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## Skilled Australians: Endangered!

Top tips for navigating the skills shortage

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# The Post Industrial Revolution Revolution

Outmoded management practices are resulting in disengaged workers. **Kim Seeling Smith** outlines how to create a viable model for the 21st century

**V**iva La Revolution! The war for talent is over and talent has won. The companies that don't recognise this and significantly change the structures and processes they use to hire and retain the staff they need to compete in the 'new normal' marketplace will lose. Not only will they lose human capital – they are in danger of losing everything from market share to their status as a going concern.

How has talent won? Look at the demographics. There have simply not been enough people born over the last 20–30 years to take the place of those Baby Boomers who are now starting to retire in large numbers, starting in 2011 (if not in whole, then by scaling back their responsibilities).

In addition, technology and globalisation are changing the way we do business. These two factors create a skills shortage, the likes of which has never been seen – at least not in recent memory,

culminating in a prediction that the number of jobs that go unfilled will reach millions to tens of millions (depending upon the country) by 2020.

So if talent has won, does that mean that companies have lost? The bad news is that some definitely will. The good news is that they don't have to. Not if they join the Post Industrial Revolution.

## What is the Post Industrial Revolution Revolution?

First let's begin with a short review of history. As the 18th century drew to a close, the world entered a new age of mechanisation and industrialisation that's come to be known as the Industrial Revolution. With it came new ways of managing the labour force. Hard manual labour and its attendants – slavery, serfdom and servitude – were replaced by production lines,

where workers carried out very specific, repetitive tasks in exchange for wages.

As the Industrial Age gathered speed, a new class of worker emerged. The White Collar Worker, those that traded brain instead of brawn for wages could look forward to higher rates of pay than those on the factory floor. But they, too, engaged in repetitive tasks, such as typing and accounting and the typical office was run much like the factory floor, with designated start and stop times, prescribed breaks, very detailed job descriptions and little room for creativity and innovation.

Then came the Post Industrial Revolution. It's hard to pin an exact date on this revolution, but the phrase was popularised by Daniel Bell in 1973, when he published *The Coming of Post-Industrial Society*. By the late 20th century, 200 years after the beginning of the Industrial Revolution, the Post Industrial Revolution was well and truly upon us. But something was missing, and, in most working environments, still is.

The Post Industrial age is characterised by non-tangible yet valuable services, largely in the areas of finance and information. It is heavily reliant on technology, innovation and creativity.

Technology and globalisation have automated or outsourced most mundane, repetitive tasks, freeing our workers up to do more innovative and strategic work. The Post Industrial economy demands this innovation and creativity. And our staff relish the thought of doing this type of work over the routine, process-oriented tasks of yesteryear. Yet the structures and processes that most companies use to manage their staff still hark back to the Industrial era.

Do you see the disconnect?

This is costing our companies millions of dollars. Not only because these structures and processes increase turnover (costing between 50% and 200% of an employee's annual salary to replace), but it also can cost significantly in productivity.

According to both Aon Hewitt and Gallup, only about 20% of workers are actively engaged in their work, while an equal percentage feel disengaged. The 60% in the middle are only mildly engaged in their jobs. Hewitt estimates this disengagement can cost up to a third of an employee's annual salary while they still work there. So it costs you to replace a disengaged worker – but it also costs you to keep them. What is the solution? A Post Industrial Revolution!

## How to stage a Post Industrial Revolution

In an article dated August, 2010, *The Wall Street Journal* called it “The End of Management”. They

### How to organise the revolution

#### PEOPLE

- Hire Correctly
- Classify and manage appropriately

#### STRUCTURE

- Compensate fairly
- Use Currencies of choice

#### PROCESS

- Communicate with FOCUS

wrote that, “Management structures may need to be changed. The new model will have to instil in workers the kind of drive and creativity and innovative spirit more commonly found among entrepreneurs.”

You need look no further than the success stories of Google, Best Buy in the US, 3m – the Post It Note people and Atlassian Software in Australia to see the results of early adopter Post Industrial Revolution Revolutionaries.

Here is the framework that many companies are now using to revolutionise their work place.

The ‘Five C’s’ of a Post Industrial Revolution workplace are:

- Hire Correctly
- Classify and manage appropriately
- Compensate fairly
- Use Currencies of Choice to structure a Commercially Autonomous work environment
- Communicate with FOCUS

Below is a summary of each of these practices.

