



Change or Get Left Behind

Insights from the 2019 Workhuman
Executive Forums

The most profound takeaway from last year's Workhuman® Executive Forums across six cities in the United States and United Kingdom is that the annual, stodgy processes that dictated HR strategy in years past will fail miserably as we step into a new decade and now face these unprecedented times.

In order to future-proof your business, you can't just say you're "putting people first." Every step of the employee journey – from recruitment to pay to development – needs to be questioned and reimaged with an eye toward building in more human connection, purpose, and meaning across your organization. Either shed the bureaucracy weighing you down or expect to get left behind.

This executive brief will help you jump-start real change with five key insights from the Forums.

1. Crowdsourcing is the future of variable pay.
2. Accountability is an essential change management tool.
3. Diversity and inclusion is not an HR issue – it's a people issue.
4. Bureaucracy is enabling 'creative apartheid' at your company.
5. Contrarian thinking can get HR out of its own way.

1

CROWDSOURCING IS THE FUTURE OF VARIABLE PAY.

Compensation and reward have historically been top-down, bureaucratic processes. HR and finance agree on a certain percentage each employee will receive for a merit increase or bonus, which appears in their paycheck once a year. What's more, the way we get to those percentages – ratings and rankings assigned by a manager – is fraught with conscious and unconscious bias.

As a business, what do you get in return for a standard 2-3% merit increase or a 10-20% annual bonus? Entitlement.

Employees come to expect these annual pay actions. And the problem is, no matter how much an employee receives for that one-time pay action – whether merit increase, retention

bonus, or annual bonus – the lift in energy and engagement only lasts about 3-4 weeks. To keep employees engaged the other 48 weeks of the year, companies are caught in an unsustainable cycle of retention bonuses and an “arms race” of perks. Neither does anything to increase feelings of connection, belonging, or psychological safety for employees.

For just a penny on the payroll dollar, crowdsourced pay via social recognition is the lever many forward-thinking companies are using to keep employees lifted throughout the year. Investing 1% of payroll to fund a social recognition program empowers people to recognize each other with messages of gratitude and micro-bonuses for good work.

“Recognition is a wonderful thing, but the data it creates is powerful,” said Derek Irvine, SVP, strategy and consulting, at Workhuman. Cisco, a Workhuman customer and top place to work, recently analyzed data from nearly 60,000 employees

Crowdsourced pay is a more personal, human way to reward how work actually gets done in a modern organization.

receiving awards in its Connected Recognition program. The most engaged employees at Cisco receive 10+ awards per year from 10+ unique nominators. Awards valued at \$25, redeemable in Workhuman's reward network, are much more powerful drivers of engagement than large cash bonuses.

Crowdsourced pay can also help you keep your best talent. Workhuman customer LinkedIn saw a 95% retention rate for new hires who receive 4+ Bravo! awards, versus an 86% retention rate when new hires receive zero awards.

Does this work across industries? "Data from 40 million of these moments over the last 15 years says 'yes,'" said Chris French, executive vice president of customer strategy at Workhuman.

"It doesn't matter what level you are or what industry you're in. It works with nurses. It works with highly paid executives. It works because all these people are human beings."

Crowdsourced pay is a more personal, human way to reward how work actually gets done in a modern organization. It empowers peers and removes potential managerial bias. It's the future of variable pay.

For just a penny on the payroll dollar, social recognition is the lever many forward-thinking companies are using to keep employees lifted throughout the year.

2

ACCOUNTABILITY IS AN ESSENTIAL CHANGE MANAGEMENT TOOL.

Leadership expert Cy Wakeman has spent her career researching the cost of people giving into their egos in the workplace. In fact, she's found that the average worker wastes 2.5 hours every day embroiled in ego-fueled workplace drama. How can we stop wasting time trying to overcome employees' resistance to change, attempting to increase their motivation, and working to get their buy-in on decisions over which they have no real say?

According to Cy, organizations need to stop focusing solely on engagement and start focusing on accountability. This requires a complete reimagining of how we hire and develop leaders up and down the organization. "Too many leaders use sympathy to connect with employees," said Cy. It's not a manager's job to be there for their direct report's venting session because, "venting is the ego's way of avoiding self-reflection."

Our brains are binary. When you toggle down, you are a victim, believing your circumstances are hurting you, so you vent and keep score to feel better. Imagine an organization

full of people toggled down, and it's easy to see how much time and energy is wasted, especially during times of change or uncertainty.

When you toggle up, you access your higher self and are naturally more collaborative and innovative. The most effective way to toggle up is through self-reflection and gratitude.

Self-reflection is "the ultimate drama diffuser."

Some questions Cy recommended you ask yourself or to have others ask themselves are:

- What can I do to help?
- What would great look like?
- What do I know for sure?
- What can I do to add value?

Organizations need to stop focusing solely on engagement and start focusing on accountability.

