Takeaways From Business School For The SAF

by **COL Frederick Chew**

Abstract:

There are three areas of Business School insights we can apply. The first includes finance, economics and accounting. This is followed by strategy, marketing, organisational behavior and operations management. The third bucket includes human resource, leadership and organisational transformation. This article will go through some of the above areas and leverage the material from these disciplines to comment on some of the challenges we face in the Singapore Armed Forces (SAF).

Keywords: Leadership and Organisational Development; Homophily; Performance, Experience, Learning (PEL) Model; Pareto Principle

INTRODUCTION

Imagine you are interviewed by the Chief Of Defence Force (CDF) and the Service Chiefs one day, and they ask you for your top priority change item in the Singapore Armed Forces (SAF); what would your answer be? Would it be an armed force structural change? A Leadership and Organisational Development (L&OD) change? A Human Resources (HR) change? A business process change? An organisational design change?

Aim

I think that it is hard to answer the above question, for the simple reason that the SAF is a very complex system. The SAF is characterized by an intricate web of inter-relationships and inter-dependencies among its constituent parts. While there may not be a single winning answer to that question, there are various lines of inquiry that may yield useful insights for the SAF's ongoing transformation journey. I sincerely hope that this essay will illuminate some of the underlying challenges that the SAF is confronting, and that this essay will enrich the ongoing "generative conversation" (the first "leg" of Daniel Kim's 3-legged stool for Organisational Learning) on how to catapult the SAF from a good to great organisation (in the words of author Jim Collins), one that can sustain mission success well into the future.[1]

Let me say upfront that I cannot overemphasize the pride I feel in and the confidence that I have in the SAF. For its size, it is an impressive organisation. We have every right to be proud of our past, secure in the present, and confident about our future. That said, we must not rest on our laurels, and let *good* get in the way of *best*. To this end, it is important for servicemen and servicewomen in the SAF to have mature discussions on issues that affect us and the organisation, individually and collectively. When we care enough, we will inevitably discuss and debate. We do not always have to agree on everything. In fact, candid introspection and the ability to accommodate a variety of viewpoints can only make ONE-SAF stronger over the long run.

It is not my intention to prescribe solutions, in part due to the space constraints in this essay.

Given that I have just completed the Stanford Graduate School of Business' Sloan Programme, let me approach this inquiry through the lens of a business school. By way of background, let me first describe the core components of a business school program. Broadly speaking, there are three buckets of skills that we learn. The first includes finance, economics and accounting. This is followed by strategy, marketing, organisational behavior and operations management. The third bucket includes human resource, leadership and organisational transformation.

Methodology

My methodology will be to go through some of the above disciplines and leverage the material from those disciplines to comment on some of the challenges we face in the SAF. It is not my intention to prescribe solutions, in part due to the space constraints in this essay. Rather, I would like to throw up questions for reflection. At this juncture, I should state categorically that I do not believe in blindly emulating management fads. In fact, I think that is something we will do well to guard against; the SAF is not a private company. Lessons from the corporate world should never be applied to the SAF in a sweeping fashion. However, there are clearly some gold nuggets in the world of management academia and corporate practice which can serve us well in the SAF if properly adapted. In addition, I should make a big caveat up front: it is nigh impossible to be utterly comprehensive and balanced, or to give the fullest treatment to each of the issues I address. What I will try to do is to address the nub of the issues in a generalised manner within the space constraints. Undoubtedly, one year of business school does not make me an organisational expert. I am well aware that there are many others in the SAF who have considerably more organisational leadership experiences and deeper understanding of the organisational complexities the SAF faces. As such, I ask readers to allow this author some latitude.

In terms of my background, I have held appointments in the Defence Policy Office and the Military Intelligence Organisation, besides Naval ones. My observations do not derive from any one posting or from any particular department or formation within the Ministry Of Defence (MINDEF) and SAF. They reflect impressions that have aggregated over my years of service.

ORGANISATIONAL BEHAVIOUR

How affected are we by personal and group cognitive biases?

Have you noticed how easy it is at times to fall into the trap of recruiting people who are *like us*, whether into our units or project teams? The bestselling book *Influence – Science And Practice* gives an account of how "customers were more likely to buy insurance when the salesperson was like them in age, religion, politics, and cigarette-smoking habits." Furthermore, a researcher significantly "increased the percentage of people who responded to a mailed survey" by changing one small feature of the request—the name of the survey-taker to closely match the name of the survey recipient. For example, Cindy Johanson (survey-taker) writing to Cynthia Johnson (survey recipient).[2] This phenomenon is known as **homophily** ("love of the same").

Research in the field of cognitive psychology points to the strong existence of **confirmation bias** (skewed sampling of data points, or "situating the appreciation" in military parlance), **default bias** (maintaining a commitment to a previously announced position even when the situation has changed), **overconfidence** (supervisors in the top rungs thinking that their intuition is superior to workers on the ground who actually have the better picture), or **risk-seeking** behaviour induced by improper mission framing.[3] In the case of the latter, the National Aeronautics and Space Administration (NASA) stood to lose hefty contracts and worse still, disappoint an entire nation, if it did not launch the Challenger Space Shuttle in 1986. This internal pressure to achieve mission success led to the eventual failure of multiple layers of safety checks and balances, resulting in a tragic disaster.

