



HR is Dead:

Long Live Employee Experience

Introduction

“The reality is that the HR professionals must evolve into being the best thinkers in the company about the human and organization side of the business. The human side of the business is a key source of competitive advantage.”¹

The North American market place is driven by our knowledge and services based economy, with 70% of GDP accounted for by the service industry ², yet so many Human Resources (HR) professionals function as if still in the industrial age. Countless antiquated HR practices exist, five of which will be examined in the following whitepaper.

HR is a relatively modern term, coined in the early 1960's evolving from the term personnel, which encompassed welfare management, as well as dealing with trade unions and industrial relations. Personnel eventually evolved into HR as the economy shifted.

HR has traditionally been responsible for people management, which ultimately has become an administrative function.³ HR is not enough in today's competitive business world. We are witnessing another shift. Engaged employees are the competitive advantage in the knowledge and service based economy, forcing HR to evolve again, this time into Employee Experience (EE). The purpose of this whitepaper is to identify the common pitfalls of HR and how you, as a practitioner, can be a strategic decision-maker. The demands of your position have shifted from transactions to strategies, and you need to be the forward-thinker within your organization. This whitepaper will help you make the initial leap into leaving HR and moving into EE, in order to become second to the CEO “at the table.”

1 Ulric, Dave and Brockbank, Wayne, 2009, The HR business-partner model: past learnings and future challenges, Entrepreneur Magazine

2 Government Library: <https://www.cia.gov/library/publications/the-world-factbook/fields/2012html>

3 Kelly D, 2001, Dual Perceptions of HRD: Issues for Policy: SME's, Other Constituencies, and the Contested Definitions of Human Resource Development, <http://ro.uow.edu.au/artspapers/26>

This begs five overarching questions:

1. What is the difference between Human Resources and Employee Experience executives?
2. What creates best-in-class Employee Experience?
3. How do you know when you are delivering true Employee Experience?
4. What skills do you need to be an Employee Experience professional?
5. What are the benefits to organizations who practice Employee Experience?

Smart companies understand that engaged employees are without a doubt fundamental to business success. They understand that EE is critical and in order to be truly strategic, the main priority of any organization should be to recruit, retain and inspire their people. EE doesn't refer to an empty promise or a set of quirky values hanging on a plaque at the front of the office. It refers to a motivated workplace with engaged employees creating value every day.

EE professionals are the second most important position next to the CEO, because they drive employee performance. Although it may be intuitive that people are the "secret" ingredient to a successful company, many HR people find themselves focusing on urgent transactional tasks. Minimizing administration with HR technologies and realizing that those tasks will never go away is imperative to transitioning from HR to EE and shifting your focus on motivating and engaging your workforce.

Top 5 Differences Between Human Resources and Employee Experience

Every day as an EE professional you have the potential to be one of the key drivers in business performance. Rather than spending time on administration, you are empowered to make strategic decisions that will drive the business forward. The chart below outlines two models that define the difference between old and new HR.

Before getting into best practices and how to deliver EE, it's essential to outline the differentiators and outdated HR practices in order to shift your time and focus on creating strategic value and driving results.

HUMAN RESOURCES	EMPLOYEE EXPERIENCE
Focused on transactions & administration	Focused on employee engagement & talent management
Reports to CFO	Reports to CEO
Annual performance evaluations	Real-time feedback
Traditional service awards	Performance based recognition
Handbook & policies	Core values & corporate culture

We took a poll during our recent webinar, which surveyed over 480 HR professionals, to determine which position, HR or EE, they mostly find themselves in. You will find the results embedded within the whitepaper.

“To be strategic, HR needs to get out of the business of operations.”⁴

Takeaway:

Use technology to shift your time from low value activities to focusing on employee engagement in order to drive business performance.

1. What do you spend the majority of your time on?



When companies are first established, they don't have an HR department because they are small enough to function without one. Small companies realize that employees are what will drive the business forward, but when they experience growth, leaders become worried about liability. It creates an inverse relationship and the EE focused workplace becomes process driven and bureaucratic. A command and control HR department is a common mistake that is important to avoid.

