



Client Bulletin



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An update for clients of Diaz Research.

This Client Bulletin provides magazine-style content – typically short items that do not ‘fit’ within our Analyst Notes or other published formats.

What’s happening?

What’s happening in the IT people and organization area in mid-2010? What are the general trends?

The most interesting feature of the situation today is the explosion in advertised IT vacancies in **investment banks**. Visit the big investment banks’ websites and you will be amazed to see page after page of IT job ads. Most vacancies are in New York (or satellite centres Jersey City and Stamford) or the City or Canary Wharf in London, with further vacancies in Asia: India, Singapore, Hong Kong or Tokyo. And all this is just shortly after hundreds of IT people in those same companies were pushed out. Whatever else you might think about investment banking, there is no doubt that the constant ebb and flow of people into and out of these companies provides them with a means of filtering out misfits and culling underperformers as well as ‘normal’ job-holders, and there is no question that many of them use this mechanism to the full: *new entrants be warned!*

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These developments are in stark contrast to the situation outside investment banking. There, the gears are changed upwards very much more slowly and those who are emerging from difficult times will typically not yet be recruiting, except perhaps for some **modest recruitment** of graduate trainees and some strategic positions (e.g. at CIO level).

The January 2010 IT People and Organization Review noted the ‘make do and mend’ trend in the new normal IT function: most IT functions cannot hire their way out of skill shortages so the emphasis will be on making more of what they already have. This will encompass better **matching of people to jobs**, more emphasis on

development of all IT people, including managers, and greater emphasis on performance and **performance management**. One trend emerging in discussions with several companies is the resurgence of interest in **career structures**. These are especially topical in newly-merged IT functions, and in IT functions that realise their IT people have to be taken through a step-change to new behaviours, new skills, and different ways of working. By setting out, in new job families or whatever, what is needed in future, IT employers create the basis for future success.

What’s happening with **off-shoring**? The use of off-shoring is now business as usual in very many IT functions. Arguments about loss of jobs and patriotism are rarer now. Instead, we find that the focus is on optimizing the details of how off-shoring is used. Some companies have realised that they have over-shot the optimal onshore-/off-shore mix and have taken corrective action. Others are adjusting their ‘footprint’: shifting the geographic mix a little rather than doing anything hugely radical. Interestingly, some have discovered that in a sensitive industrial relations environment it is possible to cut costs sooner by cutting offshore input than by attempting immediate on-shore layoffs. And in the credit crunch a couple of troubled banks even sold off their captive IT units to Indian suppliers. Their balance sheets were strengthened by sums not far short of a billion dollars: very welcome, at the time, to shareholders. But the cost? They are now locked into long-term contracts with those suppliers.



Canary Wharf, in what used to be London’s Docklands, overspill for the City of London’s banks, around half of whose largest banks are now located there, and **Jersey City**, overspill financial services district for Manhattan, positioned just across the Hudson.



Both centres are seeing robust recruitment into IT functions at the moment.

IT HR business partners: Time to change the game?

One of those irritating clichés sometimes encountered in business life is the sunny insistence that every problem is really just an opportunity in disguise. Today, an increasing ‘opportunity’ for many HR Business Partners is overwork. Why is this particularly true of HR Business Partners? Surely job-holders everywhere are under pressure at work?

The key factor is that the availability of e-HR and HR service centres of one sort or another, including pools of consultants, has steadily cut the workload on business partners and their generalist teams. Employees and managers are now able to access information and help of all kinds, ranging from training material to pension information, in seconds. Sometimes the publicity generated by these improvements has led to a belief – *even in HR* – that there is little or nothing now left for the generalist to do. A single HR Business Partner, with no generalist IT HR team, may be expected to support an IT team of a thousand or more. In asking clients about this it has emerged, unsurprisingly, that that level of burden is infeasible without extra help.

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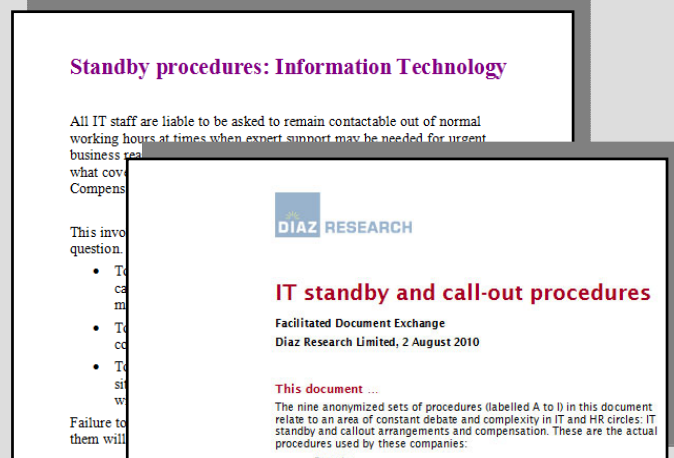
Often, the HR Business Partner role may be seen simply as the IT-facing conductor of the HR orchestra. But in reality today’s Business Partner has to conduct *and* be able to play several HR instruments proficiently when called upon to do so. But the orchestra and conductor analogy starts to break down when one remembers that a key part of the Business Partner role is proactive: to keep close to the IT client and identify opportunities (and problems) well in advance. Today’s HR ‘conductor’ has to not just conduct and deliver some of the music, but to mix with the audience and decide what music would be best for this particular concert audience.

