

CANADIAN HR PRIORITY REPORT

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From Canadian HR Reporter and Strategic Capability Network

Canadian HR Priority Report

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OVERVIEW

Survey demographic

The Strategic Capability Network

Founded in 1979, the Strategic Capability Network helps leaders throughout organizations achieve competitive strength through people by providing a forum for leading-edge thinking and practice on integrated human resource management. The association has 500 members with primary chapters in Toronto, Calgary and London, Ont. For more information visit www.scnetwork.ca.

Canadian HR Reporter

Since 1987, *Canadian HR Reporter* has helped HR professionals stay informed on current issues, developments and leading-edge thinking in human resources management. Published 22 times a year *Canadian HR Reporter* is the nation's leading HR journal. *Canadian HR Reporter* has partnered with the Strategic Capability Network to provide editorial coverage of the Strategic Capability Network's monthly events featuring guest speakers. For more information visit www.hrreporter.com.

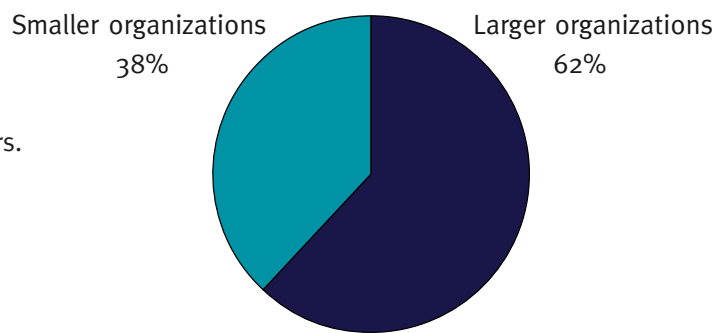
The Survey

The *Canadian HR Priority Report* polled Strategic Capability Network members about HR priorities for the next two years. The online survey was conducted in September and October 2007; 147 responses were received representing about 30 per cent of Strategic Capability Network members.

Larger organizations (more than 400 staff) represent 62 per cent of responses; smaller organizations represent 38 per cent. Respondents are of two types: HR practitioners; and HR management consultants answering the survey based upon what is most representative of their HR clients. HR practitioners and HR management consultants are equally represented in the poll results.

The *Canadian HR Priority Report* is based on 147 responses from Strategic Capability Network members.

For the survey, larger organizations are defined as those with more than 400 staff.



HR professionals see complex challenges

BY DAVE CRISP

STRATEGIC CAPABILITY NETWORK (formerly known as Canadian Human Resource Planners) conducted a survey of its 500 plus senior HR practitioners, and consultants who work closely with senior executives on HR issues, in the fall of 2007 to determine what they see as the top HR priorities for the next year or two.

With a response rate of about 30 per cent (147 respondents), split evenly between practitioners and consultants, the survey provides a remarkably consistent consensus on the key issues. There was also a good mix of large and small organizations, with about two-thirds of respondents representing organizations with more than 400 employees.

The overall picture is a bit surprising and somewhat disappointing, given the HR profession's growing emphasis on finding ways to raise the strategic sights and expectations of broader HR approaches among line managers.

It shows HR professionals feeling extremely bogged down in transactional issues. More than 90 per cent of respondents identified all areas related to talent acquisition and talent management (including succession planning) as highly urgent items, and a good chunk of them identified talent management issues as a "peak issue."

The talent shortage clearly being felt by so many organizations explains the heavy transactional workload and the desire among respondents for systems to take some of that load. Interestingly, budget was one of the lower rated limitations, although it seems clear that a significant number of companies haven't yet invested sufficiently or wisely enough to find ways around much of the administrative work that can bog down operations. There is clear recognition that such supports are needed.

From a more strategic view, talent management seems to outweigh basic recruiting and lack of good potential hires as the key issue, though the basic concerns remain strong as well. This indicates recognition of the central role the broader concept of managing talent — from simple acquisition all the way through to senior promotions — now plays in business strategy.

Engagement and leadership development show up as very strong areas of focus for almost equally large numbers, indicating a strategic drive to resolve some of the talent issues by enhancing the skills and performance of existing employees. Still, the tremendous tilt toward attempting to solve talent problems by hiring superstars from outside is worrisome. It's not a direction heavily promoted by the profession, so it's logical to assume respondents are being fairly strongly influenced by the views of line managers who frequently see external hires as superior to what's available in-house.

Other issues that rank solidly among professional concerns, though not at the very top, are change management, team development, compensation, governance and communication, areas that have traditionally scored high. But two emerging issues have come on strong in recent years — HR metrics and work-life balance. Previously, these two issues were talked about more in back rooms, if at all.

Of significantly less urgency for most are ethics, outsourcing, diversity, globalization and employment brand-

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ing. There are clearly pockets where these continue to be challenges, but for most they are either not pressing issues or are perceived as dealt with, either way requiring less time.

Among write-in comments, the most often mentioned issue that was related by many respondents to either talent management, leadership development or both is differences in managing and appealing to different generations. Comments pointed to concerns about retaining baby boomers to stem the expected retirements. 2008 is the first year in which the oldest boomers officially reach the average Canadian retirement age of 61, so if the expected surge materializes, this is when it should truly gather momentum. With Alberta leading the way, recruitment needs seem to be spreading across the country. Whether that's due mainly to a buoyant economy or to some extent early retirement is harder to evaluate.

