

*Linking Behaviour to Bottom Line Performance*

## An Interview with Mike Haffenden

The following interview was held between Bruce Lewin and Mike Haffenden in December 2009. Mike co-founded the Corporate Research Forum<sup>1</sup> and was formerly HR Director for Hewlett-Packard. The discussion focussed on a review of 2009 and themes for HR, along with exploring more broad topics for the function and profession as a whole.

Bruce: So how has 2009 been for you? Is there anything you would reflect on or mention going forward?

Mike: I think it's been very difficult for everybody. The problems with the economy, the problems with small businesses, the problems with large businesses, the lack of clear leadership and major uncertainty, and reluctance for anyone to really jump on the fundamental problem, which is job creation.

So clearly the government have to start thinking about this, how to create wealth, how to create jobs and if it's not going to be finance, what's it going to be?

Bruce: Have you found the agenda changing over the year to reflect the economic environment or has it been more specialist HR themes that have dominated?

Mike: I think it's interesting. Of course, HR has a huge opportunity to demonstrate competence, but there doesn't seem to be an initiative. I recall one

major consultancy offered early on in the year that the big issue in the crisis was talent, so I'm sure it's important, but when survival's the issue, you start to think about performance and cost. I certainly see many organizations tackling costs, i.e. reducing the number of people, and in some ways looking to temporary reforms. That's been far less well dealt with and in many organizations; it's a huge opportunity to improve that area of performance and support with the performance of an individual. I think that's one aspect. The second thing, of course, is the huge scurrying around in the six months in the area of pay and payment systems. A lot of misplaced government attention on bonuses and so on. The consequence of that means that many organizations have been looking at what we do. Very few organizations have actually made the sorts of changes that you'd think are going to lead to improved performance.

Bruce: Do you think people have missed a trick or an opportunity here?

Mike: Well, I think the pay thing is fascinating. If there is a link to pay and performance and I'm not sure that there is, then I think it's generally accepted that what we've been doing over the last 10, 15, 20 years has not been right. But I don't see many people offering much of an alternative to the way we should pay people. So, if big bonuses are wrong, what should we do? If long-term incentive plans aren't right, what should we do? If incentive retention payments aren't right, what should happen instead? I've not seen anybody come out with a real sensible approach as to what should happen next. The reason for that is a lot of people seem to have a significant vested interest in not changing. So, the consultants that have been doing very well. The chief executives have liked it quite a lot. HR people are quite happy about what's going on. So, why would you change?

Bruce: Do you think those incumbents will present any serious debate going forward?

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*Mike: Well it seems a little bit like turkeys and Christmas. You don't really get people vote to give themselves less money. You're not going to get consultancies to vote them less consultancy fees and HR directors are not really pivotal in the decision making process. So, I think it's going to be pretty much steady as you go.*

**Bruce:** Do you, just thinking about the kind of missed opportunities, and the opportunities that have presented themselves over the year, do you have a reaction to the CIPD's attempt to articulate a new thought, new visions for the profession with their kind of recasting of the HR function?

*Mike: I think the CIPD is in a very difficult set of circumstances. This is an organization that deals with junior people and people who are not in the private sector. So, consequently, their views are not always seen as being followed by significant players and I think Jackie Orm's initiative to involve more senior players has been a good one, but I just don't think that they're going to be leading the charge. I'm not sure that their initiatives are going to drive things on so much.*

**Bruce:** Do you think anyone else is taking up the slack?

*Mike: Yeah, I think some of the US academics are doing really quite interesting work. We've been working with Pat Wright from Cornell and Pat is a thoughtful, helpful academic who is working with some UK businesses to move things forward. I think he lacks the showmanship of Ulrich, which is probably a good thing. On the other hand, I think he's got some good*

*thoughts and good ideas as to HR's way forward. There are a number of HR directors who, I'm not saying are following him. But they are certainly agreeing with him in practice to do some of the things that they're doing. But the CIPD, I just don't think is on the same page.*

**Bruce:** You've spoken before about the view of classic four box model around people in organizations. Is that something that you think may help enhance either the function as a whole or of practitioner's views within it?

*Mike: Much of HR's effort and initiative has been focused on improving the person, and yet very often, the people are pretty good as they are, but the context in which they're employed leaves a lot to be desired. We find that there is not enough work in terms of improving the organization, but lots of work on improving individuals through coaching, through 360 degree feedback, through training, through whatever else; but very little in terms of looking at the organization's design, in terms of process improvements, in terms of creating an environment for people to flourish and do well and those sorts of things, which are arguably harder to do. So, in the four boxes you might have very many government departments bottom left, possibly managing not very good people in an environment which isn't great. Bottom right, you might have a number of the banks that have great people, but tend to do everything they can to stifle their initiative. Top left you might have some of the sandwich makers or McDonald's who don't necessarily hire the best people, but create a great working environment*

*where people consistently delivery outstandingly well, and there are a number of bloody good organizations in the top right. Good organization, good people. That's where I think in the top two boxes are where an organization should be aspiring and not too much to do with improving their people, of course you need good people to do it, but essentially it's about creating the context of the previous approach.*

**Bruce:** From a HR point of view, how much of this do you think is about getting the basics right and how much do you think is about more advanced or more sophisticated practices?