What tips can IT HR Business Partners usefully bear in mind in this demanding environment?

Get the balance right: You should not have to choose between pleasing the HR boss or the IT boss, but if you find yourself only ever pleasing one side *be careful*. A good Business Partner cannot keep HR policy-makers, HR delivery teams, and IT managers and staff happy all of the time. If you are never accused of having ‘gone native’, or of always peddling the HR line, then maybe you have the balance wrong. **Ask: forgetting HR’s agenda and IT’s agenda: what’s best for the business?**

Involve IT: Get your clients working! IT functions always have a few people-oriented managers spread around and these are an untapped source of help. By setting up working groups of IT people to improve HR processes, resource projects, you can get terrific levels of buy-in to improved people management, even if the result is sometimes a little home-spun. By identifying talent, you can soon have a whole network of people-aware managers and staff who will take a large part of your load from you. **Do you know who the ‘people management’ advocates are in IT? Could they be involved more? Could they help you to plug some of the resource gaps?**

Develop the HR network: The specialist teams that support you will do so more enthusiastically and effectively if they feel valued, are given credit for their work, and get good ‘contact time’ with the end clients in the IT leadership team. Nurture individuals who are competent and willing to help in the IT area. (One HR Business Partner makes sure to direct positive recognition back to his distributed team, and says he gets first-class service as a result.) **Do you talent-spot among the specialist teams? Do you encourage them to be helpful though involvement and recognition?**



Facilitated document exchange: IT standby & call- out procedures

August 2010 has seen a landmark in the ways we help IT HR and IT people. For the first time ever we have facilitated the exchange of anonymized procedures, giving nine companies sight of how others set out their rules regarding IT standby and call-out arrangements.

NB Late participants can also benefit, as a second edition could be issued with several new entrants.

IT HR business partners: Learning from consultancy

As a new consultant, some years ago, I remember being drilled on what counted, and didn't count, to those who bought commercial consulting services. Specifically, the top three factors that clients were said to have uppermost in their minds when selecting consultants:

- Top priority: *'They understand our business.'*
- Next top priority: *'They want to help us.'*
- Third-top priority: *'Subject matter expertise.'*

These findings had emerged from a study conducted among US clients and they bear careful consideration by business partners and their teams everywhere. Here are a few comments on these three factors as they relate to IT HR professionals; hopefully they will be helpful.

Understand the IT 'business'

Does the HR team understand what goes on in the IT department? HR people do not need to know about the technical stuff but they do need to understand the kinds of things that are 'done' in IT, the roles needed to do this work, the relationship between the different teams, and the kinds of skills and personalities that are needed across the different areas of IT.

How is this knowledge gained? Partly by asking questions in one's early weeks in the IT HR job. But HR people can usefully start, and keep up to date, by reading our introductory guide:

'The IT function and its people' Ref 4015

This publication, free to all clients, explains the basics of the IT function and its work. It also provides an in-depth glossary of terms that are relevant to 'people' issues - including technology terms that, if properly understood, can help IT HR people to do a better job.

How badly do you want to help?

This is not usually a problem for HR people but there are some companies where, within HR, IT has been demonized so the IT HR business partner's role is (implicitly or explicitly) not to *help* IT but to *tame* it. To put a stop to its acts of 'people management' delinquency, and to impose the rule of law (i.e. corporate HR standards)!

'There are companies where IT has been demonized and the IT HR business partner's role is not to help IT but to tame it.'

The HR manager must put the politics second and focus on helping IT to improve its performance through better people management practices. Professionalism some-

times means helping people who (*we think*) do not want to be helped. By refusing to engage in politics but by deploying one's professional skills in a spirit of helpfulness, the IT-HR relationship can be reborn.

This is often doable without following the letter of HR's guidelines. No commercial consultant who insisted in following every clause in the formal contract would last long. *Flexibility is proof that you really want to help.*

Subject matter expertise

IT managers have a right to assume that HR people are well briefed on the 'hard' HR stuff: employment law, terms and conditions, disciplinary procedures, industrial relations dos and don'ts etc.. Yet some in HR, including some higher educational establishments¹, focus only on the softer, 'trendier', sides of HR: talent management, OD, employer branding, engagement etc.. The HR team must maintain its core HR subject matter expertise: if team members do not have much of a clue about the basics then they will not be trusted on the more interesting stuff.

IT reward: Work Life Balance cuts pay?