A good many write-ins mentioned unrealistic workloads, apparently driven in significant part by transactional/recruiting needs and by constant urgent change. A second strong theme, primarily cited by senior consultants, was the need for HR departments and executives to build greater credibility with CEOs and line managers. A lack of credibility by HR is a clear roadblock to work throughout organizations and is noted by a substantial minority of respondents.

Of course, it would be logical that consultants would be called in to assist in just such situations, but the fact that so many are finding work in this area suggest the issue of HR building credibility with CEOs and line managers is real and ongoing. Some of the consulting market is unquestionably driven by the workload issue, which may also explain the dissatisfaction of line managers with HR if they perceive workload they expect to be completed is not fulfilled.

Interestingly, overall, HR practitioners and consultants did not differ greatly except in areas one would expect. Consultants are primarily concerned with issues of ethics and governance, with outsourcing, recruitment and compensation also scoring high. By contrast, practitioners focused more on leadership development, change management, metrics and employment branding. However, the differences between consultants and practitioners are subtle, as both tend to see similar lists of priorities overall, with talent management scoring high for both.

What emerges overall is a clear sense of priorities with a prudent focus on the highest immediate operational needs and an intention to add on a layer of more strategic directions in leadership development, engagement and change management. Significantly, a substantial number of write-in comments highlight the need to develop a "both/and" approach. In other words, find ways to cope with the daily demands and still keep working strategically toward larger goals. Tools to help are much desired, the most potent strategically being metrics that can clearly demonstrate the contribution and extent of problems that need to be addressed.

In hindsight, as with all surveys, we see questions we could have asked that would have clarified and extended our findings. A very high majority of respondents emphasized their need for both more time and more expertise on strategy work as opposed to the tactical side where they seem fairly comfortable with the time available.

Future surveys will explore more of the relationship of the key elements of HR to overall strategies of the business, to the opinions line managers develop of their HR professionals and where this ought to take us. It's important to remember that the context of this survey was its emphasis on nearer term issues rather than long-term future strategy directions, which would likely turn out to be at least somewhat different. The challenge of ask-

The challenge with experience being the best teacher is that it is often a relatively slow — and sometimes expensive — way to learn. It would be great if every one in the profession had 20 years of experience, but that cannot ever be the case. We have to do our best to identify and train up-and-coming practitioners using the less certain tools.

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ing both in a single survey is the likelihood of a halo effect producing very similar answers, where a second survey conducted some time later would be more likely to get a fresh picture and show differences more clearly. That is under consideration.

Finally, we asked respondents where they go to get their most useful information. The runaway leader was experience on the job, with networking a distant, but still substantial, second. Articles and seminars tied as helpful to extremely helpful for 51 per cent with consultants, internal sources and books falling lower, in that order, despite the significant number of senior consultants responding.

The challenge with experience being the best teacher is that it is often a relatively slow — and sometimes expensive — way to learn. It would be great if every one in the profession had 20 years of experience, but that cannot ever be the case. We have to do our best to identify and train up-and-coming practitioners using the less certain tools.

Overall, SCNetwork is highly pleased with the input. It reinforces our choice of areas of highest importance for the future — strategic capability, organizational effectiveness and leadership in action as our top themes. It also clarifies the focus for the next year or so for programs we'll be looking to select for our senior practitioners. Our emphasis continues to be on the practical applications of what we perceive to be the most important developing theories that move us toward longer term strategic solutions and how these can garner support at the highest levels of organizations.

Truly, our goal is to ensure that not only are HR programs effective, but they are perceived to be effective by users and executives at every level.

Dave Crisp is SCNetwork's lead commentator on leadership in action. He shows clients how to improve results with better HR management and leadership. He has a wealth of experience, including 14 years leading HR at Hudson Bay Co., where he took the 70,000-employee retailer to "best company to work for" status. For more information, visit www.CrispStrategies.com.

This article originally appeared in *Canadian HR Reporter*, February 25, 2008

What are HR's priorities?

Survey shows transactional role still most important

BY DANIELLE HARDER

WHEN FORESTERS, a Toronto-based fraternal benefits insurer, signed a deal last year to acquire Unity Life of Canada, it made a sharp shift in strategy — a move that had big implications for the HR team.

The deal, aimed at increasing Foresters' sales capabilities, saw the organization move to a new distribution strategy, one where the producers — once employees — became independent insurance agents.

"We had to start treating them as customers, a whole different approach to the way we do business," said Suanne Nielsen, senior vice-president of HR and employee communications at Foresters.

The challenges that move presented, and the creative solutions required to meet them, demonstrate a key finding in a new study, co-sponsored by Strategic Capability Network (SCNetwork) and *Canadian HR Reporter*.

The survey asked more than 500 senior HR practitioners and consultants, who work closely with senior executives, what issues they see as priorities in the near future.

Talent acquisition and talent management are clear leaders, suggesting the profession continues to be burdened by transactional issues.

"The reason why HR still is bogged down in the transactional work versus strategic work is, frankly, the needs of the business," said Nielsen. "In our case, the strategy was changing and, when the business changes, things need to get done — hiring, on-boarding, terminations, that sort of thing."

While many of the respondents complain of unrealistic workloads and increased expectations, Nielsen said that picture is slowly changing.

"HR folks generally lack an understanding of the business and have limited financial skills or strategic business thinking so, consequently, they gravitate to what they're best in. Those tend to be the things that require the softer skills, like customer service skills and interpersonal skills," she said.

The study's author, Dave Crisp, a leadership expert with Crisp Strategies in Toronto, said the results are disappointing at first glance.

"All of us feel that the HR work out there is becoming more complex," he said. "In retrospect, we shouldn't have been surprised. The basics in HR are still recruiting and finding the right people."