Elaborating a little further on confirmation bias, humans tend to collect only small samples of information, one reason being that they believe they already have adequate information in their memory banks. Furthermore, humans tend to remember information that is easily available, which has come to our attention before and they also attach more weight to vivid evidence. On risk-seeking behavior, humans tend to make overly **optimistic assessments, especially when decision making is performed by a group.** For example, project timelines are usually busted.[4]

There appears to be many applications here for the SAF. For one, units within the SAF with their natural "can-do" spirit need to be aware of and actively guard against a natural tendency towards

risk-taking that manifests itself in large groups. Like it or not, there is a bias towards acting heroically and "macho" in a military environment. Moreover, there may be a perceived lack of incentives for our people to be the bearer of bad news. Another application is the need to put institutional safeguards, or "cognitive repairs," in place to mitigate group-think at all levels of the SAF. I have worked with effective commanders who intentionally make it a point to solicit divergent views (to the extent of deliberately designating a devil's advocate).[5] However, that is easier said than done. It takes strength of character for a superior to reverse his decision on the presentation of new facts. It takes patience and a non-threatening leadership style to encourage dissenting views to float up in the first place.

How can we apply the above learning in other fields like performance evaluation? Research indicates that managers are highly susceptible to the "halo effect," where a subordinate who has scored a good impression with a superior at the outset is somehow perceived to generate high quality work years after, even when objectively speaking the work produced may not be of high quality. Separately, the homophily bias causes supervisors to rate subordinates who are similar to them more highly.[6]

Constantly asking probing questions is a very effective form of cognitive repair. One technique used by Toyota to identify root causes (as opposed to face-value ones) is known as the "Five Whys."[7] It is vital for an organisation to institute procedures and routines that can perform as "auto-stabilisers" to keep the group decision-making process bias-free. I personally feel that the Learning and Organisation Development (L&OD) movement within the SAF has contributed significantly to furthering collective awareness of such biases and should continue to extend its reach within the SAF.

The question for us therefore is: what is the right Performance-Experience-Learning (PEL) balance point for SAF units in our various training exercises and operations?

On Making Mistakes And Its Correlation With Long-Run Success

"A good research man failed every time but the last one." "You must analyze each failure to find its cause ... You must learn how to fail intelligently. Failing is one of the greatest arts in the world. One fails forward towards success."

– Charles Kettering, Head of Research for General Motors, 1920-1947[8]

In my days as a junior officer, I vividly recall an encounter involving a senior commander who has since left the SAF, which has remain etched in my memory, even more than a decade after. My commanding officer and I were providing a brief on a recently concluded joint exercise. During a gunnery serial in that exercise, a foreign ship registered zero hits on the surface target. Republic Of Singapore Navy (RSN) ships involved in that same serial were diligent in scoring a decent number of hits on the target. I highlighted in my report that the gunnery officer of the foreign ship had explained during the debriefing that his ship was experimenting with different firing modes and distances during that serial, which accounted for the zero hits. The above senior commander exclaimed emphatically that that the gunnery officer's explanation sounded like an excuse for poor performance. He then directed my commanding officer and I to spread the word that he expected RSN ships to continue turning in excellent results for gunnery serials at future exercises.

The twist in this story was that the foreign ship was actually firing at almost twice the range of the RSN ship. Of course, the closer to the target, the higher the probability of hitting it. Perhaps the foreign gunnery team was truly experimenting. Generalising from this example, the foreign ship exemplified one end of a performance philosophy spectrum, in which it was primarily concerned about experimenting and long-term learning. My ship exemplified the other end of the spectrum: immediate performance and a strong

deterrence effect. **The question for us therefore is: what is the right Performance-Experience-Learning (PEL) balance point for SAF units in our various training exercises and operations?**

A second vignette. A few years ago, a very respected foreign officer was having a farewell dinner with some SAF officers following a very successful tenure in Singapore. When asked whether she had any frank advice for the SAF, she spoke about how she admired the SAF greatly. Having known her for a number of years already, I considered her a good friend of the SAF and one comfortable with speaking to us frankly. When pressed to identify at least one area for improvement, she observed that the SAF tended to be overly concerned about success and the avoidance of mistakes. She made the point that sometimes, one learns more through mistakes than through success.

Taking a leaf from the Silicon Valley Entrepreneurship 101 textbook: it is a Standard Operating Procedure (SOP) for Venture Capitalists (VCs), when assessing an entrepreneur that is requesting funding, to look at his track record. In particular, VCs focus on whether the entrepreneur has had past failures and how he rebounded from them. The rationale here is intriguing: entrepreneurs who have failed in the past are likely to have pushed the boundaries and stretched themselves in the process, as opposed to just taking the well-trodden path. VCs recognise that failing "positively" can yield a treasure trove of learning. Failure inculcates resilience too, in those who pick themselves up and press on.

