

tomorrow's
company



HR: THE STRONG VOICE OF THE TWENTY-FIRST-CENTURY ORGANISATION

with PAUL DRECHSLER

24 JANUARY 2012

**PART 3 OF A SERIES OF
ROUNDTABLE REPORTS**



Tomorrow's adaptive organisation

A series of roundtables about boardroom challenges and the shaping role HR can play

WELCOME

Welcome to the third report from our series of roundtable dialogues that the CIPD and Tomorrow's Company are hosting to explore issues around how HR leaders can work with leaders and boardrooms to help shape tomorrow's sustainable and adaptable organisations.

The roundtables will examine these issues through a number of different lenses. The dialogues include a variety of senior leaders as well as HR professionals, to bring a variety of expertise and opinions to the debate.

Through these roundtables and related provocations we want to build on the insights into achieving long-term organisational success that the CIPD and Tomorrow's Company have already developed from the CIPD's flagship research programmes, **Shaping the Future** and **Next Generation HR** and from Tomorrow's Company's **Tomorrow's Global Talent**.

We are heading towards a whole series of new challenges for the corporate world. The economic situation remains uncertain: business models and measures of performance are changing; sustainability issues move to the top of the agenda; new social media are changing relationships with customers; the centre of gravity in the global economy is shifting to the East.

At the same time, there is a crisis of trust in leaders that extends beyond bankers and politicians to all leaders. And organisations are increasingly recognising behaviours such as integrity and authenticity along with an enabling culture are key drivers of business success in the boardroom and beyond. We believe that HR professionals are in a unique position to work with leaders to help shape the desired culture and behaviours to achieve sustainable and adaptable organisations.

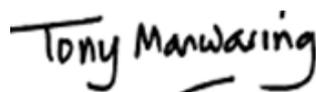
We are delighted that Paul Drechsler, Chairman and Chief Executive of Wates Group, agreed to share his views on the role of HR alongside leadership. A summary of his speech is included in this report, along with the main themes that were subsequently discussed by the attendees.

Look out for further reports in this series over the coming months. We'd also be pleased to hear your thoughts on these issues, so please get in contact if you would like to contribute to the debate.

With best wishes,



Stephanie Bird
Director of HR Capability, CIPD



Tony Manwaring
Chief Executive, Tomorrow's Company



ABOUT PAUL DRECHSLER

Paul Drechsler, BA, BAI, was appointed chief executive and to the Wates Group board in September 2004 and became chairman and chief executive in April 2006. Prior to joining Wates, Paul spent 24 years with ICI PLC holding senior positions in the UK, Brazil and the USA. He is a senior independent director of Filtrona plc.

Paul is a member of the Trinity College Dublin Business School Advisory Board, a board member of Business in the Community and chairman of its Education Leadership Team. He is also chairman of the CBI Energy Policy Committee and a member of the CBI Chairmen's Committee.

NOTABLE QUOTES

'Learning through success is much more difficult than learning through failure.'

'I see HR as having a distinctive competence which, aligned with the other parts of the organisation, can make the whole stronger.'

'A leader should be absolutely sure that he/she brings the organisation's values to life and exemplifies them with passion.'

'Reputation can take 150 years to build and can be lost within 24 hours. Its custodians are our employees.'

'In a world where reputation is so vulnerable, HR is responsible for the voice of the organisation to ensure that it is loud enough to be heard when it matters.'

Views from Paul Drechsler

Paul developed his leadership skills through interactions with inspirational leaders and a supportive HR department during the early stages of his career at ICI. He recognises he wouldn't be the leader he is today if he hadn't had this great experience at the beginning of his career.

Today Paul, as the chairman and chief executive of Wates Group, gets energised when he sees how

the values of his organisation are lived through its people. But having values alone is not enough – they need to be evidenced-based and leaders need to embody them in their actions. HR plays a fundamental role in bringing the different parts of the business together and even sometimes ensures that leaders live the values of their organisation.