This is especially true in an economy short on labour. However, talent management ranks as a more pressing issue than recruitment, which indicates there is a "strategic" drive to resolve these shortages, said Crisp.

"Talent management really talks about managing all of these people within your company — doing succession planning, figuring out how they'll be promoted and, yes, who's going to fill in at the bottom," he said. "But also how are people going to move up through career ladders, and from lateral moves, so they get better experience somewhere else."

It comes as no surprise, then, that leadership development is just as important, with engagement also ranking as an acute concern, said Crisp.

Other high ranking issues include change management, team development, compensation, governance and communication. HR metrics and work-life balance follow closely behind. Ethics, outsourcing, diversity, global-

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ization and employment branding are seen as less critical.

Many respondents said managing and appealing to different generations is a growing challenge, as is retaining baby boomers nearing retirement.

They also said there's a greater need for HR departments and executives to build better credibility with chief executive officers and line managers. To do that, professionals face the task of "being on top of their game" and adding value, said Sharon Hooper, director of HR with EDS Canada, a Toronto-based IT firm.

"Unless you keep current and you show the value that HR can bring every day, not once in a blue moon, then your value is questionable," she said. "It's being out, networking, belonging to organizations. It's understanding the best and greatest and knowing what's going on and translating that into policies or actions."

That's difficult to do, according to respondents, who said organizations need to find ways to cope with the daily demands and still keep working strategically toward larger goals. The solution lies in making better use of technology, self-service and outsourcing, said Hooper.

"HR is notorious for holding onto everything because they feel like somehow, if they recommend outsourcing, they're doing away with jobs," she said. "As time goes on, everyone will get more bogged down in these transactions unless we decide we don't want to do this anymore."

There are some differences between consultants' and senior HR leaders' responses. Many regard transactional work as a hindrance and while consultants agree, they consider a lack of good candidates to be a larger problem. Senior HR leaders are also more likely to blame senior management for keeping them from doing their job effectively, whereas consultants call for more support from mid-line managers.

HR professionals managing less than 400 people give operational issues a high priority. Talent acquisition and leadership development in particular are of greater importance.

"They don't see as much systems stuff," said Crisp. "Their HR people need to be recruiters plus people trouble-shooters, and so on. Above 400, you're getting into sort of specialized HR."

The survey also finds respondents gain their most useful information through experience, followed by networking.

*Danielle Harder is a Whitby, Ont.-based freelance writer.
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■ C H A R T S A N D T A B L E S

How do you rate the following issues for importance to the workplace for the upcoming year or two?

| | Not an issue | Weak issue | An issue | Strong issue | Peak issue |
|----------------------------|--------------|------------|----------|--------------|------------|
| Ethics | 5% | 24% | 40% | 27% | 5% |
| Employment branding | 3% | 13% | 26% | 48% | 11% |
| Outsourcing | 15% | 37% | 29% | 16% | 3% |
| Metrics/measurement | 3% | 9% | 30% | 38% | 20% |
| Work-life balance | 2% | 10% | 27% | 42% | 19% |
| Training the line to do HR | 6% | 21% | 42% | 25% | 6% |
| Communication | 1% | 10% | 23% | 43% | 23% |
| Systems/technology | 3% | 15% | 36% | 33% | 13% |
| Change management | 2% | 1% | 23% | 45% | 29% |
| Governance | 8% | 14% | 39% | 33% | 6% |
| Compensation | 4% | 12% | 39% | 30% | 16% |
| Team development | 2% | 10% | 41% | 32% | 14% |
| Leadership development | 0% | 3% | 10% | 44% | 44% |
| Diversity | 8% | 17% | 37% | 26% | 12% |
| Globalization | 17% | 21% | 32% | 20% | 10% |
| Talent acquisition | 1% | 4% | 18% | 28% | 50% |
| Talent management | 2% | 1% | 9% | 42% | 47% |
| Succession planning | 1% | 3% | 22% | 40% | 35% |
| Engagement | 1% | 3% | 19% | 38% | 39% |

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CHARTS AND TABLES

Responses from large organizations (More than 400 employees)

How do you rate the following issues for importance to the workplace for the upcoming year or two?

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| Ethics | 2% | 24% | 44% | 27% | 2% |
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| Outsourcing | 14% | 34% | 30% | 19% | 3% |
| Metrics/measurement | 1% | 9% | 28% | 36% | 25% |
| Work-life balance | 3% | 9% | 28% | 36% | 16% |
| Training the line to do HR | 7% | 21% | 45% | 21% | 7% |
| Communication | 0% | 12% | 25% | 41% | 22% |
| Systems/technology | 2% | 13% | 35% | 33% | 16% |
| Change management | 1% | 1% | 25% | 40% | 33% |
| Governance | 10% | 11% | 38% | 36% | 4% |
| Compensation | 5% | 12% | 41% | 29% | 13% |
| Team development | 3% | 10% | 42% | 42% | 11% |
| Leadership development | 0% | 1% | 10% | 51% | 38% |
| Diversity | 9% | 14% | 40% | 27% | 10% |
| Globalization | 18% | 21% | 31% | 20% | 11% |
| Talent acquisition | 0% | 5% | 19% | 36% | 40% |
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| Succession planning | 0% | 1% | 22% | 46% | 31% |
| Engagement | 0% | 3% | 21% | 45% | 30% |

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CHARTS AND TABLES

Responses from small organizations (Up to 400 employees)