There is an obvious conundrum here for the SAF. Can the SAF truly afford to fail in any of its endeavours? At first pass, that is quite unthinkable, bordering on being heretical. We are trained to get it right, first time, every time. I must emphasise that I am not suggesting that the SAF should relax its high performance standards. I, for one, demand very high standards from those serving under and alongside me. However, putting on an introspective hat here, are we sometimes guilty of letting the good (spectacular short-run performance) stand in the way of the best (solid long-run performance fuelled by thoughtful experimentation and learning)?

The challenge therefore lies in finding the sweet spot that optimizes the PEL dimensions. I think many in the SAF will agree with me that much as we would like to, it isn't always possible to maximise across all three dimensions. Some things must give in a three-dimensional optimisation process. Of course, safety cannot be compromised—one life lost is simply one life too many.
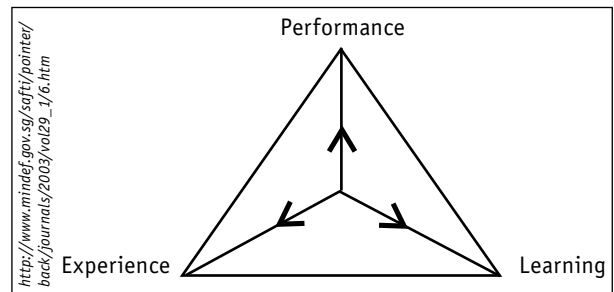

Performance, Experience and Learning (PEL) Model

I strongly believe we can do better to find optimal balance points that will increase learning, and even *experience*, for the SAF and our people. That is where good leadership can make a huge difference. Rather than be stuck in a "1" or "0" binary *modus operandi*, we should work out what we cannot compromise on and identify areas where we can afford more latitude to experiment. Should our people fail periodically, we should aim to make "productive mistakes" and derive insights on how things could work better for us in the future.[9] **Just as importantly, we need to develop the habit of querying success the same way that we query failure.** Sometimes, given how busy we are, we may pop the champagne bottle a tad too quickly, and move on to the next pressing assignment. It is paradoxical, but sometimes having a missile that hits the target on its first try may not be that good for our longer-term learning.

OPERATIONS MANAGEMENT

Little Things Add Up To Make A BIG Difference

"I could leave our strategic plan on a plane, and it won't make a difference. No one could execute it. Our success has nothing to do with strategy. It has everything to do with execution."

*– Richard Kovacevich, CEO of Wells Fargo, 1998-2005.*[10]
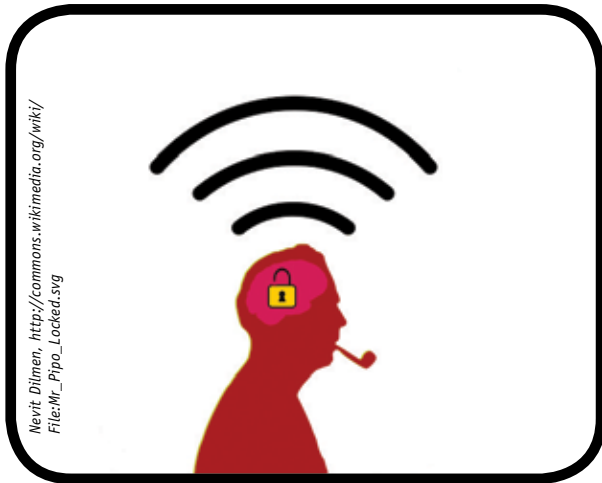
Unlocking Brainwaves: Cultivating Insight and Critical Thinking

During the Sloan programme's international study trip, my class had the privilege of meeting Mr. Koh Boon Hwee in person. Mr Koh had previously served as the Chairman of SingTel, Development Bank Of Singapore (DBS) and Singapore Airlines (SIA). His key takeaway for us was that **companies differentiated themselves not so much by big-picture strategising, but more so by nitty-gritty operational excellence.** He explained that in the airline industry, any strategic innovation that SIA introduced would be emulated by other airlines within a few months. That left operational excellence as the only sustainable source of competitive advantage for SIA. He cited the example of how newspapers onboard SIA planes do not contain the classified advertisments section. Although the weight savings for a single set of newspapers is insignificant, when that saving is multiplied by a few hundred copies on a plane, and further multiplied across the entire SIA fleet of a hundred or more planes, the annual fuel savings runs into the millions, just by trimming out classified ads.