THE OPPORTUNITY TO LEARN FROM DIFFICULT TIMES

As someone who has been at the top of organisations for the past 20 years, Paul has had plenty of opportunities to learn and considers that learning through success is much more difficult than learning through failure. He believes the business climate in the UK over the next five years will be a lot more challenging than it has been for the past 20 years. The UK has never experienced such a prolonged period

of uncertainty and Paul feels that this has a big impact on organisations and how their people feel and think. The most difficult challenge for leaders is to find answers to their people's fundamental questions, such as 'what will happen to my job?', 'my company?', 'my country?', 'my life?'

BRINGING VALUES TO LIFE AND BUILDING PRIDE

Paul profoundly believes that employees care about their organisation, its impact on the environment and society, and take pride in their company. The question is what does this mean in practice for business leaders?

It took Paul a long time to understand how important clarity is for the organisation's performance and employee engagement. To build the pride of their people, business leaders need to be clear about their company's strategy, its goals, their own objectives as leaders, as well as where they fit into the strategy of their organisation. Values are the foundation for an organisation's behaviour and company performance. Aligning the strategy with values is vital but extremely challenging to achieve. Leaders can act as catalysts to make this happen

– they can bring an organisation's values to life by living them with passion. One of the core roles of HR is therefore to hold the chief executive and other leaders accountable for making sure that this happens.

Wates Group is very keen to make a difference to the next generation. The group is conscious that the UK has been falling behind internationally in terms of grades achieved. They have partnered with Business in the Community, other participating companies and schools to go to classrooms, give pupils work aspirations and an insight into the professional world. Through this commitment to schools the group makes a difference in terms of leadership, employability and curriculum support.

THE ROLE OF HR IN THE TWENTY-FIRST CENTURY

For Paul, the role of HR isn't just about payroll. HR is the voice of the organisation, the bridge between leaders and employees, and making the values, strategy and vision a reality – especially in times of crisis.

It is important that the function does not operate in a silo, divorced from the other functions in the organisation. The essence of HR is 'to bring it all together'. Paul likens it to professional sport, where players with different skills and competencies work together as a team. By partnering with the rest of the organisation, HR can become stronger and therefore make the organisation stronger. The manager, leader, chief executive and HR person must work in synergy to build a great company. Chief executives are fantastic at creating vision statements, but the challenge is how to bring these statements to life. Paul considers a key role of HR is about communication as this is key to employee engagement. And, if companies are all about employee engagement, business and HR leaders need to use all their tools – training, education, experience, helping people understand what they have to do – to build pride, ambition and confidence.

Recent corporate failures were not necessarily caused by a wrong balance sheet but a failure of reputation. Today reputation can be built or destroyed by what leaders do in terms of safety, financial results, ethics or lack of integrity. Reputation is about values and how well they are lived by the organisation and its leaders. In some cases, although the majority of people knew their chief executive was doing the wrong thing, nobody was there to raise the issue of values and integrity and as a result the company failed. HR could have played a role in helping to prevent these crises by challenging the behaviour of the board.

The new role of HR is to be prepared to stand up and be counted. 'I did what I was told' is not an acceptable excuse in the twenty-first century. In a world where reputation is so vulnerable, HR is responsible for ensuring that the voice of the organisation is loud enough to be heard when it matters.

'The Group's charitable acts are aligned with our values, as well as with our employees' desire to make a difference. One of Wates' values is respect for people. We've set out a programme, "Building Futures", focused on individuals that have been long-term unemployed to give them the education, training and confidence to return to work. In 2011 we had 500 candidates and a 57% success rate. A great example of this achievement was when the project director for Cavendish town bus project, a participant of the programme, was recognised as "industry construction manager of the year".

It's getting excited about things like that that gets me out of bed in the morning.'

'Wates is a 115-year-old fourth-generation private business. It was owned by three brothers. Some of their children are active shareholders. These owners have a very clear purpose – which is to be good stewards for the next generation of the family business. We are always cognisant of the fact that we are running the business for children currently aged between 1 and 17 who will be future owners. Very much at the front of our mind is reputation because it is their name on the door.'

ROUNDTABLE DISCUSSION

The roundtable discussion following Paul's speech was held under the 'Chatham House Rule', so it is not possible to ascribe comments to individuals. However, below we reflect on responses to a number of questions that were raised, and which we have grouped under themes.

The value of people's voice

'People are very passionate about their organisation; they are its biggest critics.'

