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## Blue Oceans in Human Resource

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A one-size-fits-all kind of HR strategy for all organizations is not an advisable strategy since each organization is unique in itself argues C Mahalingam, chief people officer, Symphony Services, in this article.

A Blue Ocean represents a brand new, uncontested market place where - a Company offers a very compelling value proposition. On the contrary, Red Ocean represents an existing market that is well defined as well as heavily populated by the competition. W. Chan Kim and Renee Mauborgne, authors of the best-selling book, "Blue Ocean Strategy" suggest crafting and implementing a Blue Ocean strategy that will make competition irrelevant. Borrowing the same metaphor, I will proceed to discuss some "next practices" that corporations are adopting or beginning to adopt to make their people practices somewhat "out of the box". While the benefits of these blue ocean practices are yet to be seen, these represent a fresh breadth in an otherwise routine and run-of-the-mill professional practices in the field of HR. I must mention here that blue ocean people practices do not necessarily create a new talent pool (new customer base), but will perhaps help engage and retain the employees (customer retention).

### Frou-Frou Practices versus Blue Oceans in HR

The need for **blue oceans in HR** can hardly be over-emphasized. Over the years, HR profession has become overcrowded by what Prof Dave Ulrich calls as "**frou-frou**" practices. These represent systems and practices that are touted as panacea for all organizational ills without any validation. Those that claim as its proponents and pioneers have no professional credibility. Nevertheless, due to their "newness" and "attractiveness, they appear promising and will find too many ready takers. Seminars and conferences get organized on these "frou-frou" practices making it even more compelling. Given such a scenario that is so very commonplace, the blue ocean practices observed and presented below represent a very refreshingly different perspective. While I do not recommend a blind implementation, I do recommend a healthy dose of attempt and practice after tailoring to individual company culture and ethos.

### Employee Life Cycle & Blue oceans People Practices:

I will present an illustrative list of blue ocean practices covering the employee life cycle from hiring to on-boarding, designations to training, performance management to rewarding and employee relations to exit management.

### Offers designed as Contracts:

One of India's leading financial services product software companies that got acquired recently by a global software product market leader had this practice for many many years. This practice involved hiring software professionals across levels on contract for 2 years at a time, renewable when the contract expires if both the employee and the organization are willing. Since employment security



today is only as good as the competence and employability of the employees themselves, there is no inherent concern with job security in this model. Barring miniscule exceptions, most companies anyway experience a heavy churn of employees after 2 or 3 years. Against this backdrop, the contract model at least provides the following benefits: (a) better and planned churn management; and (b) a lot less sleepless nights on attrition (good news for HR?).

### **Designation Basket to choose from**

More recently, we have seen highly innovative and tailored designations at senior levels. Some examples include Chief Mentor, Chief Gardener, Chief Fun Officer (or Chief Buffoon?), Chief Evangelist, Chief Servant, Chief Innovation Officer and the like! Why then deprive the younger cadre of professionals of a choice from a basket of designations and titles? It should be feasible to come out with a menu of titles and designations for each role in the organization that fairly represent the roles and responsibilities. Jobs are becoming more and more boutique and so can be the titles. Assign this task to those carrying the fancy title of Chief Innovation Officer!

### **Pulse-Check to Prevent Infant Mortality:**

Yet another challenge plaguing many companies is the early departure of 10 to 15% of employees within 6 to 12 months of joining. Just when they are about to become productive, they decide to leave citing adjustment and compatibility (with technology, domain, team, manager) reasons. Often referred to as "infant mortality" in HR circles, this can be overcome by instituting periodic pulse checks on areas where "things can go wrong." Symphony Services has this done on the 30th and 90th day for all new joiners and takes the feedback very seriously and acts on them resulting in considerable reduction in the early departures.