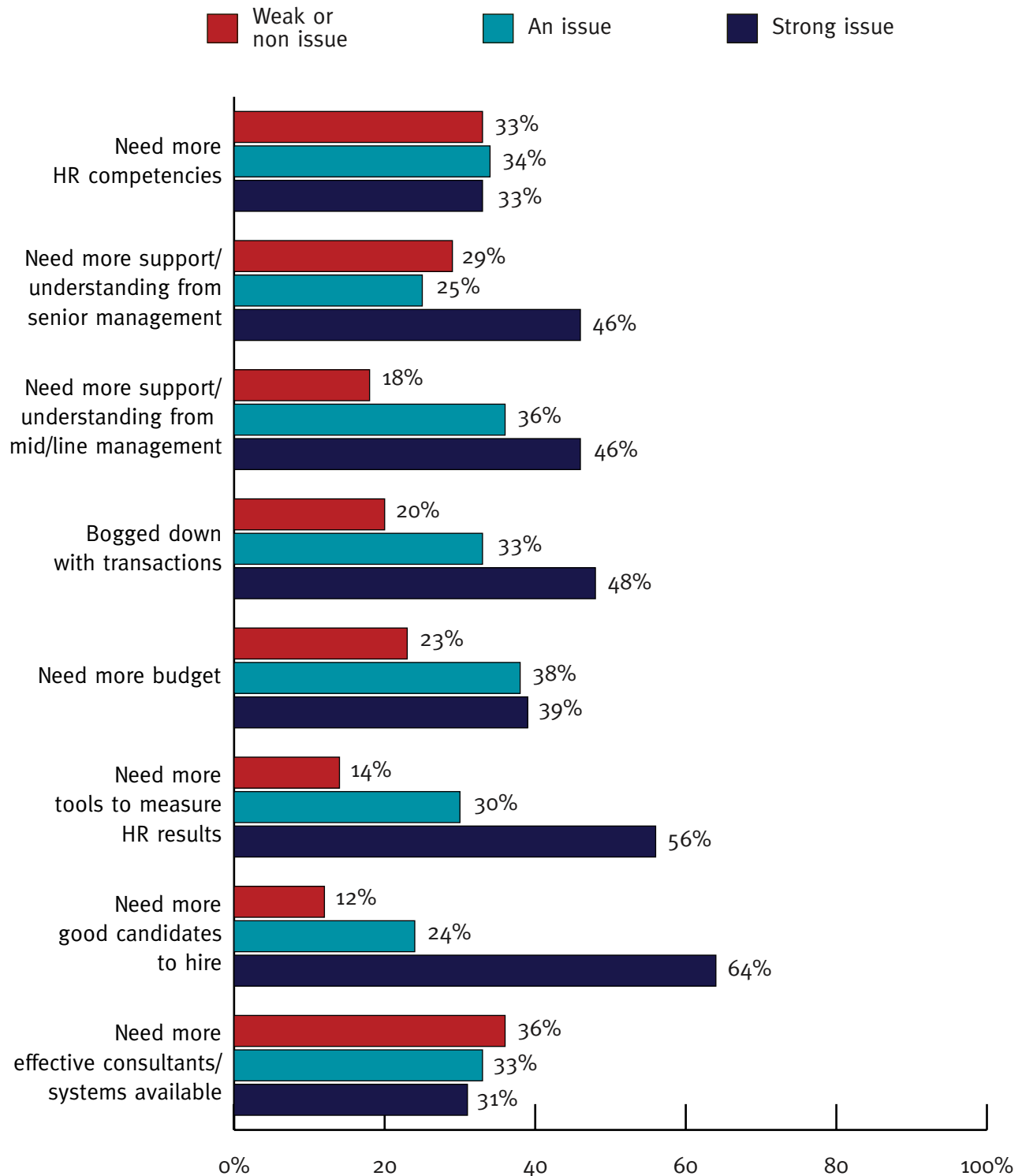
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| Communication | 4% | 6% | 19% | 48% | 24% |
| Systems/technology | 4% | 18% | 38% | 33% | 7% |
| Change management | 4% | 2% | 20% | 53% | 22% |
| Governance | 6% | 19% | 41% | 28% | 7% |
| Compensation | 2% | 11% | 36% | 32% | 20% |
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| Leadership development | 0% | 5% | 9% | 33% | 53% |
| Diversity | 7% | 22% | 33% | 20% | 15% |
| Globalization | 16% | 22% | 33% | 20% | 9% |
| Talent acquisition | 2% | 2% | 16% | 16% | 64% |
| Talent management | 4% | 0% | 7% | 36% | 54% |
| Succession planning | 2% | 5% | 21% | 30% | 41% |
| Engagement | 4% | 2% | 16% | 27% | 52% |

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What barriers presently hinder HR in your organization?

