



In depth about Video Clip 2

Pause. Think Thrive



Hopefully, you just listened to Clip 2. I know it is only a short snippet but the comments there are made with the benefit of hindsight of how much value HR can bring (despite not being income generating in its own right); and that includes increasing the value of the entire business, as well as helping it to scale up.

There is a world of difference between knowing this to be true and implementation!

As the clip says, when we started out, for a brief moment, we didn't think we needed an HR function, or if we did it would be something we could deal with later. As a group of highly qualified and diverse professions, we thought we could manage the team ourselves. After all, we were used to managing projects, deadlines, and clients. How hard could it be?

HR as a core function to build business value

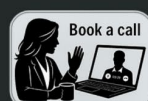
We quickly learned that we needed HR as a core function to support us. We had created the business with values that the founding partners believed in; and produced a "Founder's Statement". As we grew, we needed that ethos, which became our unchanging core way of operating, embedded throughout the firm.

There is often a lot of cynicism about firms that come up with some values, state them and then carry on. However, there is incredible value in really believing in them and living them. We built our HR processes around our core values but recognising it is a huge task, and we needed help from an HR professional; and so, in the end our Head of HR was the first non-fee earning appointment we made.

There are some givens, e.g. that the HR team supports with recruitment, exits, sickness and holiday policies. However, the real value lay in embedding our firm's values/ ethos.

Setting clear expectations

Everything was aligned to the Founding Partner's values. We set clear expectations and targets. Based on these, everyone was reviewed twice yearly, and performance was benchmarked against those expectations and targets.





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We created transparent salary bands, benchmarked to the external market, and published them internally. Every team member knew what band they were on, what came next, and what they needed to achieve to move up. Each year brought the possibility of band progression, inflationary adjustments, and the potential for bonuses.

We made mistakes but we tried to ensure there was an open culture, where we could speak to each other if we felt any aspects of our values or behaviours needed a discussion! We worked with people who made mistakes and tried to engender a culture where the team would be open about things that went wrong and what could be done better.

We had a system where suggestions could be made, either anonymous or otherwise. This produced some surprising suggestions, but this led on to us building a knowledge system alongside our HR processes, which is for another article but suffice to say it changed our pricing model and in turn our profit profile.

We were about our ethos, translating that into clear guidance, in our recruitment materials, in our training materials, in our appraisals, in the measurement metrics for salary review and promotion, meaning the team knew where it stood. At a minimum there was a sense of understanding but more so a sense of fairness.

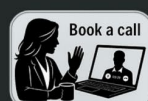
Clarity to “opt in” or “opt out”

In effect we allowed our team to “opt in” and be motivated and strive within the firm, and work with purpose. Conversely, this approach also allowed individuals to “opt out”. Some people decided it wasn’t for them and left. This saved them spending time in a firm that wasn’t aligned with their ideas or aspirations. This was rare though as the recruitment process was clear, as was every other aspect. However, there were still those that wanted to leave. This became a win/ win/ win. It was better for them, better for the firm and better for those who remained and believed in the firm’s purpose and ethos.

This all brought the firm significant salary savings and savings on recruitment fees too.

Increased value and cost savings

The HR function we had built business value and yet at the same time saved cost. For instance, salary savings came from high retention and being able to have realistic market salaries for each level, not having to overpay but at the same time allowing ambitious staff to see much greater rewards lay ahead too. The biggest saving of all was fewer resignations less “churn”, retaining all the hard and costly in-house training and knowledge. As an aside, some firms have to overpay to get a decent level of retention.





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HR provides systems that make values real.

We had a strong values-led culture. However, having values can create cynicism unless they are truly lived and supported and embedded into everyday decisions, especially promotions, appraisals, and rewards.

In our case, we were extremely fortunate to find an exceptional Head of HR, someone not only capable, but proactive and insightful. With minimal input from us, she set up a fully functioning HR capability that helped professionalise our business from the inside. She had the freedom to act and of course knew where she stood because of our embedded values. Many years later, after we sold the firm, she went on to set up her own HR consultancy, a testament to the calibre and drive she brought to the role.

Conclusion

The HR team, if the firm understands its own purpose, values and ethos can drive the whole value of the business up. It is easy to get lost in process and policies. While we needed good process and policies, the real issue is building a team that is empowered. This in my view can only happen if individuals know where they stand and what is expected of them. This comes from consistency, from initial recruitment, through training, appraisal feedback, reward, the executive team living the values too.

You know when you have it right, the team start to make all sort of great discretionary decisions about their own teams and their own clients, without the need to endlessly refer upwards; nor for there to be endless direction from above. The business has a core ethos that is rigid and unchanging, conversely allowing flexibility and discretion and growth of ideas, increased client satisfaction and a happier team.

