



THE NO LIMITS WORKPLACE
Aligning Work with the Human Spirit
Yielding Enduring Prosperity and Individual Reward

The No Limits Workplace - People and Organizational (Human Resources) Practices

"In the knowledge and idea economy, organizational and people practices are becoming the greatest differentiator between success and a lack of it".

INTRODUCTION - THE INCREDIBLE WIN-WIN OPPORTUNITY

HR's job is to maximize the individual and collective potential of an organization's people. Because of trends in today's business environment (see Tenet 1), the opportunity to do that well and create differentiation from other companies is greater than ever before. Also because of those trends, what companies need from their people and what people want from their workplace experience is moving ever-closer to being the exact same thing. That's creating an incredible win-win opportunity for those who can see it and respond to it with the right kinds of structures and practices. The No Limits Workplace is about achieving that win-win for companies and their members at a high level.

As we often mention in the No Limits Workplace, we can have a culture where people's motivations tend towards wanting more pay, benefits, time off, less challenge, and to take it easy (lower nature things) or a culture where people's motivations tilt towards a desire to take on skills, knowledge, challenges, ask more of themselves, and to contribute as significantly as possible (higher nature things). Either is possible. As HR professionals we want to apply the tools of our profession to create a culture that moves people towards those higher nature things. In doing that, companies are then able to achieve the high level performance characteristics necessary for success in today's business environment.

In general those characteristics and attributes are; an entrepreneurial spirit made of ownership, commitment, initiative, and creativity; supportive behaviors such as camaraderie, teamwork, and shared purpose and objectives; various work skills that are more job dependent, and values-based behaviors such as honesty, trust, respect, responsibility and others. More than ever, these factors are the basis for the kinds of collective performance characteristics that companies must demonstrate (responsiveness, adaptability, innovation, continuous learning and improvement) in order to succeed in today's more complex, fast-changing, and competitive marketplace. HR has a major role in creating a workplace culture that promotes these "higher nature" things.

The following takes a brief look at a number of key human resource components and offers comments on each per alignment with people's higher nature and achieving that win-win for employers and employees.

COMPENSATION

For our purposes here we'll separate pay from benefits, though both should be considered when looking at total compensation. Pay decisions begin with a good understanding of market-based compensation and build-out from there. And companies also need to be sure that employees understand the concept of market-based pay.

So what do people want and expect from pay? A few things. First they expect their pay to be reasonably reflective of their job and it's skill requirements. Most also expect to be rewarded for extra effort and higher skills and they want to share in their organization's success if that occurs. And if an employee is in a job he/she sees as a long term commitment then he/she may want a similar commitment from their employer. All of this adds up to what many would simply call fairness. Also, if employees have been well-communicated with and trust management, they won't have a problem seeing pay reductions when business isn't going well.



The No Limits Workplace Aligning Work with the Human Spirit

From the company's view pay is about hiring and retaining the caliber of people it needs to succeed. Also the company wants each dollar paid to bring out the best in people and provide a return consistent with the performance characteristics mentioned above. We all know that there are employers who pay employees well-above the market whose people are largely unappreciative of their compensation and remain unmotivated or committed by it. Companies can no longer afford these kinds of poor returns on their compensation investments.

Looking at pay from a financial perspective, it's key to avoid a compensation approach that potentially commits the company to expectations that can't be met. Changes in the business environment, industries, and within companies are so fast and unpredictable these days that pay flexibility has to be built in to an effective compensation approach.

So considering what people want, what employers need, and what today's business environment is requiring, all that speaks to market-based pay or possibly higher for higher performing organizations and possibly an additional component of variable pay based on performance and/or results. And possibly some company ownership opportunities, especially for longer term employees. With variable pay, the concept is easy. The challenge comes in ensuring that the right performance variables are used as the basis for any additional pay. Variable pay plans can influence what is best in people and help achieve organizational objectives or do the opposite, as happens far too commonly. So getting the variables right is critical to meeting the objectives.