A Powerful Concept – Matching *Demand* And *Supply*

Companies in the United States (US) regularly tap on expertise in academia for the latest operations research and management techniques, in their relentless pursuit of process improvement. Business school case studies are replete with real-world examples. For one, we studied how the layout in the restaurants of Japanese fast-food chain Benihana should be optimised, from the kitchen arrangement, to how many seats there should be in the bar waiting area and main eating area, in order to achieve lowest overall waiting time for customers and maximal throughput for the restaurant. We also studied how distribution centres should be optimally set up for companies like Amazon (whether concentrated in one locality, or dispersed across various regions) in order to minimise the amount of total inventory Amazon has to carry, yet affording sufficient safety stock buffers at the same time. In addition, we studied the famous News Vendor model: if a magazine vendor had only one chance per month to make an order from his supplier, how many magazines should he order, given the likely monthly distribution (Gaussian Distribution) of customer orders? This model has myriad applications. For example, how many orders should an international ski jacket manufacturer like Sports Obermeyer place from its suppliers, and how far in advance? In this example, the tradeoff is between over-ordering too many pieces from sub-suppliers, which would leave Sports Obermeyer with left-over pieces that it would have to "dump" post-season, versus under-ordering, which might leave Sports Obermeyer with too few pieces to sell during the actual season, and thereby forfeit potential profits. As I was poring through these case studies, I realised there were many takeaways that would be useful for the SAF.
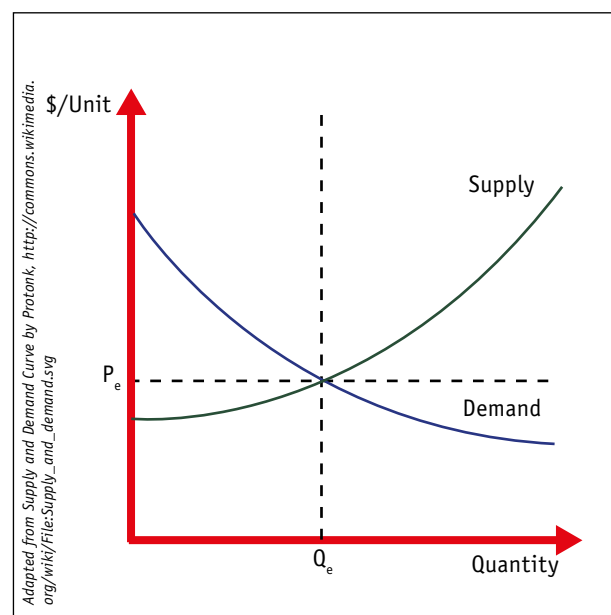
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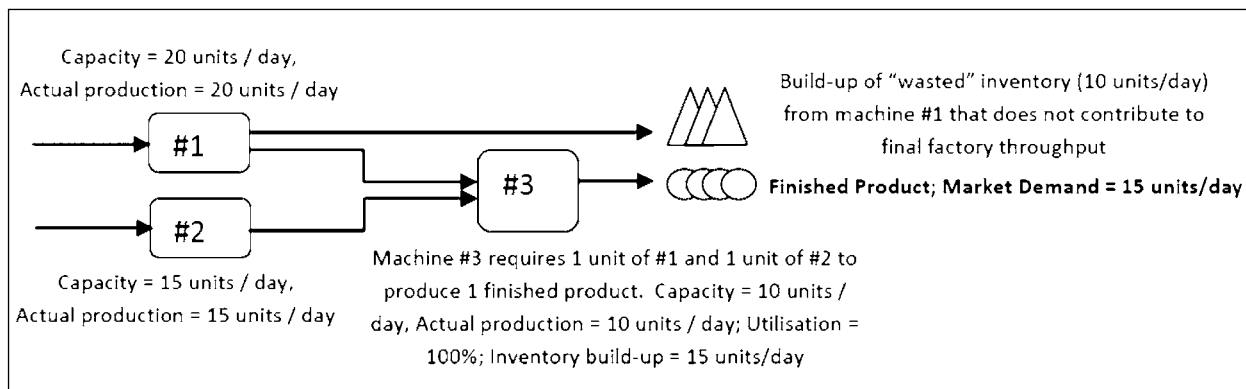
Factory Production Line

The whole thrust of supply chain management is to match supply with demand. This is an extremely powerful notion. If we look at the entire SAF as a production system (whether producing well-trained soldiers or well-maintained equipment), there are a lot of processes that ultimately simplify to "matching supply and demand," granted that characterising the SAF as a production system may be overly simplistic. A direct application of this principle would be to ask ourselves how often we should be ordering spares from OEMs (Original Equipment Manufacturer), and how much in each batch should we order, given the fixed costs associated with each order, and potential inventory holding costs if the order quantity is over-specified, as well as factor in potential opportunity costs if the order quantity is under-specified.

For a more sophisticated application of supply-demand matching, the central thesis of the best-selling operations management novel *The Goal: A Process Of Ongoing Improvement* by Eliyahu M. Goldratt is that

Term	Definition
Throughput	The rate at which the factory produces money through sales. If an inventory is produced but is *not* sold, that does not contribute to throughput.
Inventory	Money invested by factory in purchasing material to make things it intends to sell.
Operational Expense	Money spent by factory to turn inventory into throughput.

for a production plant to be successful, it needs to **maximise throughput, while minimizing inventory build-up and operational expense** (see below table for definitions). In addition, it should **balance its loading internally**, and not just have all its machines producing at their respective maximum work rates, in an uncoordinated pell-mell attempt to meet external demand. Consider the following simplified example of a factory production line.

