

Application of all 5 steps can play critical role

The promise of delivering transformative HR is a powerful one we've heard before, but what really constitutes a viable formula? According to Tracey Malcolm of Towers Watson, the answer lies in applying five principles to support human capital decisions to ensure they are based on legitimate evidence:

- logic-driven analytics
- segmentation
- risk leverage
- integration and synergy
- optimization.

Logic-driven analytics: Rather than getting buried in the data, it's important to look beyond the numbers to the context in which they take place.

A case study at the SCNetwork event examined two units at a hospital with survey results that were poles apart on leadership and organizational effectiveness indicators. A closer examination revealed these two units played very different roles, paradoxically confirming the diametrically opposed results were the desirable ones for each unit.

When we consider this in connection with employee survey or 360-feedback results, logically we should be — if we aren't already — applying the same principle in evaluating results. Specifically, we ought to clarify the context in which the work is done before drawing conclusions.

Segmentation: The key to segmentation, according to Malcolm, is to be vigilant about not using a one-size-fits-all approach with regards to the way different departments at an organization choose to effectively deliver and value contributions.

This does not discount the importance of having a common framework across an organization. Rather, segmentation is about striking



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ing a balance between rigid standardization (conceivably best embodied in the extensive policy and procedure manuals that were once the calling card of HR) and mass customization.

Many successful organizations have long understood the importance of this step, as demonstrated by the variety of ways they allocate budgets and invest in different functions. Still, it's a good reminder that this step should not be overlooked if companies are looking to maximize investments in key personnel.

Risk leverage, integration and synergy, and optimization: As with logic-driven analytics and segmentation, these three steps tread on familiar ground:

- The risk leverage step focuses on the role of calculated risk-taking and emphasizes how critical it is to develop a rational framework for determining what constitutes an acceptable risk.
- The integration and synergy step highlights the benefits of merging HR practices with the values inherent in an organization's product

and services, suggesting this will, among other things, attract and retain the best employees.

•Optimization proposes the cumulative gain from applying this evidence-based change model is it provides leaders with the courage to invest in parts of their organizations differently, as they now have the capacity to clearly explain why these distinctions are necessary.

This session was positioned as one that would share breakthrough research on the five proven principles that explain what some of the world's most admired organizations have done to be successful.

To better illustrate and promote understanding, it would have been useful to have had one case study to clarify how the application of all five steps played a critical role in an organization's resultant success, particularly as each of these steps, taken in isolation, are ones many of us have employed in the past.

The "groundbreaking" part is in the validation that these steps, applied together, constitute critical parts of a linked chain of actions and decisions that we can now apply as we strive to make our organizations more effective.

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