of costs to have people fly or drive in. They have allowed candidates from Chile and China to be reviewed by employers in France and New Zealand.

EXAMPLE 2: WI-FI

Four years ago, before Wi-Fi was commonplace, a CIO installed access points through all his company's campuses. This had a huge impact on worker productivity – employees could carry network-based and local content and tools to every place, including the cafe, through their laptop or tablet. Discussions were significantly enriched with the content, decisions significantly accelerated. Excuses about not having information at finger tips minimized.

EXAMPLE 3: SOCIAL SOFTWARE

W. Edwards Deming, the famous management philosopher used to say that the organization chart was a flow chart. It depicted a flow of blame. He helped the Japanese think about customer-driven flows which mattered a lot more.

A CIO was describing how they have used social networking tools internally to understand how influence and information flowed within his company. The "Corporate X-Rays" show employee performance and interaction patterns that traditional organization charts and performance plans do not.

EXAMPLE 4: IPODS

Most of us are fascinated by the young generation of employees – the iPod / MySpace generation. But just as big an opportunity lies in either transitioning aging populations or continuing to make them productive as their mental and physical faculties evolve.

How big is the aging problem? Two-thirds of Washington's government work force is eligible to retire between now and 2015. Most large companies have smaller, but similar challenges. This opens up at least three opportunity areas:

- **Deploying accessible technology** – To allow aging workers to continue to be productive, "boomer-friendly" gadgets and features have emerged from magnifying text to speech recognition to tremor monitoring mice.

- **Documenting and transitioning knowledge** – capturing nuggets of best practices and industry knowledge, and training the next generation staff is another huge opportunity. Knowledge capture/playback, documentation and

training software come to mind. Offshore vendors have shown an uncanny ability to capture knowledge and transition it to their teams thousands of miles away. With some re-positioning, these companies may be able to help with similar transitions around aging work forces.

- **Keeping retirees connected** – Web sites and wikis to keep alumni connected to the company. For many companies, they will continue to represent a useful, part-time work force.

Example 5: GPS

Global positioning systems (GPS) are great for helping us not get lost. But, privacy advocates worry about Big Brother knowing where you are at all times. I know of at least one company that has helped its fleet of drivers get over the privacy issues and use driving, traffic and delivery patterns to optimize routes and driver productivity and morale – not to mention fuel savings and pollution reduction.

Example 6: Amazon

During a recent visit to India, the CEO of an outsourcing firm told me he runs his 4,500-person payroll using the Amazon "in the cloud" processing capabilities. Just the electricity costs to keep servers for that computation would cost more than the US$75 he pays Amazon. It's not whiz-bang innovative technology but that much in savings clearly is innovation!

None of the scenarios above come shrink-wrapped from a vendor. But, in each case, it has delivered significant worker productivity – and organizational delight. The great news for HR is that we are in the midst of the most dynamic times in technology, even by the dynamic nature of the high-tech industry. The Valley is bursting with Web 2.0 and SaaS, Scandinavia with Open Source, Korea with amazing mobile apps (yes, they yawn at the iPhone!), India with all types of BPO offerings, and China with amazing manufacturing efficiencies.

This is what Florence must have felt like during the Renaissance. All that HR needs to do is cast a wider net and open itself to a broader array of technologies and untraditional (not just HR) technology vendors.

MAGIC Framework

Last year, I had developed a "MAGIC" framework for CIOs around innovation using the range of emerging technologies. I have adapted that model for the HR executive and the HR vendor community.

Mash-ups

There is no silver bullet for technology innovation. Mash-up means integrating a wide-range of promising technologies from mobility to sensors to social networking tools to Web services. The concept is to use basic building blocks in each area and then have teams do the mash-up.

Vendor Tip: Curb your enthusiasm. You may think your technology solves world hunger (like many Web 2.0 companies do right now), but few vendors can dream of,

much less service, the wide ranges of innovations HR executives expect. Present your capabilities rationally; knowing it individually is a small part of the HR innovation portfolio.

Alpha Technology

A quiet revolution is taking place in technology budgets. After years of vendor consolidation, the top technology vendor share of their wallets is now shrinking. Chief information officers realize they have to take more risks to deliver innovation and are willing to give younger vendors and technologies much more of a chance. Besides, having outsourced Research and Development (R&D), many CIOs are disappointed that only five to ten percent of that spending over the years actually has gone to vendor research, development and innovation. Human Resources sometimes gets in the way with phrases like "Don't touch my favorite vendors." Take the CIO's lead. In fact, push the CIO to take more risks on your behalf.

Vendor Tip: The number of patents you have is not that important. Innovations in version 8 of a product are just as unimpressive. Early, but usable, technology in the hands of the HR and IT teams is what counts.

Global Inspiration

Travel the world to find HR best practices and technologies. How do young Koreans use mobile applications? How are Hungarian BPO vendors keeping employees from 25 countries harmonious when they speak 15 different languages? How do Indian vendors arrange for massive logistics of people movements across thousands of miles? How are Chinese companies helping their employees cope with chaotic change – where cities, not just buildings, are going up in months, not decades? In our "flat world," we can learn from peers in places we did not think about in the past. Think globally, be willing to look outside your own verticals. Learn about Web services at banks, telematics, distribution companies, and so on.

Vendor Tip: Every buyer has historically told vendors to show them relevant, industry-specific citations and applications. They will continue to do so, but you will be surprised how open they are to new ideas from wherever.

Intensity

Assign small "tiger teams" to innovation projects with short time frames, stingy budgets and constrained-based innovation. The old dream of huge Sabre-like (the airline reservations system) "competitive advantage" projects is gone. It is about tactical, but significant, payback projects. Applied to HR outsourcing, it is asking what breakthrough productivity improvements the vendors are going to deliver in the next few years through automation, shared services, process re-engineering, and their own version of intensity.

Vendor Tip: Think big, execute small and intense. Talk quietly and carry a big stick. Necessity is the mother of invention. These are clichés I know – but each points to constraint-based thinking and focuses on high payback areas. Customers also want to hear how you have innovated in your own sector's business model. It could be through different licensing, delivering Software-as-a-Service. They want to understand the risks; they do not want "same old."

"Co-opetition" with the CIO

Don't wait for the CIO to bring forth technology solutions – push them to him/her. I know several business executives, helped by reading materials (yes, even airline ones) and peer sources, seeding their IT groups with innovation ideas. Human Resources should do the same. Push the CIO not just to ensure security and compliance, but to deliver applications to delight business users, not just to impress technologists. The bond between CIO and HR needs to be strengthened on the back of innovation projects.

Vendor Tip: For too long, vendor messages have been to impress the technologists. Leave your "service-oriented architectures" behind. Quit talking about single and multi-tenant SaaS. Focus on business results. Delight the HR executive.

The Bottom line

Chaotic times call for unconventional thinking. A new generation of HR solutions is being developed by HR vendors. But most of them risk paving the old cow paths. Human Resources needs to be far more demanding in its expectations. A plethora of social networking, mobility, analytical, and other technologies are emerging to help understand employees better and to make them more productive and prideful of the work they do. The MAGIC framework can be a useful guideline for thinking about breakthrough HR improvements, not just adapting a more contemporary payroll processing solution.