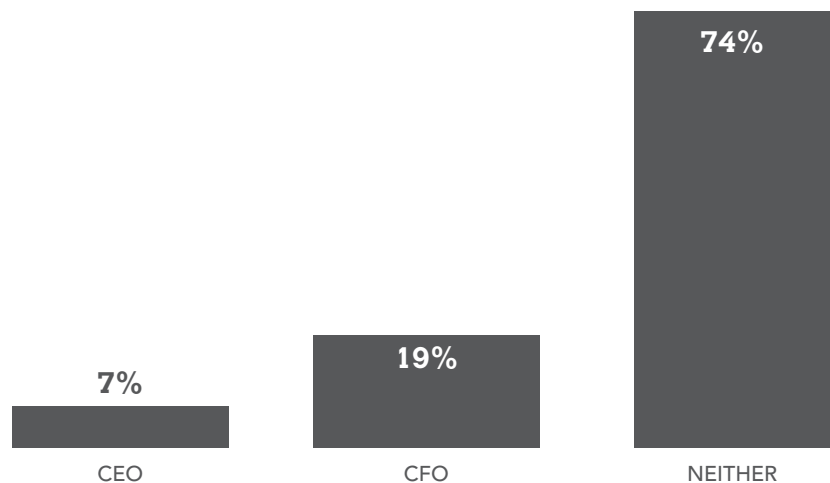
“Without doubt, the head of HR should be the second most important person in any organization.”⁵

Takeaway:

You either report to the CEO, CFO or below C-Suite. If you are similar to the 74% of respondents from our survey, then you are in a good position to skip the CFO's office altogether. This is a great opportunity to make the case to your current manager as to why you need to be reporting directly to your CEO.

Transactions have a way of interrupting your day, and dictating your efforts all day long. The goal of EE professionals is to be strategic, but if you can't minimize transactions to the smallest possible percentage of your day, then you'll never have the opportunity to be strategic. HR professionals who are ready to make the transition into EE need to maximize the use of technology and eliminate administrative tasks in order to create the time required to grow their teams through career development, as well as performance and talent management.

2. Who do you report to?



Today, too many HR professionals who strive to be in EE do not report to the number one in their organization, but report to number two or in some cases lower. In order to implement strategic initiatives, you need to move your way up to report to the CEO. Jack Welch, GE's former CEO and arguably the most successful CEO of the last century, valued EE above all and never wavered on talent. He made sure that alongside a great CFO there was an exceptional leader of EE. He understood that people are the greatest differentiator in business, and they need to be treated as such.

The difference between reporting to a CEO and CFO is the difference between maintaining satisfaction and creating engagement. CFOs are accountants and make decisions based

4 Bloom, Naomi: Bloom & Wallace

5 Welch, Jack, 2005 Winning, Page 99

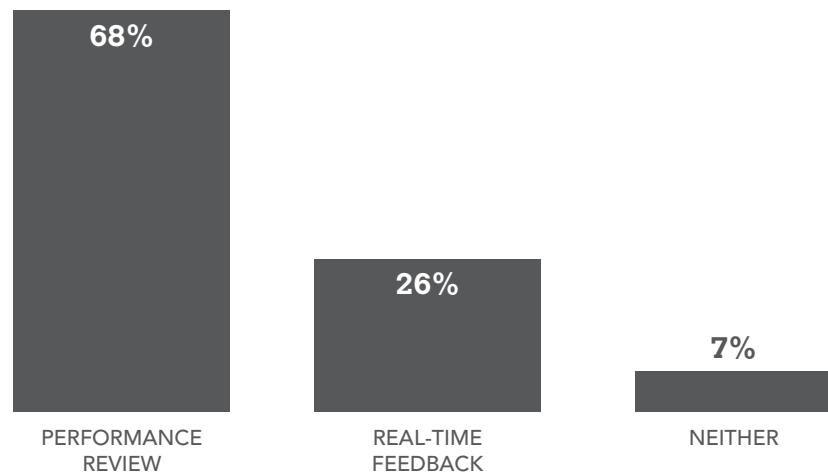
on finance, rather than the best interest of employees. They see employees as the company's greatest expense, but the only employees that are a drain on financial resources are the ones who are disengaged. Engaged employees, however, are a company's greatest asset. Buy-in from the CEO is needed for this strategy to be effective. If the visionary of the company believes that engaged employees will drive corporate objectives, they can champion the EE professional to implement such strategic initiatives.