'It's not just about what people have achieved but how they behave in achieving it. Increasingly one recruits for values – where does the person get their passion from? Authenticity, passion and a belief that business is a force for good are crucial. Integrity and authenticity are key qualities when recruiting staff because you need to be able to trust your colleagues.'

The courage to speak up

'HR is a profession that lacks confidence and belief in itself. Boards have to help them be more confident and then they will have the courage to speak up.'

'Culture influences the way people behave. It infiltrates you and it becomes difficult to see the wood for the trees. If you are in a culture where people don't speak up, then you won't either. You need courage and confidence.'

'The fastest ways to get sacked are for [lack of] integrity and harassment.'

'HR leadership is not a "spectator sport"; you have to put your skin in the game – you have to be prepared to get fired. You have to develop your skills at communicating so you're not shot for delivering the message.'

'This new role of HR [to confront bad leadership] is still not widely exercised; business leaders unfortunately tend to override HR more than any other function.'

Empowering HR

'Perhaps creating a code of conduct that oversees the relationships between HR and the board can create a safe space for HR – it would provide some consistency.'

'If the work you do is not driven by passion and authenticity, it won't work. You can't codify any profession; the difference you make is through your personal drive.'

'The HR function, at the highest level, is about sustaining organisations for today and tomorrow. A code of conduct would be useful but expectations also need to be raised. Codes of conduct won't necessarily govern disasters.'

ATTENDEES

Simon Barrow

Chairman, People in Business

Patrick Brodie

Partner, RPC

Brendan Collins

HR Director, Mazars UK

David Evans

HR Director, Land Registry

Philip Gennoy

HR Director, Allianz

Mark Greenburgh

Partner, Wragge and Co

Charles Gray

Group Sales Director, Unipart

John Knights

Chairman, LeaderShape

Judith Moekckell

Founder of JM Consulting

Caroline Ottaway-Searle

Director of Human Resources and Organisational Development, the National Archives

Toby Shilito

Enlistment Executive, LRN

Elizabeth Sideris

Executive HR Director, Cancer Research UK

Julia Tyson

HR Director, Wates Group

Lorren Wyatt

Consultant, RPC

From the CIPD

Stephanie Bird

Director of HR Capability

Vanessa Robinson

Head of HR Practice Development

From Tomorrow's Company

Luisa Bramao Ramos

Project Manager

Anna Chistyakova

Research Volunteer

Mark Goyder

Founder Director

Tony Manwaring

Chief Executive Officer

JOIN THE DEBATE AT:

www.tomorrowsadaptiveorganisation.com

www.cipd.co.uk/research/_tomorrows-adaptive-organisation

DATES FOR YOUR DIARY

The next roundtables in the series are:

29 March 2012 with Andy Wood, CEO of Adnams

24 May 2012 with Richard Emerton and Anna Penfold of Korn/Ferry

Our final public event is on:

29 May 2012 with Lady Susan Rice, MD of Lloyds Banking Group Scotland

ABOUT THE CIPD

The Chartered Institute of Personnel and Development (CIPD) is Europe's largest HR and development professional body. As an internationally recognised brand with over 135,000 members across 120 countries, we pride ourselves on supporting and developing those responsible for the management and development of people within organisations.

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ABOUT TOMORROW'S COMPANY

Tomorrow's Company is the agenda-setting 'think and do' tank which looks at the role of business and how to achieve enduring business success. We focus on strong relationships, clear purpose and values as the foundation of effective leadership and governance.

In our programmes we challenge business leaders around the world to work in dialogue with others to tackle the toughest issues. We promote systemic solutions, working across boundaries between business, investors, government and society.

We believe that business can and must be a 'force for good'. This in turn requires a strengthening of stewardship by shareholders in partnership with boards of companies.

We argue that the age of sustainability has begun and that in the future success and value-creation will come from recognising the 'triple context' – the links between the economic, social and environmental sub-systems on which we all depend, and the opportunities this brings.

www.tomorrowcompany.com and **www.forceforgood.com**

Follow Tony Manwaring on Twitter at: **[www.twitter.com/tonymanwaring](https://twitter.com/tonymanwaring)**



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