You can easily see that the system bottleneck will be Machine 3, as it can only produce at 10 units/day. Let's assume that the external demand for a finished product is 15 units/day. The key question is whether the factory is better off if the machines in the system produce at their respective maximum capacity, or if the entire system produces at 10 units/hour (capacity of the bottle-neck). It turns out that if all the other machines were producing at their maximum capacity, there would be a tremendous build-up of inventory in front of Machine 3 due to excessive output from Machine 2, as well as excess inventory (depicted by the triangles) from Machine 1 that does not get converted into final throughput. Knock-on problems include inventory-holding costs as well as delayed diagnosis of machine failures. In the case of the latter, let us assume that a system monitoring station is placed just before Machine 3. If Machine 1 becomes defective and produces mal-formed output, the monitoring station will only discover this after the entire pile of excess inventory in front of Machine 3 is utilised to make the finished good. In the meantime, Machine 1 would hum along merrily producing even more malformed sub-units.

While not immediately obvious, this outcome is actually worse off than having an internally-balanced factory system working at 10 units/day, with next to zero inventory build-up, which is what Toyota's *Lean System* is all about. There is another drawback in the production system illustrated above: working a machine at maximum capacity is actually unsustainable. Rule of thumb: for a machine to produce maximally over the long-term, it should be operating at 90% capacity, not 100%.

Of course, that is not to say that the output of the entire factory is forever constrained by the bottleneck's capacity of 10 units/hour. Goldratt's famous *Theory of Constraints* calls for the management to constantly identify the bottleneck (the machine with the lowest work rate) and improve its capacity, through further infrastructural investments or robust maintenance. In our context, this could translate to boosting manning and promoting up-skilling at bottlenecks within the SAF. Goldratt argues against a factory spreading its resources thin trying to improve the capacity of every single machine all at the same time. The heuristic he advocates has proven empirically to be extremely powerful: the management should **focus its efforts on *the* (only one) current system bottleneck.** After clearing that one particular bottleneck, management should then move on to work on improving the capacity of the new bottleneck, which has just emerged.[11] (In the SAF's context, we probably do not have the luxury of working on one bottleneck at a time, sequentially. What we could do is to focus our resources on a handful of vital bottlenecks, and guard against spreading ourselves too thin trying to fix everything at the same time.)

Transposing this to the SAF, a few questions come to mind. Do we have a clear idea of where our overall system bottlenecks are? If so, are we resourcing those bottlenecks to increase their production capacity over the long term? Is the SAF matching the "market demand" of operations/exercises/high-profile events against its internal *supply* of resources? Or are there fundamental demand-supply mismatches, which require other solutions outside of the factory? Are there significant levels of "inventory" build-up in certain parts of the SAF? For example, do we see many workplan action items at the formation/department and sub-formation/department level, which consume a lot of time and energy, but do not lead to clear outputs and outcomes? Can we

say for certain that the intermediate work products of each and every department/formation are being systematically synthesised into the final desired "MINDEF/SAF factory throughput?" Are our resources (formations and departments across the SAF) working at ≥100% utilisation rates? If so, how sustainable is this over the long term?

Roger Wollstadt, http://commons.wikimedia.org/wiki/ File:Wolfsburg_Volkswagen_Assembly_Line.jpg

Assembly Line

Over the past few years, various breakthrough initiatives such as efforts at operations calibration and SAF recess windows have helped immeasurably in relieving pressure build-ups in the SAF's "production system." The question for us, going forward, is whether there are other bottlenecks, workflow unevenness and unwitting inventory build-up, that we have yet to address? Are there other perceived sacred cows that we have not put to slaughter?

The 20-80 Pareto Principle

In many areas of life, it has been observed that 80% of the effects come from 20% of the causes. I think this applies to the SAF too. John Maxwell's *Developing the Leader Within You*,[12] gives various day-to-day examples:

Time	20% of our time produces 80% of the results
Products	20% of the products bring in 80% of the profit
Job	20% of our work gives us 80% of our satisfaction
Speech	20% of the presentation produces 80% of the impact
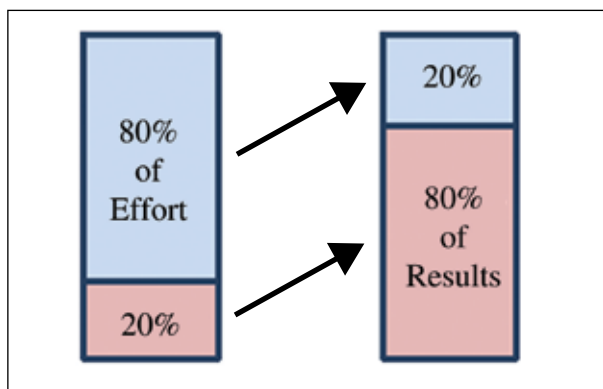
Pareto Principle