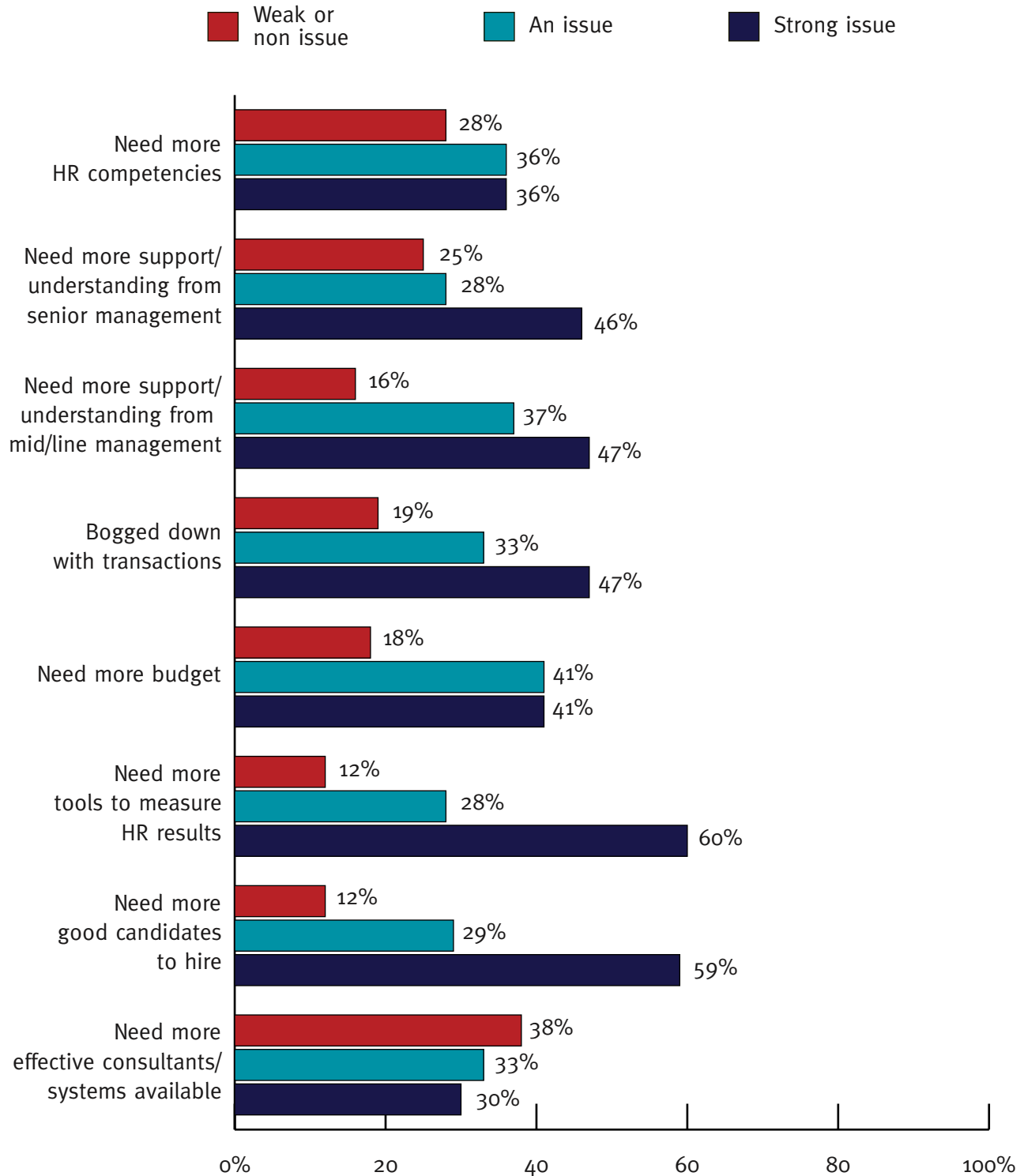


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Responses from large organizations (More than 400 employees)

What barriers presently hinder HR in your organization?