### **Employee-owned Development Budget:**

A European Consumer Electronics major with its software center in Bangalore introduced this several years ago to combat the complaint that no one takes training seriously. This takes a different mindset with no operational hassles at all. Here the training budget is worked out per capita and the employees are given this as their personal development budget. Since employees own this budget, they can use it for determining their development (training, seminar, membership in professional bodies, etc). There are some basic conditions to be adhered to like getting the immediate manager's sign-off on the relevance of the development initiative chosen by the employee. This led to a remarkable improvement in the morale of employees and focused development owned and executed by the employees themselves. So, beat the training blues by passing the responsibility and budget to employees!!

### **New 10% rule in Performance Management:**

Most companies do follow a "***bell curve***" to segment people based on their performance. This is meant to help create a high performance culture as bell curve helps communicate clearly that 5 to 10% of the underperforming people should "shape up or ship out." I propose a new practice called the "***new 10% rule***" that I picked up from a company I worked with before. Here the rule recommends drawing bell curve for all the people managers in the company based on their commitment and performance in their responsibilities towards their people such as goal-setting, coaching and development. Those people managers who fall short of and come under the bottom 10% should be removed from people management responsibilities and made individual contributors. A radical thought and practice, but if we realize how much damage poor people managers can cause, the benefit of the new 10% rule will be very evident.



### **Competence-based Base Salary:**

Not a totally new practice, but has not quite caught up much in India so far. In its true spirit, this calls for granting pay increase to employees based on demonstrated competency enhancement year after year. Delivering against performance goals or targets set for the year would only qualify for the variable pay, being on target (100%), less or more depending on met targets, fell short or exceeded them. Base salary is increased only under conditions that employees measure up against a validated and widely implemented competency framework and demonstrate a higher level of competences required for their current or next job. Implementation of this is fraught with difficulties and so care is needed to systematically move from a performance-based salary review to competency-based salary review.

### **Yellow Pages as a key tool for Knowledge Management:**

Managing knowledge - both retention and sharing - has become a huge challenge for organizations especially in the context of increasing attrition. When key people leave, they carry all the knowledge in their heads with them. Organizations are beginning to invest in creating systems and frameworks for generating and generalizing knowledge. In knowledge intensive industries, there will always be more knowledge that will remain implicit in the heads of people than companies can ever tap it into explicit knowledge through documentation. Rank Xerox found out that maximum knowledge was imbibed not from their 'blue books' but due to sharing between their service engineers at the coffee machines in the corridors! Hence, there is an even more pressing need to "connect people" by preparing an elaborate list of "who knows what" and make it available on the internet with appropriate coordinates for reaching out. For ease of remembrance, let us call this a **Directory of Internal Yellow Pages**.

### **Stay Interviews for celebrating the positives:**

Exit interviews need no introduction as most companies do this as a routine. While data from exit interviews could be very useful to understand triggers for employee resignations, this is not a very proactive intervention. On the other hand, **Stay Interviews** involve business HR partners talking to employees working for over 18 to 24 months in the company and collecting reliable information on what makes them feel good about the company. The aim is to get at least 3 or 4 top of the mind 'positives' people perceive and value. With sufficient data, organization can go about 'celebrating those positives' and strengthening them. This will more likely help retain people proactively than exit interviews.

### **Come back Peter, Come back Paul Alumni Club:**

People leave for various reasons like salary, titles, responsibility, location and technology or domain preferences. And in many cases, it is quite common that some of these employees realize they were much better off with the companies they left and may like to come back if there is a possibility and they had a hassle-free separation procedure. The advantages of welcoming the ex-employees are very overwhelming. Even if these employees do not return to the fold, they could be powerful brand ambassadors. Hence, it makes eminent sense to start Alumni Club on the extranet and provide useful information about the company and other appropriate matters. The potential benefits of the Alumni Club should be experienced more than explained.



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**Value Innovation in HR:**

The HR leaders who would like to create blue oceans in people practices need to examine the value these innovative practices will create for the business. The partition line between blue ocean and frou-frou practices lie in value created in terms of intangibles such as more satisfied employees, more competent managers and more productive HR teams besides a great culture of executing on plans. HR has a huge opportunity ahead and if they miss it, they no one else to blame!

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