I would like to apply the Pareto Principle to the question of "when is enough effort, enough?" **There is a permanent tension between perfectionism and pragmatism.** Given our training to always produce excellent work in the SAF, we put in a lot of work doing rehearsal after rehearsal to get things functioning like clockwork. This is well and good and must be the case for major events like the National Day Parade (NDP), and major exercises and operations. **Notwithstanding those imperatives, leaders at all levels need to be aware of the extra effort incurred and be able to budget the concomitant costs in terms of time and physical resources.** The Pareto Principle stipulates that once past the 80% attainment level, there is diminishing returns to effort when trying to nudge the attainment level to 90%, or even 100%. Given that we all have a limited budget of daily time, energy and mental resource, this implies that leaders in the SAF need to be adept at assessing the *cost of effort* required to make an undertaking a knock-out success. My sense is that many of our initiatives are demand-driven—we like everything to be perfect; supply-side discipline does not always kick in. What do I mean? Once the order is issued, our people will obey as good soldiers and work overtime and burn weekends, even public holidays, to make things happen according to the standards stipulated actual or perceived. If these "full-throttle" occasions are well-spaced in time to allow sufficient re-generation, all is well and good. However, what happens in the hypothetical case where every department or formation across the SAF demands 100% attainment level for the myriad initiatives they are overseeing respectively? The serviceman on the ground whose unit may be involved in multiple taskings by various formations, departments and services has to become a superman to fulfill all the demands placed on him or her but at what cost? At what cost to work-life balance? At what cost at times to leave schedules? At what cost to the passion our servicemen may feel for our flag and country? At what cost to our retention efforts?

I am by no means suggesting that we in the SAF should aim lower. What the Pareto Principle seems to suggest is that **there may need to be an ongoing rationalisation of the taskings and required attainment levels each of us metes out, in our respective spheres of influence.** Not only should we cross-check the "why" of the undertaking, but also examine the "how far to go" and "how much to put in," and provide clarity for our subordinates, whose default mode may be to give 100% for every assigned task. Not every exercise or project requires our people to go for broke. Good leadership must be exercised to discern between the "need to have" and "nice to have," between what requires *extra-ordinary* effort, and what requires only *ordinary* effort, between what appears urgent, and what is truly important. In fact, it is all the more important that we pace ourselves and conserve capacity, so that we can truly peak and give our 100% in critical missions and taskings. To the SAF's credit, over the past few years, we've instituted the High Readiness Core (HRC) cum tiered readiness construct, as well as gone through several rounds of activity rationalisation, which have certainly been helpful in freeing up capacity for training, doctrine development, personal development and regeneration. We should keep this up.

HUMAN RESOURCE MANAGEMENT

HR policies for recruitment, retention and job satisfaction must be complementary for best results.

SAS Institute, a North Carolina-based business analytics software company, is celebrating its 35th year since its founding in 1976.[13] Its track record is stellar: 35 years of consistent revenue growth. It is among the top few industry leaders. What makes this company's performance eye-popping is that it has

one of the lowest turnover rates among Information Technology (IT) companies in the US – less than 5% a year over the past two decades, as compared to the 20% industry average. In 1999, Vice-president of HR David Russo said that "our perspective is that, although money is important, what people really want is recognition and a place they are proud to work … if the work environment is somewhat toxic, pay holds people's feet to the fire for only so long."[14] **This statistic becomes all the more phenomenal, given that SAS pays significantly less than Silicon Valley competitors like Oracle.** It is the overall SAS package that is compelling: pursuit of creative ideas, strong emphasis on work-life balance, corporate social responsibility, childcare services, top-class recreation fitness centres that are open to employees and their families, on-site summer camps for employees' children, comprehensive health insurance, comprehensive retirement benefits, enrichment classes, among other family-oriented benefits.

HR policies for recruitment, retention and job satisfaction must be complementary for best results

Let's look at another example: Silicon Valley company IDEO. IDEO is a leading global design and innovation consultancy. It provides creative and low-

cost designs for products, services, environments, and digital experiences. The firm distinguishes itself as an expert in the process of "design thinking." This entails approaching innovation in a non-linear fashion and conducting problem-solving using a "Human-Centered Design Process." IDEO leverages multi-disciplinary teams and a highly collaborative peer-to-peer approach, to derive breakthrough consulting solutions. Each design team comprises people with diverse specialisations, such as in art, industrial design, engineering, psychology, among other fields. A creative culture is built from the get-go: the hiring process is key. Job fit is a paramount screening consideration. The desire and disposition to be always innovating and creating, as well as the ability to work as part of a team, are *non-negotiable* criteria in IDEO's selection process. For example, if a candidate is deemed to not be a team player, or there is doubt that the candidate will fit into the unique IDEO "culture," the candidate does not get hired, regardless of how good the candidate's technical skills may be. IDEO keeps its staff creative by operating with minimal hierarchy, and takes the idea of a flat organisation "almost to an extreme." In my research, I discovered that IDEO pays middle-tier salaries, relative to its competitors. While IDEO does award spot bonuses for exceptional work, remunerations at IDEO comprise pre-dominantly fixed salaries. IDEO has a profit-sharing program, pegged to the company's

http://www.ideo.com/work/faraday-bike. Reproduced with permission.