### Hire Correctly

The key to hiring the right people is to base your decisions 80% on cultural fit and 20% on skills fit. As a hiring manager, your most important job is to determine the cultural values of your organisation and hire for those. Skills can be taught, but attitudes, work style and values cannot.

It's essential for hiring managers to learn how to interview, in a way that gives you the information to make good hiring decisions. Because unlike the stock market, when it comes to potential job candidates, past performance is indicative of future results. Proper interview questions have to be answered with past examples of how the candidate actually dealt with a scenario, which can later be reference checked.

### Classify and manage appropriately

The first step to managing your Critical People is to determine who they are. Critical People can

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“They key to hiring correctly is to base your decisions 80% on cultural fit and 20% on skills fit. Skills can be taught but not values”

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be obvious – the real superstars who consistently under-promise and over-deliver. They can also be not-so-obvious – those ‘sleepers’ that you just can’t do without: quiet achievers, or the ones who hold a great deal of corporate knowledge.

These are the people you should be spending 80% of your time with; unfortunately, however, most managers spend that amount of time with their ‘Squeaky Wheels’. These underperformers and demotivators should instead be dealt with quickly by training, motivating or moving them.

Not only does this help your most productive staff become even more productive and valuable to you as a manager, it also frees up your time and reduces your stress levels.

## Compensate fairly

Remuneration and incentives can be tricky, but a number of studies conclude that it doesn’t have to be. Ultimately, employees need to feel as though they are paid fairly, consistently and in a manner they can rely on.

Companies can accomplish this by paying at or a little above market rate for individual functions. But since ‘fairly’ is also a subjective assessment, employers also need to ensure that people feel they are being adequately compensated – something which can only be accomplished by speaking to them directly.

## Currencies of choice

Once someone feels they are being paid adequately, companies can then use the ‘currencies of choice’ most valued by the workforce. Daniel Pink, researcher and author of *Drive*, says these are:

- Autonomy – the ability to direct your own work
- Mastery – the ability to master what you’re good at, and
- Purpose – the opportunity to do meaningful work

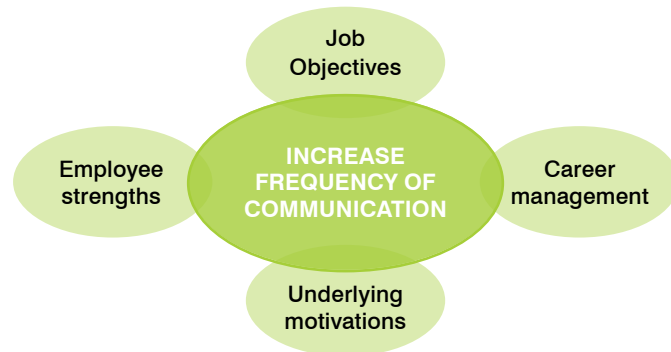
These currencies of choice can be used to move the organisation from a ‘Command and Control’ environment, where every task is laid down in detail and the prescribed methodology for completing these tasks must be followed, into a ‘Commercially Autonomous’ work environment.

How does autonomy impact the bottom line? A 2006 Cornell University study observed that “Autonomous companies had four times the growth rate and one-third the turnover”.

## Communicate with FOCUS

FOCUS is an acronym that describes best practice leadership communication. It stands for Frequency,

### Best practice in leadership communication



Job Objectives, Career Development, Underlying Motivators and Strengths.

Frequency. Most companies sit down formally with their staff only once or twice per year for the dreaded performance reviews. However, increasing formal communication to at least once per month and informal communication to weekly, if not daily, will significantly increase employee engagement and company productivity.

But it’s not just the frequency of communication that’s important. It’s also the content.

Communication between staff and managers should revolve around the following:

- Job Objectives – what are they responsible for doing and how are they meeting their KPIs?
- Career development – both a vertical career path as well as horizontal learning and development opportunities
- Underlying motivators of autonomy, mastery and purpose, and
- Strengths – those innate abilities that make them unique and good at what they do.

Structure communication around deliverables and then offer coaching, advice, assistance and resources for their career development, underlying motivators and strengths and you will truly have an engaged and productive workforce.

## Making it happen

The process of changing the way you hire and manage people may seem daunting at first, but experience shows that taking this step by step, you can make significant changes within 6-12 months. The result will be a lifetime of engaged, happier and more productive staff as well as more free time, less stress and better job satisfaction for yourself as a manager. **HC**

### About the author

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