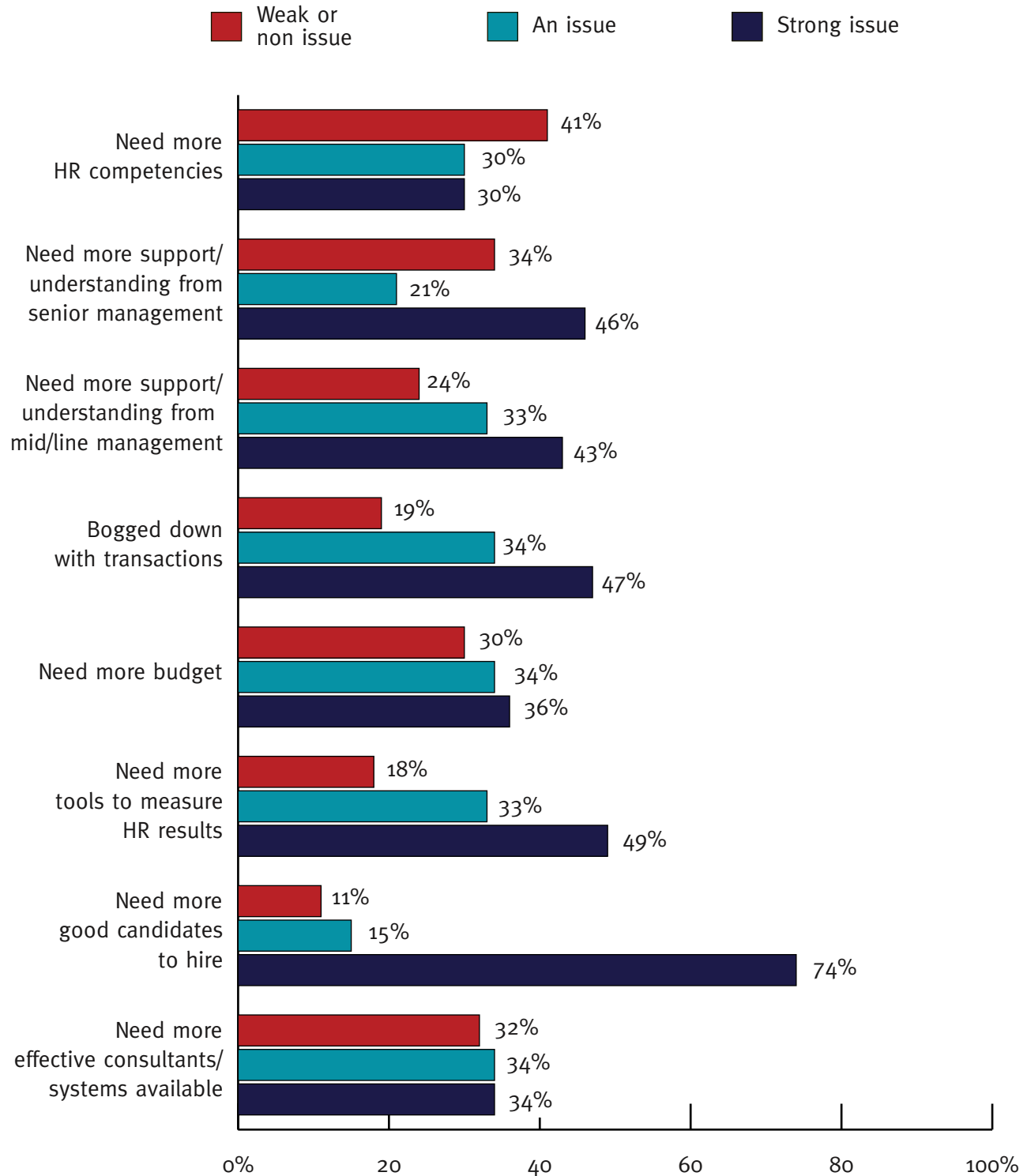


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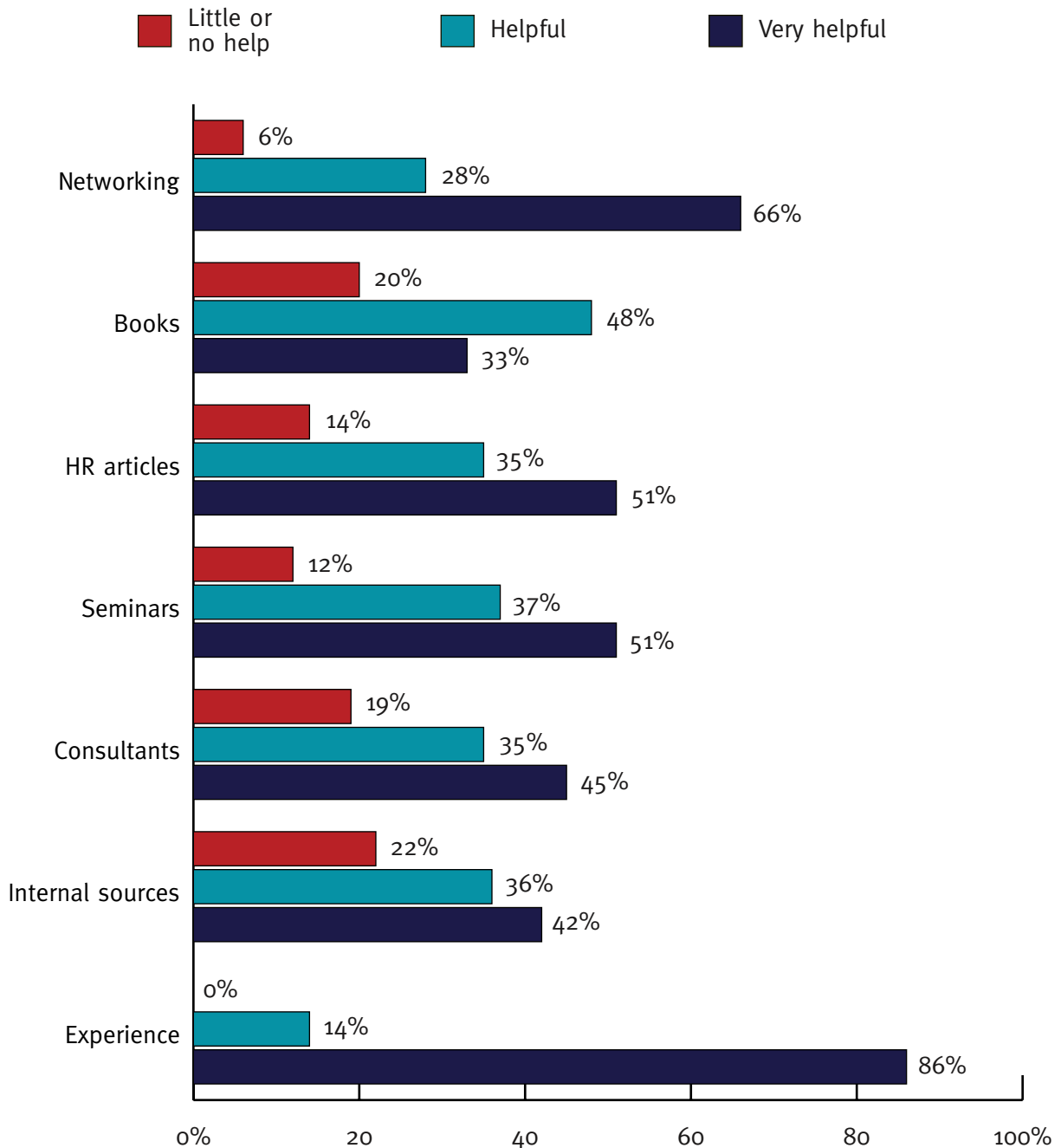
Responses from small organizations (Up to 400 employees)

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Which do you find to be the most helpful sources for HR planning and decision-making?