As with many things in the people / organizational area, it's difficult to implement an excellent variable pay plan on the first try. So it's key to have some kind of organizational group involving various stakeholders who regularly evaluate the plan against objectives and make recommendations for continually refining it to ensure that objectives are met.

Compensation is a very big deal. There are top-performing companies that attribute much of their success to their pay plans and the motivations they drive. So there's much potential to influence positively or not.

BENEFITS

This is an area that speaks to how important it is that total compensation remain flexible and well-communicated to ensure expectations remain consistent with what the company can reasonably provide. Extreme cost increases, legal and regulatory requirements in constant flux, and fast-changing markets and business trends continually influence benefit design. As with compensation, finding the balance of cost effectiveness and flexibility while meeting employee needs and attracting and retaining the right people leads to answers.

Benefits represent a long list of possibilities and within those many options, a multitude of design possibilities. Additionally, the benefit needs of employees vary to a much greater degree than they did years ago.

So we have...

- a wide variety of benefit possibilities
- increasingly diverse employee needs
- employers who want to attract and retain the right people and
- a continually changing business and legal landscape.

Keeping in mind our objectives stated in the introduction, that speaks to several things. One is employee choice. To the degree possible, from a cost and administrative complexity standpoint, choice allows employees to tailor benefits to their needs. Employees favor that, so attraction and retention can be solved at a reasonable cost. Second is communications. Especially if there are choices, employees must be aware of how their benefits work and very importantly the full costs of them. When employees are uninformed about costs they'll become third parties with an interest only in getting their needs met and with little interest in what



The No Limits Workplace Aligning Work with the Human Spirit

it takes to achieve that. When that occurs, companies spend huge sums of money with little return in terms of the types of positive behaviors we stated above (ownership, accountability, commitment, etc.). That amounts to a very poor investment. Third, it's best to have some kind of cross-sectional org' group that continually evaluates benefits from various points of view. Employee needs, the company's ability to attract and retain, and the changing costs and legal landscape all need to be considered. As with most things these days, having an effective way of continually managing and refining benefit plans is more important than getting it right from the start. And having employee involvement builds trust, credibility, and ownership. Employees will think like business people if we position them to do so. But they won't if uninformed and uninvolved.

As with all of these people and organizational practices, great amounts of money can be spent with little or even negative effect or it can be spent with much positive effect. It's all in how it's managed.

HIRING AND SELECTION

The hard and soft costs of a poor hiring or promotional decision continues to increase. And parallel to that, the beneficial impact of an excellent selection decision does too. So, more than ever, hiring and selection processes offer powerful opportunities for companies to get things very right or wrong.

Briefly, there are four important aspects to consider about selection. One is the ability to develop a good candidate pool. There's much to consider about that but for our brief review here and consistent with the ideas throughout the No Limits Workplace, the most important thing for developing a good pool of candidates is to be regarded as a company people want to work for. Companies that install elements of the NLW will be exactly that and as a result will have a strong talent pool from which to choose.

The other three broad considerations are;

- the effectiveness of the process
- employee perceptions of the validity of the process
- and the results

A good process with the right amount of employee engagement will solve those three considerations.

An effective process starts with well-defined job responsibilities, and the knowledge, skill, and behavioral characteristics that are important to the job and the company. That's more uncommon than it should be (due to the continually-changing environment). Without it, good process can't exist and the chance of either good results or a positive perception by employees is low. The second part of a good process comes in having effective methods for obtaining job-related information from candidates. Well thought out interview questions that align with established job success criteria is an example. There are additional methods for doing that such as testing, observation of work simulations, etc. The idea being to match requirements for job success with candidate attributes. And the third is to have a consistent way of evaluating and comparing that information.

If these things are in place and with the right amount of employee engagement and communications, hiring and selection can be another area that lifts and connects the enterprise in multiple positive ways.

TRAINING & DEVELOPMENT

Regardless of industry, we're clearly in the knowledge and idea economy. Jobs continue to get more complex and subject to continuous even daily change in numerous aspects of them. And knowledge turnover is constant, skill requirements ever-changing and expanding, and new ideas and creative thinking more important to success than ever. In this reality, an argument can be made that training and development is becoming the most important function within an organization as T&D can be determinant of everything else.