IT reward in these uncertain times is very far down the priority list for HR people, as well as for most in IT. That has been true for some years now, so there has been relatively few worries, or market 'action' on IT base pay, or even on bonuses. So is the area of IT reward completely dormant and inactive? *No!*

A constant feature of the past few years has been a high level of interest in the 'border areas' of IT pay:

- **Standby** (i.e. on-call) pay
- **Overtime** rates
- **Shift** pay

These are the principal action areas for IT reward today and despite their lack of obvious HR trendiness or glamour they are very interesting indeed because they all touch that rawest of raw 21st century nerves: **Work Life Balance**.

It is interesting that all three types of working have become easier because of **technology**. Not only is being on standby so much less constraining than before (because of better mobile technology), but it can be argued that the same mobile technology, by letting families easily connect with the late worker, softens the impact of overtime work. Longer shop and leisure facility **opening times**, and better communications, have improved the lot of the shift worker a little.

¹ Amazingly, some M.Sc. courses in HRM skim completely over this 'hard' content. One skims over it on the grounds that *'since it is always changing there is no point in teaching it!'*

There is also a **societal** change whereby more and more people are working irregular and unpredictable hours so the kinds of events that were regarded as compensation-worthy some years ago might not today, in the age of the Blackberry, notebook and 24x7 shopping.

Commercial and market logic would therefore suggest that for all of these types of work **compensation could fall** without undue effect. And indeed, such a fall can clearly be seen, over a twenty-year period, in standby compensation. A recent QUICK INFORMATION EXCHANGE on overtime rates suggested that they too were gently falling – at least in the UK. (We have no good historic data for shift working compensation, so the situation there is unclear.)

The pressures to cut rates come from two sources:

- **Reward people** who feel that their practices are over-generous and see a way to cut unnecessary costs.
- **IT people** who complain that the colleagues who get these allowances are getting an excessively good deal.

But of course as in all WLB areas there is no right level except the level that:

- Leaves those who ARE getting the payments feel happy (but not overjoyed!) to continue to do the irregular hours ... **AND** ...
- Leaves those who do NOT get them without an undue sense of grievance.

Will some of these payments, e.g. payments for being on standby, or overtime payments, be phased out completely in the years ahead? That is unlikely. There will always be situations where it is strongly in the employer's interests to make these payments. Where best efforts support is simply not good enough the employer and employee both need to know that failure to respond will rebound on the employee, not just on the business.

Organization development: Team or tribe?

It has long been fashionable in management circles to sing the praises of the team. But a better understanding of the dangers of teams would make some organizations more effective places. The reality is that there is not much difference between teams and tribes: as well as join people up, teams separate the joined-up people ('the team') from others and can create difficulties elsewhere. How does this manifest itself in IT?

The biggest problems come when people in IT are encouraged to think of themselves as being 'in IT', or 'working for IT'. The very best CIOs I have known have hammered into their people that they DO NOT 'work for IT', and that while they are 'in IT' they are also most definitely **'in the business'**. The most back-of-house

technician, toiling away to update obscure server software, must somehow get the message that he is working for the business, not for IT. That can mean sometimes thinking a little like a CEO when there are complex decisions: making decisions based on what seems best for the business as a whole.

Another 'team' problem arises with **project teams**. We have all known project managers who annex resources, budgets and attention so that 'their' project is seen as a success, while others, deprived of that database expert, or testing team, in a vital week, fail. No project team member should be encouraged to view themselves as belonging only to their project team.

Inexperienced managers can also take the team theme too far. It can be very gratifying to see newly-promoted managers discover the power of 'team': by using 'we', 'us' and 'our', and encouraging team spirit, morale and productivity can soar. The danger: motivation may rise even further when workers (especially young men, in my experience) start to **compete with other teams inside the company**. It can start innocently but become destructive. Managers need to be taught that this is not helpful to the business, or their career.

I find the word **'tribe'** useful to apply to this unhelpful use of teams. Are there 'tribes' in your company? In your IT department? Tribalism is built into human preferences so wise CIOs must re-examine the tribes that their managers are creating, be prepared to redefine how these work, and define teams more broadly. Everyone must see themselves as belonging to the **'business tribe'**.

The onus for making this happen falls, inevitably, on the CIO. But HR people can encourage and help CIOs to stamp out IT tribalism and move the mindset to IT-as-part-of-the-business. The key levers are **top team behaviours, internal communications, and reward**.

IT HR clients:

Moves & changes

Mike Holt known to many as heading up IT HR for a substantial slice of GSK, has left the company recently and is willing to be contacted by anyone who wants to 'catch-up' or even pick his brains on IT HR issues!

British Airways' **Jan Newman** is now busily engaged helping an insurance company on resource management work and would equally be happy to hear from any old contacts.

ANY MORE ENTRIES: Please contact us if you would like to be featured, or would like to be put in touch with an IT HR contact. Part of what we offer is 'useful networking', aimed at helping companies to help each other so this is something we are delighted to do.

Contact: if you want to talk about anything in this Bulletin, email i.smith@diazresearch.com or call on +44(0)20 7544 8692.