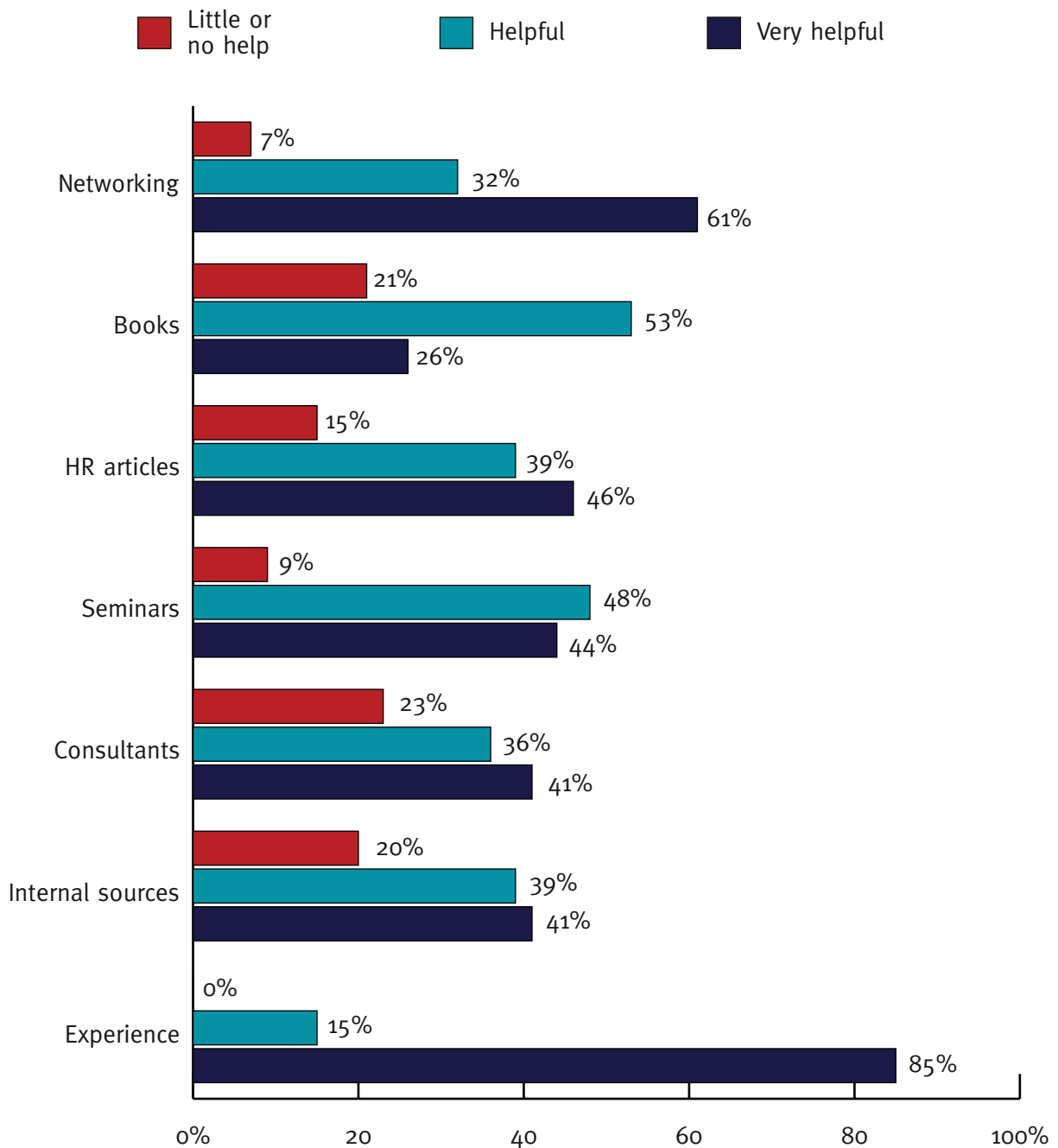


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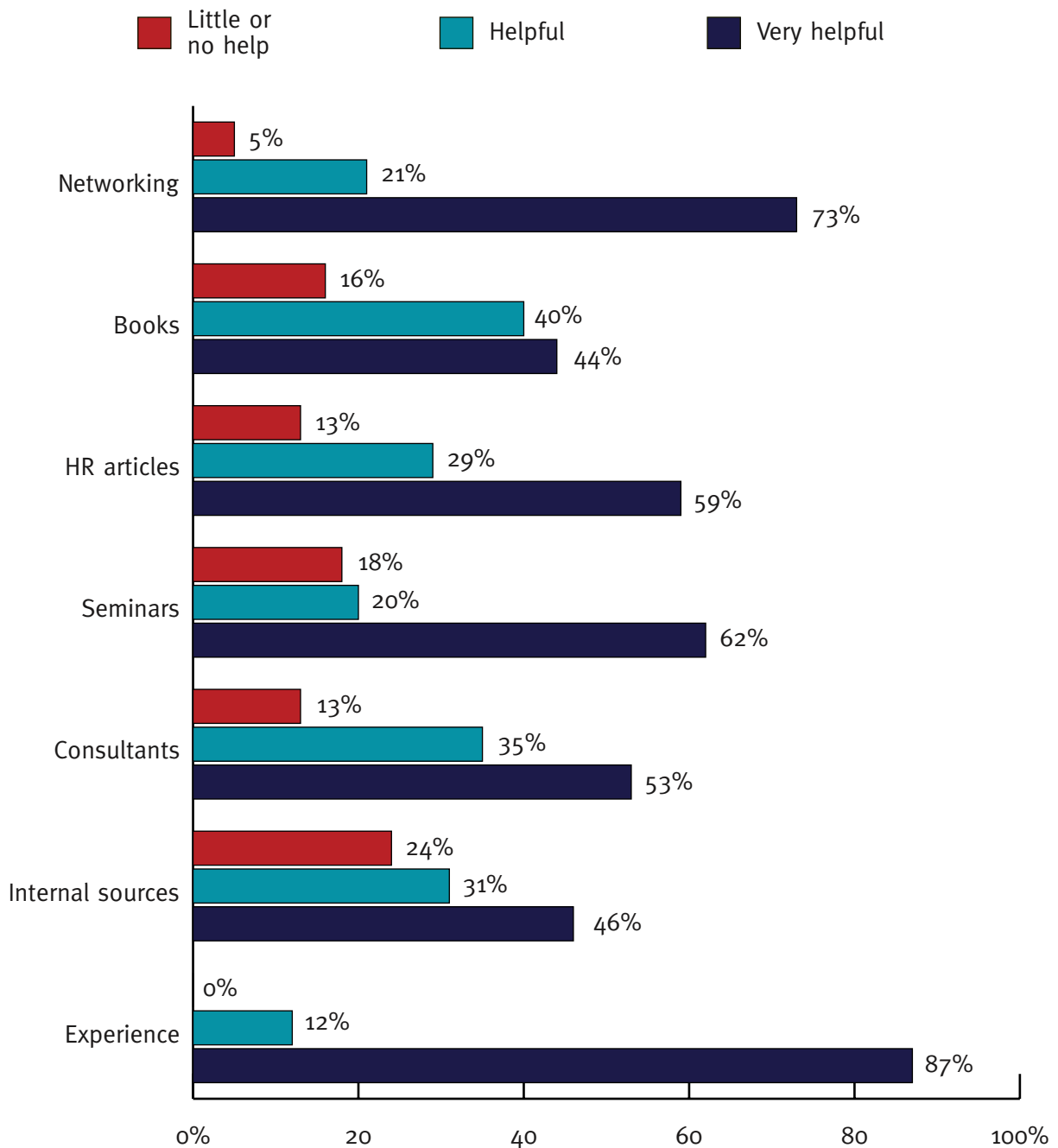


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Responses from small organizations (Up to 400 employees)

Which do you find to be the most helpful sources for HR planning and decision-making?



Comments from respondents

THERE WERE A number of open-ended questions in the survey. Here's a look at a sampling of comments by respondents to three key questions:

- What is the biggest problem facing HR departments today?
- What single issue will demand most of your time this year?
- What single issue will grow most this year?

What is the biggest problem facing HR departments today?

“HR suffers from a lack of credibility. At most organizations they are recognized as competent personnel administrators who act as gatekeepers and bureaucrats in businesses they don't understand.”

“Attraction and retention of new, and often younger, employees while dealing with existing, often older, employees close to retirement.”

“Talent acquisition is the biggest problem in my organization — finding the right people with the right skill set for a reasonable acquisition cost.”

“Getting the leadership of the company to fully understand that people issues and business issues are one and the same.”

“To work as a strategic business partner with the board of directors and get out of ‘firefighting’ mode.”

“Expectation that HR will take a leadership role in developing and implementing HR strategy with no reduction in levels of traditional HR services.”

“Being able to influence business leadership to engage in relevant HR initiatives that focus on building talent.”

“Ability to recruit in a timely manner — not just warm bodies but the ‘right’ fit/mix of competencies and interpersonal attributes — and not overburdening and stressing out the current workforce in the process.”

“Thinking and acting like business operations people versus support functions.”

“There are not enough strategic HR professionals with the ability to understand the business and take a true view of value add from strategy versus tactics.”

“Lack of respect from other departments. Lack of commitment from the top. Dealing with a diverse workforce.”