T&D or what we might call knowledge management is no longer a human resource function for top-performing companies. It's a key business strategy. And for the best companies the strategies and improved practices extend to every job. For instance, standard work, which Toyota refers to as "the foundation of continuous



The No Limits Workplace Aligning Work with the Human Spirit

improvement” is becoming a staple of success for top companies. Companies unfamiliar with or uncommitted to standard work sit in danger of being wiped out if a competitor adopts just this one key aspect of continuous improvement.

Speaking of continuous improvement tools and techniques... For top companies, the entire basic continuous improvement toolkit of process mapping, 5S, brainstorming, problem solving tools and techniques, decision matrices, etc. is becoming the toolkit for all employees to learn and apply to improve the work and work processes they're engaged in. Organizations that get this and that are making the necessary T&D investments in people are winning. Doing a job well isn't enough these days. To remain competitive or better, one needs to do the job effectively and be able to change the job to react to external influences (change) and to make continual improvements (innovation). We might say that all work is becoming more multi-dimensional. Those realizations and the accompanying approaches, standard work in particular, will set companies apart from those who lag in this regard (see Tenet 4 on continuous improvement).

Continuous learning at all levels of the organization is not only critical from a capability and performance standpoint but also offers high levels of employee reward. The best people will be attracted to the companies that provide superior opportunities for learning and application of new skills and knowledge.

In very brief summary, the inevitable trends of increasing complexity and change and the challenges and opportunities presented by the knowledge and idea economy are strongly suggesting that “knowledge management” become a strategic priority for companies. The best will be the winners regardless of industry. This is an area of great opportunity.

EMPLOYEE RELATIONS AND POLICY DEPLOYMENT

Again looking at what works best for people and for organizations, these are areas that offer much opportunity to engage employees and heighten ownership, accountability, and improved results.

Good organizations don't allow legal and regulatory complexity and pressures to push them away from what's best for their enterprise. And to achieve the above objectives in today's environment we want to consider a “values-based approach” to employee relations and policy development. A values-based approach has leadership working with employees to identify a handful of company values that are foundational to a positive operational and people culture. Policy and practice of all kinds then become extensions of these values. Consistent communication of these values and how they support business success and a positive workplace lays the groundwork for an environment that aligns with and promotes what's best in people.

Critical to maintaining a strong foundation and shared purpose is leadership behavior that's consistent with these values. If that foundation is strong, then the enterprise can avoid the common but exhaustive and non-constructive approach of having innumerable rules, policies, and guidelines that attempt to apply to every situation. Despite today's increasingly complex and invasive legal environment that may be interpreted to suggest otherwise, that's a failed approach. The intent of policies and practices and the culture they promote is to provide a workplace that lifts people and brings out the best in them. We need to be sure not to lose track of that intent. Well-communicated values do that. Whereas specific rules and policies divert our thinking towards minute comparisons of the rule and the situation and the intent and spirit become secondary to the complexity and comparisons. With the right values in place, the focus moves to honesty, trust, respect, and responsibility, promoting high expectations and appropriate levels of freedom and independence of thought.

We need to keep in mind that good organizations maintain cohesion through common values and common purpose. With a strong foundation of a handful of well-communicated and sensible values, a company can develop peer groups for all kinds of policy and practice-related things from recognition to punitive action. Per our original stated objectives, peer groups in turn elevate trust, transparency, ownership and wider support of decisions.



The No Limits Workplace Aligning Work with the Human Spirit

ORGANIZATIONAL DEVELOPMENT

The term reorganization doesn't exactly have a positive connotation for most employees. And for good reason. Employees too often see management trying to solve all kinds of problems by reorganizing when, from the employee's view, the problems require more creative and systematic people and operational solutions. On top of that, employees see reorganizations often leaving their group in worse operational shape than before the effort was undertaken. So a double minus. In general, we at the NLW agree with that employee view. Reorganizations more often than not are examples of management getting the cart before the horse. As we'll discuss, operational solutions should be applied or at least identified first and then the best org' structures put in place to support those solutions rather than as solutions themselves. But that requires operational / people know-how that, because of the changing environment we continue to speak of, few managers have. So in the absence of that, often in order to achieve cost targets, barbaric reorganization actions are sometimes taken. It's much like making the foot fit the shoe rather than the other way around.