3

DIVERSITY AND INCLUSION IS NOT AN HR ISSUE – IT'S A PEOPLE ISSUE.

Much like any other HR initiative or people process, diversity and inclusion touches every aspect of the business. Though every company is at a difference stage in the journey, attendees at the Workhuman Executive Forums agreed that D&I leaders must become true business partners. In order to enact real change, they need to respectfully challenge the status quo and have courageous conversations.

The Forums also introduced healthy debates about common D&I tactics, such as employee resource groups (ERGs). Do ERGs create silos? How do you measure ERG success? "Some say ERGs create siloes, but others say it is a safe place to have real discussions and have their voices heard," said one attendee. And what about bias training? Most attendees agreed that a one-time training is not as effective as interrupting bias in the moment through technology.

Ultimately, it's everyone's job to help create an inclusive environment. Fiona Ibáñez-Leach, head of diversity & inclusion, international markets, Walgreens Boots Alliance, told attendees in London: "With D&I everyone can make a difference. We can all set a new tone, on a small or a grand

scale. We can recognize our own privilege to actively speak up for and stand with others in our day to day. If we are willing to be curious about others and humble about our own unconscious bias, we can create inclusive environments where everyone can thrive."

And finally, D&I discussions at the Forums touched on emerging topics such as neurodiversity. According to the Centers for Disease Control and Prevention, 1 in 42 boys and 1 in 189 girls are born with autism today. "Companies are doubling down in this area and by 2020, 1% of their workforce will fall under neurodiversity. Some organizations are taking massive steps not just to create inclusion, but to change practices related to recruitment, performance, and the work environment to serve this population," said Rosette Cataldo, vice president, performance & talent strategy at Workhuman.

While the D&I conversation often focuses on ethnicity, attendees touched on this and other challenges, including navigating old boys' networks, hiring veterans, and LGBTQ allies.



With D&I everyone can make a difference. ... If we are willing to be curious about others and humble about our own unconscious bias, we can create inclusive environments where everyone can thrive."

FIONA IBÁÑEZ-LEACH

Head of Diversity & Inclusion, International Markets, Walgreens Boots Alliance

4

BUREAUCRACY IS ENABLING 'CREATIVE APARTHEID' AT YOUR COMPANY.

"When you work in HR, you stand on the shoulders of giants," said iconoclastic business thinker Gary Hamel. "One of our noblest challenges is how to give people the opportunity to use their gifts to the maximum extent possible."

Unfortunately, when we stack thinkers at the top of the organization and doers at the bottom, we force people to leave their initiative, imagination, and passion at home – and commit "creative apartheid."

Gary cited how people are able to make huge decisions like buying a house or a car, but when they come to the office, they aren't even trusted to choose their chair.

And while, "people at the top hold the organization hostage to their own ideas and capacity for change," your organization fails to change as fast as it needs to compete in an even more uncertain economic climate.

A simple way to combat a bureaucratic mindset is by focusing on community and relational capital. "Our applications accentuate moments of connection," said Derek. "We need to encourage more moments like that." We're not meant to be alone – and that's true at work, too. Whether communicating in person at an office or electronically with colleagues around the globe, we crave deeper connections with whom we spend the majority of our days. Creating opportunities to build those relationships from a base of positivity is critical.

A simple way to combat a bureaucratic mindset is by focusing on community and relational capital.

5

CONTRARIAN THINKING CAN GET HR OUT OF ITS OWN WAY.

"If we treat our processes like a sacred pact, then we end up impeding progress," said award-winning law professor and best-selling author Ozan Varol. "It doesn't mean that the HR department takes their operating procedures and throws them in the shredder. It simply means that you make a habit of asking from time to time, 'Do we own the process, or does the process own us?'"

So what does this look like in practice? Ozan offered several suggestions. One simple idea is to think like a beginner. "Expertise is valuable, but experts should not work in isolation," said Ozan. This could involve bringing in someone from a different division in your company to ask questions about your strategy. "Beginners tend to ask very fundamental questions that challenge assumptions and jolt you out of your current perspective," said Ozan.

Another idea is to reward intelligent failure.

"When you're working on things that haven't been built before, when you're exploring the edges, when you're operating in conditions of uncertainty ... in those conditions, failure is inevitable."

Some companies, such as Google's moonshot factory, X, are giving employees bonuses to kill their own projects when they discover they're not viable. This frees up resources for the company "to pursue other moonshots that have better odds of landing."

“ If we treat our processes like a sacred pact, then we end up impeding progress.”

OZAN VAROL

Award-winning law professor, best-selling author, and former rocket scientist

Like Workhuman itself, the Executive Forum has become a movement – a vibrant community of senior leaders shaping and defining the future of work. [Join us in San Antonio, May 24-27, 2021.](#)



+1 888-743-6723 | workhuman.com

Read more on our blog: workhuman.com/whblog