“The best you can do for others is to develop a trusting relationship where they can ask for feedback and help when they see the need and feel sufficiently valued to take it. Getting rid of the performance review is a necessary, and affirming, step in that direction.”⁶

Takeaway:

Even if you can't eliminate annual performance reviews, you can still make the shift. Encourage managers to give feedback and recognition during weekly one on one meetings so that they are implementing an additional process for realtime feedback, which will make a positive impact on long-term performance.

3. How do you develop your talent?



Performance reviews like so many other archaic HR practices, have a history. CFOs are tasked with recording liabilities, assets, profits and inventory on an annual basis. Their job is to count these tangible items and account for them at year's end. Moving budgets are easier if salary increases coincide with fiscal planning, but there are fundamental problems with this school of thought. What are best practices for accountants, are not best practices for EE professionals. Pay increases should be based on performance, not according to longevity with a company. Your job cannot be about yearly or even quarterly feedback, but if accountants are running your organization it will be limited to those tasks.

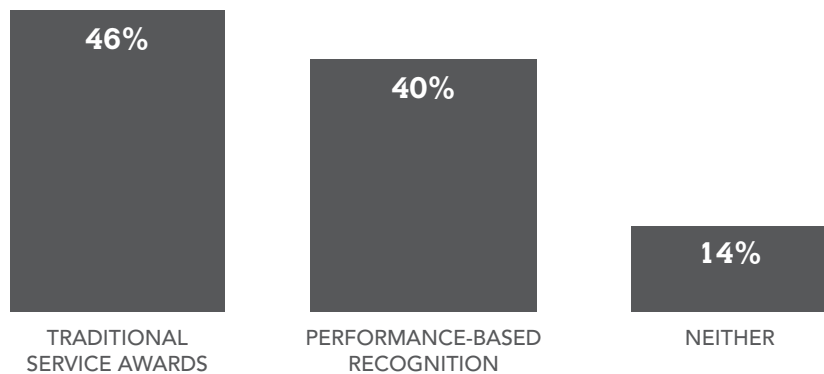
5 Welch, Jack, 2005 Winning, Page 99

6 Dr. Samuel Culbert, 2008, Get Rid of the Performance Review, Wall Street Journal, <http://online.wsj.com/article/SB122426318874844933.html>

Inventory and employees should not be reviewed in the same way. People need feedback in real time. The Green Bay Packers didn't win the Super Bowl because they received feedback after the season, but because they received real-time feedback play-by-play throughout the entire game in order to improve and build upon their strengths. Business is competitive and the strategy needs to be over-communicated and your employee need frequent feedback. Find managers that are great coaches. Without exceptional leadership, employees can't grow and develop.

“Today, 92% ⁷ of North American workplaces rely on traditional service awards to motivate their employees. The reality is that only 17% of graduating seniors find these rewards meaningful to them.⁸ Years of service awards are no longer an option to engage employees.”

4. What is your primary method for recognizing and rewarding your employees?



Traditional service awards are the most antiquated of all HR practices, originally used during the Industrial Revolution. Traditional service awards recognize presence rather than performance. In the 1900's they served a business purpose. The Ford Motor Company, arguably one of the most innovative companies of the Industrial Age, saw the turnover rate of assembly line workers skyrocket to 370% in 1913.⁹ The working conditions were so poor that 71% of new hires quit after less than five days on the line. This posed a major business challenge for companies like Ford because a well-run assembly line was a company's principal competitive advantage. In response, companies created reward systems that offered highly valued gifts of that era such as gold watches and grandfather clocks to incent employees to stay on the job.

7 Nelson, Bob, 2010, 1001 Ways to Reward Your Employees

8 Achievers, Class of 2010 Study

9 Adler, Paul, 2001, Market, Hierarchy and Trust: The Knowledge Economy and the Future of Capitalism (California)

Takeaway:

Employees do not want to pick a useless item out of a paper catalog. Empower them to choose a reward that is meaningful to them. By incorporating more effective techniques, such as performance-based recognition, you can build a sustainable rewards and recognition strategy that works year-round to engage all employees. You do not need more money to move towards more strategic practices, you just need to shift your budget to an initiative that drives business performance.

Sadly, traditional service awards that were used in the 1900's still exist today. They exist in a catalog where employees have pre-determined options depending on their longevity with the company. The rewards include paper weights, crystal vases, and gold watches, all of which employees find undesirable. EE professionals understand that it is their role to drive performance every day, which is why performance based recognition happens frequently, not in five year increments.