Innovation through product design

performance over the preceding six months. The notable feature of the bonus payout is that each and every employee gets awarded the *same* quantum, regardless of his/her position in the company. There is no sliding scale, where better performers receive a higher quantum, while poorer performers receive a lower quantum. The philosophy here is that teamwork is so vital to IDEO's competitive advantage that IDEO eschews incentivising individual "stardom." A big talent draw is the opportunity to "work on cool projects in a cool environment." All these help to compensate for IDEO's mid-tier position in the salary market. In addition, IDEO makes it a point to create a "fun" environment, and one that involves the employee's family as far as possible, akin to the SAS model.[15]

There are different organisational HR models, each with their respective strengths and weaknesses. For example, organisations A & B represent radically different organisational archetypes. However, both organisations can succeed in the marketplace. **The key to success is complementarity in and consistency of HR practices, in relation to the organisation's business strategy.** In personnel economics terms, a set of HR practices are coherent when "making small changes in practices produces no tangible gain in output." This means that as a system, this **set of reinforcing practices already produce the effect of the whole being greater than the sum of the parts.**

Interestingly, in a massive survey of over half a million employees from more than 300 companies conducted by the Hay Group, a big HR consulting firm, it emerged that the single most important factor in employee retention was the *opportunity to learn new skills.* In a separate survey of 800 Master of Business Administration (MBA) students from more than ten leading American and European schools, *intellectual challenge* emerged as the most important attribute for MBAs in their job decision, *not financial remuneration.*[16]

I provide the above examples to illustrate an important point: there are **various approaches towards recruitment and retention.** This gives us considerable food for thought, as the SAF navigates an increasingly competitive talent marketplace.

What should the SAF's value proposition be for today's and tomorrow's soldiers, sailors and airmen? What sort of messages have we been sending to our public on what life in the SAF is like? Have we been consistent in the messages sent internally? What types of talent do we really want to attract to fill our ranks? Do we want a heterogeneous or homogeneous talent pool? Are we competing with the external marketplace on pay? If so, how much is enough? If not, what should be the central idea underpinning our HR policies? If we want to incentivise greater team and group performance, does our individual-biased rewards system support that?

The main takeaway from this section is the need to constantly review, critically and holistically, the SAF's "total compensation" package and make sure that our entire suite of HR policies are indeed complementary, and mutually re-inforcing.

At the same time, I recognise that the SAF's HR operating space may be quite different from the commercial world. Our HR system is a function of desired outcomes, the profile of the population we draw upon and our own theories of what makes the organisation tick. However, I believe there are still useful insights we 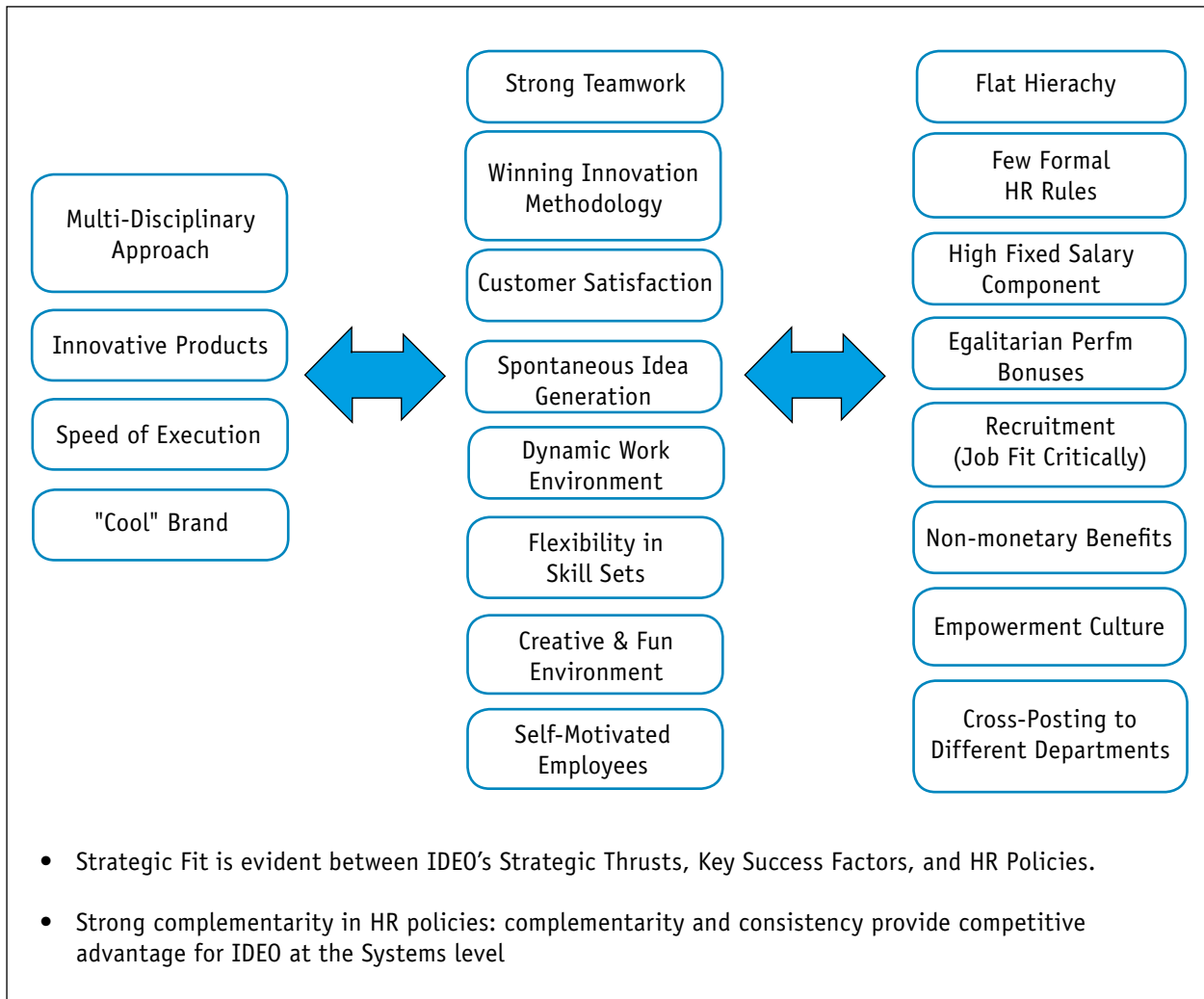can derive from the above discussion. **The main takeaway from this section is the need to constantly review, critically and holistically, the SAF's "total compensation" package and make sure that our entire suite of HR policies are indeed complementary, and mutually re-inforcing.** Are there non-complementarities or inconsistencies that we may have somehow left uncovered, despite making herculean efforts to date to try to improve our HR policies?