Ideally HR should look at OD as the shoe to fit the foot. But here's the deal. Really effective OD is a complex mix of people, organizational, operational, and business inputs. Given that, we'll first advise that one read tenets 2, 4, and 5 of the No Limits Workplace (or better yet read them all) as they speak to many of the issues that precede good OD application. What we'll see in general is that our traditional organizational structures are in many ways failing us and replacements needed.

But to our purposes here, in combination with the above observations we'll mention two general themes to consider. One we'll call the OD problem and the other a general solution.

The Problem

Traditional top-down structures built long ago primarily with centralized decision making and a control emphasis are no longer serving companies well in today's complex, fast-changing and competitive knowledge and idea economy. Like so many things, big, cumbersome, closed, rigid, slow-to-change org' structures are not supportive of what succeeds in today's environment. In fact, it's accurate to say that top-down structures are greatly limiting and even defeating the efforts of many hard-working, experienced and well-intentioned people. Developing "replacements" to the traditional top-down structure is a major issue for many companies and the business community in general.

A General Solution

There's way too much to cover here, so we'll summarize as follows. To match today's demands we want more flexible, fast, nimble, turn-on-a-dime structures. That doesn't mean we completely get rid of hierarchy (though some delayering and de-functionalizing is often advantageous) as much as we add some of the following targeted and flexible structures. And to some degree the roles and responsibilities of managers change. In general a continuous improvement culture requires much more engagement of employees in all aspects of the enterprise and also a lot of stakeholder teams, some ongoing, some ad-hoc that both facilitate the continuous improvement system and are teams formed to problem solve and innovate. So the move is towards decentralization of just about everything. In concept it's simple, if we want employees to have a high degree of ownership and accountability, we have to allow them to be engaged in important aspects of work. If we want people to have an entrepreneurial spirit and be enthused and innovative, we have to provide them with the knowledge, tools, and opportunities that promote those attributes. When we make these investments in people they'll respond favorably. A good look around the business world will show that top companies are having extreme success doing these things in ways that fit their particular needs.

Also worth mentioning are value-stream approaches that organize around certain differentiated product groups or work process. For various reasons these org' units often align more effectively with what's best in people and therefore ownership, shared purpose, productivity, etc. than traditional functional divisions.

In a way, the NLW is an OD application as it's purpose is to change structures, practices, roles and responsibilities, and assumptions about how work should work to fit with today's evolving and very challenging business environment. But of course it's much more than org' structures alone.



The No Limits Workplace Aligning Work with the Human Spirit

LEGAL / REGULATORY / COMPLIANCE

This is an area that can consume great amounts of management resources if not well-managed. The goal of course is to minimize legal entanglements as much as possible. So, how to?

Few people have a desire to get into a legal dispute with their employer as almost all employees want to feel good about this relationship. We just have to be sure our environment is such that it supports that positive inclination. The values-based approach to employee relations and policy and practice mentioned above goes a long way towards achieving that. As we said before, it's key that supervision set a good example in all of their actions, behaviors, decisions, etc. to establish and maintain that approach. If leaders act in accordance with values, legal disputes will be rare. They usually occur when people feel they've been violated and on top of that have no other recourse. And when managers or HR professionals focus on rules and policies it often serves to exacerbate problems as it encourages battle lines to be drawn causing employees to feel helpless. So they seek help in the form of legal representation. Sincere empathy and open communications go a long way towards diminishing legal activity as they often remove the sense of violation and helplessness.