Top employers realize there is much greater value in systematically aligning recognition with specific performances that drives business success. In today's results-driven workplace, employers need to utilize a broader range of strategies to engage an increasingly diverse workforce. Today, 92% of North American workplaces rely on traditional service awards to motivate their employees. The reality is that only 17% of graduating seniors find them meaningful. Millennials grew up in a world of immediacy with constant recognition from their boomer parents. Gen Y and Gen X consist of 51% of the workforce, and Millennials only stay an average of 1.5 years with their employer.¹⁰ HR professionals actively disengage these employees when they recognize their presence with a company every five years.

You are spending money to actively disengage your workforce.

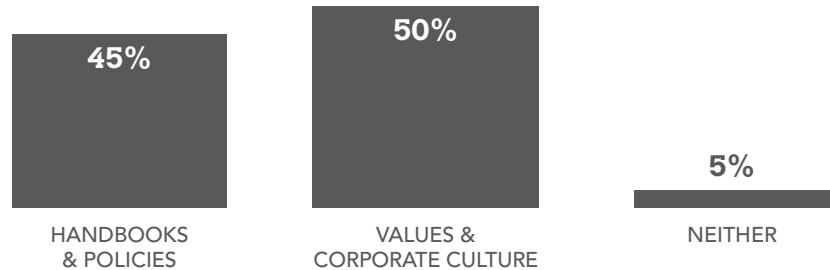
By using Software-as-a-Service (SaaS) technology, you can automate your recognition program with an engaging online platform that encourages managers to practice performance-based recognition. This can be done by tying company values to behavior. What gets recognized gets repeated. Years of Service awards are no longer an option to engage employees.

“Companies practicing Employee Experience tie their values in to their corporate culture. They do not micromanage through an employee handbook, but rather celebrate and recognize when people live those company values.”¹¹

Takeaway:

If you can't remove the employee handbook, minimize it as much as possible to the core to start the shift to EE. For example take 100 pages to 20 and make it clear, concise and relevant as possible. Shift your focus to enabling a culture where employees live company values, rather than policies and procedures.

5. What guides your employees' actions?



The employee handbook, a chronicle of bad things that could happen or have happened in the past, is a negative way to start the employer/employee relationship. No matter how great the manual looks, it is still the employer's way to ensure that people are accountable for their actions and understand policies and procedures of the company. It sets a tone of command and control and establishes that the employee is already expecting the worst outcome.

Companies practicing EE tie their values in to their corporate culture. They do not micromanage through an employee handbook, but rather celebrate and recognize when people live those company values. As an example, Zappos is the leader in tying its values into its corporate culture. They take their corporate culture seriously, and align their company with the entire organization's mission, to provide the best customer service possible. Zappos strongly believes that it's their culture, which translates into customer care that has been the key driver in their growth.

You Can't Fake It: How You Know When You Are Delivering True Employee Experience

Translation: Want to hug it out? Go ahead, but that won't create true EE.

As case studies related to companies like Zappos are publicized and circulated with greater frequency, the sophistication necessary for successful EE has also dramatically increased. Candidates and employees alike are much more knowledgeable about the benefits of a corporate culture and are capable of distinguishing between what's real and what's not relevant.

The result? You can't fake EE. You're either all in or you're not. Here are the 4 things candidates and employees actively evaluate to determine if a company is truly delivering EE:

1. Transparency.

You've got a great set of corporate values, and they look great on your website. Your mission statement supports your goals and objectives. Guess what? It doesn't matter what you've put on paper. Candidates and employees are increasingly immune and cynical to what you write. They look at what you share. They expect progressive companies to offer up an open window by providing easy access to the thoughts, work and personalities embedded within the organization. If you're unwilling to do that through social media and other tools, you can't achieve best-in-class status related to EE.

2. 2-Way Performance Conversations.

There's a difference between telling someone what to do and being open to having a conversation on the best way to approach performance goals. Organizations that deliver true EE invest time implementing coaching models to power true conversations related to the work at hand and how an employee can improve. The best candidates in the marketplace increasingly look for this, and implementing coaching methodologies is a powerful retention tool as well.