I would like to round up this HR section by saying that there is a **growing field of study called "personnel economics"** in the US,[17] which has many relevant applications for the HR challenges we face in the SAF. For example, personnel economics studies the effect on workers of fixed salary versus

Organisation A – "One Happy Family"	Organisation B – "Dog Eat Dog"
Extrinsic rewards de-emphasised	Extrinsic rewards emphasised
Explicit guarantees of lifetime employment	Termination at will
Few obvious status differentials	Status differentials emphasised
Some compensation extended in the form of personalised gits and benefits	Compensation solely on comparative performance
Less focus on measurable outputs	Extremely target-driven
Upper-level vacancies filled from within the organisation (everyone has a chance)	Incumbent employees enjoy no advantage over outsiders when filling a vacancy

Possible Organisation Archetypes[18]

Multi-Disciplinary Approach

Innovative Products

Speed of Execution

"Cool" Brand

Strong Teamwork

Winning Innovation Methodology

Customer Satisfaction

Spontaneous Idea Generation

Dynamic Work Environment

Flexibility in Skill Sets

Creative & Fun Environment

Self-Motivated Employees

Flat Hierachy

Few Formal HR Rules

High Fixed Salary Component

Egalitarian Perfm Bonuses

Recruitment (Job Fit Critically)

Non-monetary Benefits

Empowerment Culture

Cross-Posting to Different Departments

- Strategic Fit is evident between IDEO's Strategic Thrusts, Key Success Factors, and HR Policies.

- Strong complementarity in HR policies: complementarity and consistency provide competitive advantage for IDEO at the Systems level

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performance-based pay, to what extent individual performance pay undermines team and group performance, the role and effectiveness of non-monetary benefits, and whether an organisation should recruit for heterogeneity (diverse talent pool up-front) or homogeneity (target a certain profile type, and then train for diversity).

Another useful insight I gleaned from my programme was that workers look at the following equation: (perceived rewards) / (perceived effort), when deciding whether to stay on or leave an organisation. They also look at their peers' (perceived rewards) / (perceived effort). As such, it does not mean that a high level of rewards necessarily means that an individual will stay, if he perceives his outlay to be excessive, for example, lack of work-life balance. By the same token, it does not mean that a low level of rewards means that an individual will leave. It could be that he is willing to take the lower pay, as long as he does enjoy the work. What this equation reveals too is that a **worker's calculus is based to a large extent on perception.** This implies strong potential for an organisation like the SAF to influence its people's stay-or-leave calculations, by celebrating the positives (glass is half-full, versus half-empty), and by countering wrong perceptions. For example, I know a lot of servicemen who seem to always think that equivalent jobs outside are paying considerably more, or provide a better work-life balance. More often than not though, these servicemen are actually latching onto data points at the right hand edge of the bell curve. It will help if we in the middle management can have comparative data to prove to our servicemen the sobering realities of being in the middle or left hand edge.

CONCLUSION

It is my ardent hope that this essay has been useful in adding to the level of generative conversations in the SAF, on some of the issues and challenges our organisation is facing. While this essay has deliberately been short on "solutions," I trust that it has provided some useful lines of inquiry and alternate frames of perspectives. As mentioned at the start, I believe that a candid reflection can only make the SAF stronger over the long run, and I trust

this essay will somehow contribute to that end-state. Finally, I hope that this essay will encourage many out there to migrate the piercing analysis of your canteen-break conversations to mainstream discussion fora, be they tea sessions with senior commanders or contributing think-pieces to *POINTER*. 🌓

ENDNOTES

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