

Developing leadership on the cheap

With some training budgets being slashed during tougher economic times, can organizations effectively develop – and identify – tomorrow’s leaders?

BY TODD HUMBER

IN WAR, THE FIRST casualty is said to be the truth. In organizations, when the red ink starts flowing, the first victim is often the training dollar. If it doesn’t disappear entirely, it certainly is wounded.

“Everything I read would suggest that training dollars are down,” said Ian Hendry, Toronto-based president of the Strategic Capability Network. “So you’ve got this bit of a conundrum here in terms of expectations to drive leadership development up in terms of performance, while at the same time budgets are being cut — or certainly being held from where they were.”

This quandary was put out to the panelists — are they seeing a decline in training budgets and, if so, how is it possible to properly develop leaders?

While training budgets are tight, organizations don’t necessarily need to spend a lot to effectively develop leaders, said Suanne Nielsen, senior vice-president and chief talent officer at Foresters in Toronto, a life insurance organization with nearly 2,000 employees in Canada, the United States and United Kingdom.

“Our emphasis is on providing people with the right experience to develop them, and mentoring and coaching them along the way,” she said.

Organizations are doing better at making scarce dollars work more effectively by being “very thoughtful” about talent assessment, providing coaching and mentoring, and putting people into roles that will give them the experience they need, said Nielsen.

“I am less concerned that we’re not investing in the traditional, formal methods of developing leaders,” she said. “We’re doing it differently and I think, actually, it’s paying results.”

The scrutiny on costs in HR is becoming a growing issue, particularly in the public sector, according to Judy Hunter, vice-president of HR and organizational development at Holland Bloorview Kids Rehabilitation Hos-

■ ROUNDTABLE

Meet the panellists

In December, *Canadian HR Reporter* sat down with five senior HR professionals in Toronto who are members of the Strategic Capability Network (SCNetwork). The roundtable discussion was facilitated and moderated by Ian Hendry, president of SCNetwork, an association for senior business leaders. See www.scnetwork.ca for more information.



Warren Bell,
executive vice-president
and CHRO at OMERS



Ian Hendry,
president of Strategic
Capability Network



Suanne Nielsen,
senior vice-president
and chief talent officer
at Foresters



Victoria Hubbell,
senior vice-president
of strategy and
stakeholder relations
at HOOPP



Judy Hunter,
vice-president of HR
and OD at Holland
Bloorview Kids
Rehabilitation Hospital

pital in Toronto.

“Government funding models are changing due to provincial fiscal realities,” she said.

Dollars are tight and labour costs can be difficult to control.

“Current arbitration rules give arbitrators a great deal of autonomy in their decisions, decisions which are not always aligned with government fiscal priorities,” said Hunter. “There is a need for labour reform to better manage labour costs.”

More money, more scrutiny

But leadership training dollars aren’t always the first casualty of budget cuts. Warren Bell, executive vice-president and CHRO at the Ontario Municipal Employees Retirement System (OMERS) in Toronto, said his leadership development budget for 2013 is the biggest it has ever been. But with increased funding comes increased responsibility.

“HR is on the hook for delivering a better return on investment in human capital than

it has ever had,” he said.

“We are being held more accountable, but there is not a loss of development dollars. Maybe technical training dollars are shifting down, but not leadership development dollars.”

Because OMERS is an investment-oriented organization, the heat is on to show the money is paying dividends, said Bell.

“Our board talks in terms of ‘Warren, after you’ve invested these dollars that you’ve asked for, can you actually tell us what the return on that investment is? You can have a year, you can have two years, but we need to see the return because otherwise we could have just put it into the market and got a return.’”

Victoria Hubbell, senior vice-president of strategy and stakeholder relations at the Healthcare of Ontario Pension Plan (HOOPP) in Toronto, said her development budget is holding steady and HOOPP has targeted leadership development in the past three years.

“HOOPP is committed to leadership devel-

opment as a key business imperative,” she said. “The programs don’t produce the kind of change that is required without the ongoing support of HR business partners. They are still involved in working with the leaders on people issues. Providing guidance, consulting and mentoring for leadership action is an appropriate role for HR professionals.”

Talent assessment

When the conversation moved to talent assessment, Hendry posed a chicken-or-egg type question to the panel. He asked about HR’s ability to assess talent and whether that dictated the business strategy — or vice versa.

“What comes first? Does the business strategy drive the HR agenda or should the HR capability of the organization, since it should be well-known, therefore drive business strategy?”

Hendry gave an example of a company considering going after eastern Europe because it might be the best market for its product.

“You really need to know whether or not you have an earthly chance of doing that rather than saying, ‘We’re attacking eastern Europe, let’s figure out what we have to do now.’”

Bell said he once would have discounted that concept.

“How could you put a group of people to-

gether without a strategy or objective and develop it later? It seemed so inverted to me,” he said.

But a conversation Bell had with a Canadian gold medallist changed his mind. He asked him how he got into the sport, and the answer surprised him.

“He said, ‘Well, I didn’t get into the sport like everyone else does — most are high-performing athletes who fall in love with the sport and then just become very, very good at it. I fell in love with the idea of winning a gold medal and then I looked around to where I could most likely get a gold medal, and I went into that sport,’” said Bell. “There’s an example of people first, strategy second, right? The ultimate goal is to be a winner, though.”

One of HR’s roles is to help prepare an organization to achieve its objectives in the future, said Bell — which means HR needs to be linked very closely to business strategy.

“You actually have to know what the future looks like and you also presume that we have to actually have a better view on that, or some insight into that, that is beyond the average person’s — because otherwise you can’t actually help the organization to prepare for it,” he said. “Understanding the business is also paramount and you can’t help the organization unless you can actually be a real change leader.”

If HR doesn’t understand the business

strategy, it really has no hope, said Nielsen.

“It goes back to the work that we do that helps leaders be at their best,” she said. “HR has to help leaders make those connections that they don’t otherwise naturally make. You can’t do that unless you get the business strategy. Even if you don’t have a formal role (in the strategy), there is always an informal role that is pushing the strategy forward.”

HR leaders should partner with the business to ensure staff remain highly engaged in environments where financial awards are limited, such as health care, said Hunter.

“Ensuring a clear sense of purpose is critical and very real to health-care workers — their work is their vocation, not just a job, and they want to be part of a winning organization that has a compelling vision,” she said. “People, process, structure and culture are critical in achieving the goals and strategies of an organization. Outside of finances, that’s all you’ve got to work with.”

The business case for this is an “easy sell,” said Hunter, but HR needs to be skilled in areas such as leadership capacity and capability, employee engagement, change management, talent management and culture change.

“Consulting and partnering with business leaders provides a proactive lens when problem-solving in the day-to-day issues that require resolution — these skill sets are not mutually exclusive,” she said.