As far as avoiding legal disputes with non-employees, hiring is a common problem area. Often HR encourages very limited communications with unsuccessful candidates. That's done to avoid providing people with ammo to use in a lawsuit. That's ok for candidates who don't go through some personalized evaluation process such as testing and/or interviewing. But for those who do, the approach of supplying limited information encourages a sense of frustration, confusion, and helplessness that can lead to lawsuits. Whereas when people have a better understanding of how the selection process works, why they weren't selected, and have some positive involvement with hiring personnel, they still won't like the decision but they'll see the company as people rather than a faceless institution, respect the fact that you spoke with them and treated them with dignity, and they'll tend to find a reasonably constructive way to justify the unfavorable decision in a way that alleviates their damaged sense of self.

Simple values adhered to consistently almost always provide the right path of action for avoiding legal disputes and the considerable costs of them. And as we see in all other areas of work, the NLW and values have much in common.

COMMUNICATIONS

A few comments on communications as it applies to bringing out what's best in people.

Though most managers consider themselves to be good communicators, communications inside of organizations is usually rated poorly by employees. As with much of what the NLW is about, this discrepancy isn't so much because one is right and one is wrong, as it is that they have different definitions of "good" communications. Consistent with their traditional role, managers tend to assume that communications is about informing people of certain information that the manager thinks is important. That approach has management both deciding what's important to people and doing it in a mostly one-way mode. By historic standards that may be good communications. But from the view of most employees, especially these days, that isn't good communications.

Employees are more likely to define good communications as being involved in a back and forth dialogue about things that directly matter to them. That includes being informed, listened to, consideration given, and decisions or outcomes reached. So those are very different definitions of "good". One is telling. The other is dialogue. Of course employees don't expect to have dialogue about everything. Primarily they want to have access to the information and contacts, etc. required to perform their work effectively. Often when employees say that communications are poor they aren't talking about "management communications". Though that may be part of it, it usually has more to do with a lack of coordination among all the moving parts that involves one's job and the problems and frustrations that occur because of it.



The No Limits Workplace Aligning Work with the Human Spirit

Good communications also requires good relationships. When professional employees take the time to speak with employees about things other than work (family, events, interests, etc.) and just have an honest interest in them as people, that's huge. These relationships open the door for all kinds of communications that wouldn't otherwise occur. And it allows for significant informal communications and discussions of things that wouldn't come out in more formal surroundings. Informal "walk the floor" discussions built on good relationships provide two-way communications of greater value than any other communications. And this is consistent with the values mentioned previously as it has to do with respect and trust-building.

So if we want to have "good communications", it isn't just a matter of more meetings, more newsletters, postings, etc. While these can be positive things, they are often a function of seeing things from the same traditional top-down view that we mention as a problem throughout the No Limits Workplace. Ultimately good communications comes in positioning people to be able to do their own communicating on the job and in developing good relationships that allow for open and honest two-way communications.

SUMMARY OF HR PRACTICES

Each and every people and organizational / HR practice offers an opportunity to tap into what is best in people and get a good return on investments or to tap into something other than that and get a poor return. Some companies with the highest people costs also have some of the most negative and unproductive workplace environments. While there are companies with much lower costs but with very positive and productive workplace environments. So clearly, the opportunity to do these things effectively or otherwise is there. And whatever our results, the impact on the total enterprise will be significant.

As mentioned in the beginning of this HR piece and throughout the NLW, the critical message is this. In today's knowledge and idea economy where complexity, speed of change, and competition are all on the increase, tapping into what's best in people is becoming THE differentiator between winners and losers. That's because, more and more the primary source of productivity is coming from knowledge and ideas at every level of the organization. Knowledge and ideas are what allow us to respond effectively to change and complexity. Knowledge and ideas are what lead to innovations. More and more that's becoming the productivity machine. And it's that machine operating effectively that allows an enterprise to become responsive, adaptable, innovative and smarter from bottom to top. So more than ever it's about people and getting the most out of them by putting the most into them. And our human resource practices in total probably have more to do with how well this productivity machine operates than any other aspect of work.

Our effort in this HR section is to ensure that our HR practices are moving towards alignment with what's best in people and alignment and consistency among the practices. As with all aspects of the No Limits Workplace, we're looking to align work with the human spirit, yielding enduring enterprise prosperity and individual reward.