3. Promotion of Talent.

There are two words that describe organizations that deliver true EE – secure and confident. If you're fully engaged in providing the best talent culture in your industry, you realize your approach is so unique that you have limited turnover risk related to your employees. This confidence allows you to proudly promote the works and talent of your employees, not only internally, but externally through your website, industry publications and conferences, the local business community, etc. Candidates pick up on the willingness to broadly promote your talent base, which means you end up with the best talent.

4. Portable Capital Investment in Talent.

Candidates and employees truly value a company that is willing to invest in talent – through training and development, tuition aid, industry events, etc. Guess what elevates your company to an even higher plane? The willingness not only to invest in talent, but to make that investment completely portable with no strings attached. You spend on their development without payback agreements or disclaimers, and promote it as such. Nothing attracts talent quicker, and in a strange twist of fate, it sends a message of trust that actually aids retention and increases boomerang hires.

Of course, if creating a company culture that delivers true EE were easy, everyone would be doing it. It's hard, and it requires the commitment of your C-level executives and HR Pros who can do more than process transactions or plan the next company outing.

What skills does an HR Pro need to help your company implement a true EE culture? Here's our top four, and they're not easy to find:

1. Lobbying Skills.

Even with the support of your C-level to create a culture that delivers true EE, you are going to run into a group of managers that resist change. It's not what the managers are used to, and it's going to feel like a loss of control to many. That's why lobbying skills are so important to the HR Pro who is assisting your company in delivering EE. As an HR pro, you need to have all

the characteristics of an effective politician – be able to share the vision, be on message, cut deals to move progress forward and ruthlessly leverage resistant managers when necessary.

2. The Mentality of a Super Agent.

EE means the employee is at the center of company strategy. That means that as an EE professional you have to view the operation from a perspective that makes the employee the client, much like an agent in Hollywood or the sports industry. “What can I do today to advance my client’s (the employee) career?” is the question that must be asked on a daily basis. Delivering on that view requires the lobbying skills mentioned previously as well as the ability to market and confront we’ll discuss next. Think Jerry McGuire or Ari Gold.

3. Marketing Chops.

If you’re going to be an agent as an HR pro, you better understand how to use the tools to market your product – your employee base. This involves using all types of tools (social media, video, print, various types of promotional strategies) to aggressively market your talent internally and externally – without fear or embarrassment. HR Pros in companies that deliver EE could easily transition to the role of Marketing Manager or Director of Marketing for the line of business. That’s the highest compliment we can pay a HR Pro.

4. Ability to Confront.

Guess what? As you try to deliver EE, there’s going to be people that look to derail your progress, either willfully or subconsciously. Regardless of the intent, the job of the new age HR Pro is to confront those impeding progress or serving as outliers. A mixture of skills is necessary in this area, beginning with the ability to make observations and be unafraid of the conflict and dialog that follows, and continuing with the skill to box in outliers in a tactful, yet firm way to get what you need.

When conversation turns to providing EE, it’s easy to rationalize that the term must refer to companies that provide more hugs and less conflict/authoritarian rule. While conflict certainly decreases in companies that deliver true EE, hugs have nothing to do with the equation.

The Benefits: Share this with your C-Suite

The reason you initially became an HR professional is because you had a vision of how to impact people, and make your organization a better place to work. You did not envision a career consumed by administration that replace time spent on engaging employees and making them excited to come to work. As an EE professional you can achieve that initial vision and become a key driver with a seat at the executive table. But to create a culture of engagement and performance within your organization, you must minimize transactions to the smallest percentage of your day possible, and allow technology to automate administration.

By creating a culture of engagement, your employees will show up to work with the motivation to perform to their fullest ability every day. According to HR Magazine, "Engaged employees perform 20% better and are 87% less likely to leave their organization."¹²

As for your shareholders, the financial benefit of an EE professional striving to create an engaged workplace is clear. There are countless statistics, including the ones on the following page that prove the financial impact of employee engagement. You will know that you've successfully delivered EE and created an engaged workplace when your employees are engaged, your customers are loyal and shareholder value has ultimately increased.

Fortune “The 100 Best Companies To Work For” Versus S&P 500 1998 - 2009



This begs the final question, are you an HR or EE professional? It's time to leave HR and become the type of practitioner who builds and implements strategic initiatives, cultivates talent through career development, increases employee engagement and ultimately drives business growth.

Long Live Employee Experience!

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