*Mike: I think it's both. I think many organizations don't get the basics right. The basics to me would be simple processes, treating people well, communicating clearly and directly, and that's not always about good things. It's about telling people what is expect of them, what you want them to do. It's about ensuring that people work together as a team and that an emphasis is placed on team dynamics as well as the individual. So, I think, yeah, there's a lot to do in basics. Equally, some organizations have got fairly complex things. If you really need international processes, these can be quite complex, quite difficult, and some of that does require subtle or sophisticated management. I think it's a combination of those things, but I do find many organizations get it wrong most of the time.*

**Bruce:** Would make any recommendations or thoughts to advance these ideas? Obviously Ulrich's work has been championed for awhile, but do you

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think there's any simple or even complicated theme that's emerged as to progress the function from your point of view?

*Mike: I'm not a big Dave Ulrich fan. I'm certainly not enthusiastic of prescriptive solutions to problems. Each situation needs to be judged accordingly and appropriate measures taken. It needs clarity of thought. It needs analysis and it needs determination to get things done.*

Bruce: Do you think that the day will ever come when HR is having meaningful impact on cash flow statements or financial measures, across the profession rather than worst examples?

*Mike: I think that's a million miles away. The best HR directors are however very influential within their organizations. There are some outstanding examples of people who have made a substantial contribution, but HR's role in the strategic direction of the enterprise is inevitably not the same as the chief executive's. In some cases, they are a strong supporting act and in other cases, they're just not involved. And the ones that are involved are far fewer than the ones that would like to be.*

Bruce: Do you think there are any HR activities that either could be, in principle, or have been in the past taken to share holders or run by the CEO?

*Mike: I think the whole issue of talent is important. and if look at Tesco's pipeline of people coming through, it's phenomenal! Compare and contrast with Mark & Spencer and some other organizations. Tesco have done incred-*

*ibly well at bringing in good people, moving them through the organization, and putting them into positions of prominence.*

Bruce: Sure. Do you think that's because of the people, per se, or do you think it's because of the economic environment and the respective business model?

*Mike: I think it's easier at Tesco, because you've got opportunity. You've got spaces that you can put people that are moving forward into. So, if you've got jobs for bright up and coming people to move into, then it's easier than if you're a contracting organization. Under the latter circumstances, the people that are entrapped and they'll go somewhere else. But if it's expanding and growing, you can hold on to good people and move them as you go forward. But a lot of this is about harboring your resource. But then as an investor in an organization. I'm always interested in the quality and caliber of talent that that organization has got. If you think of it as your investment portfolio. I'm not going to put money into an organization that has got duffers running it.*

Bruce: Do you think there are other themes apart from talent that are of broad interest to shareholder community?

*Mike: Yeah, I think remuneration strategy must be important and the way people get paid is important. I think those are the two important areas.*

Bruce: Where do you think HR fits into the wider organisational picture?

*Mike: Well, it's never actually been clear as to what our contribution might be. We've got four domains that we think HR provides tangible contribution. The four would be, the HR operations delivering the basics, which I think HR has done very well. The other three areas would be talent management, performance management, and creating the right kind of environment for good people to flourish. I think we've done far less time in those areas, and a lot of it's to do with lack of expertise and an inability to actually make an impact. There are clearly exceptions to that.*

Bruce: Do you think there will be any new HR technologies coming along to help the HR to more effectively function in these areas?

*Mike: I think that certainly, software tools can be helpful in terms of managing talent, but I think that some the fundamentals are going back to basics and getting a grasp of principles of social science, how people work together collectively, looking at cause and effect, looking at things that cause improved performance and looking at things that cause people to grow and develop in organizations. We know all this stuff, but simply choose not to apply it.*

Bruce: What would be an example of something that you think is known but isn't applied?

*Mike: The cult of the individual exists in many organizations and yet we all know that success comes from having effective teams. I think creating environments of team goals, team incentives and team culture is important to*

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*success. So, how would you create this environment where people are brought into the shared vision, the shared purpose and deliver accordingly? I think there's something also about the fact that this year has been very difficult for people in work and I think that creating an environment where people do still get something from it, where they still enjoy what they're doing, and can regard work as being positive rather than negative is important as well.*

Bruce: Thank you very much for your time Mike.

*Mike: Thank you.*

## Footnotes and References

1. <http://fourgroups.com/link/?120>

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## About Four Groups

Four Groups have developed a new approach called 4G to understand behaviour, relationships and culture. 4G provides its users with insight into personal characteristics, how relationships develop within teams and groups and how culture can be best defined and managed.

4G provides organisations with information on how best to deploy and optimise the performance of their people. It also enables preventative measures to be taken which minimise the less productive aspects of interaction and group dynamics such as friction and misunderstanding between colleagues.

4G represents a systematic approach to managing the previously intangible aspects of organisational life. The methodology is easily replicable and can be implemented quickly and efficiently.

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