“There's a lot of reinventing the wheel. A lot of time is spent perfecting programs and tools, but we don't know how to take them ‘off the shelf’ and make them practical.”

“My biggest problem is to get line managers to understand the role of HR.”

What single issue will demand most of your time this year?

“Branding and attracting top talent.”

“Developing programs to retain key talent for the organization and to develop and engage employees.”

“Dealing with change as budgets are cut. Ethical issues continue to plague the workplace which require much time.”

“Working successfully with a diverse workforce, including cultural and generational diversity.”

“Talent management, including career management for existing employees, creative recruitment practices to attract new employees and managing the generations.”

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What single issue will grow the most this year?

“HR will need to help organizations cope with the drastic changes that are occurring in the business environment, including the retirement of the baby boomers, the rising Canadian dollar and the ‘greening’ of business.”

“Knowledge transfer from exiting employees.”

“The search for talent will continue to grow, but perhaps more of a focus on how better to utilize the existing staff, particularly those close to retirement through phased retirements and mentoring.”

“The growing need for more global leaders — experience, language, time living and managing in other countries — is becoming more of a focus.”

“Metrics.”

“Making leadership capacity a competitive advantage. Also, increasing the depth and breadth of our leadership pool and managing the multigenerational workforce.”

“Number of manufacturing jobs that will be lost due to outsourcing and globalization.”

“Transfer of knowledge and responsibility for people issues from HR professionals to front-line and other organizational leaders.”

“Talent management. But only if the demographic shift actually picks up. I’m skeptical it will, because a lot of boomers simply can’t afford to retire.”

“Leadership development and succession management with the onset of the baby boomer retirements.”