****

**Introduction to Halcrow**

Halcrow Group Limited is a multidisciplinary consultancy group specialising in the provision of planning, design and management services for infrastructure development throughout the world. Within this, the Group’s main interests are transportation, water,property and consulting. Although Halcrow has a background in civil engineering and associated specialisms,in recent years the group has extended its range of disciplines to cover architecture, project management, environmental science, transport planning and other non-engineering but related skills.

Unlike many organisations, Halcrow does not have a mission statement, arguing that their ‘purpose … to sustain and improve the quality of people’s lives’describes their approach better (Halcrow, 2003). This purpose is underpinned by a series of values which outline those things that are important to the Group:‘Skills and innovation; Enjoying what we do; Delivering within time and budget’, codes of business behaviour and business principles.Halcrow’s first projects outside the UK were undertaken in the 1890s, such work now accounting for nearly 40 per cent of an annual turnover in excess of £200 million with the Group currently undertaking projects in over 70 countries. Recent projects in which Halcrow have been involved include the Channel Tunnel Rail Link, road construction near the Stonehenge World heritage Site, the International Congress Centre in Rome, Kuala Lumpur International Airport, new and refurbished stands for Chelsea Football Club, coordination of wetland conservation and river basin management for the Danube and its tributaries and managing pollution risk from the animal mass burial sites arising from the UK’s 2001 foot and mouth disease outbreak.

Halcrow was founded in 1868 by Thomas Meik,the company becoming Sir William Halcrow& Partners in 1941. In 1985 a private limited company bearing the same name was formed, the most recent change being in 1998, when the various Halcrow businesses and departments became Halcrow Group Limited. The Halcrow Trust owns 90 per cent of Halcrow, with the remaining 10 per cent by its employees. Halcrow has grown extensively over the past decade and now operates through a network of 29 UK and 32 international offices. As part of this growth, the number of employees has increased from 1,700 to nearly 5,000 worldwide. Approximately 80 per cent of Halcrow’s employees are classified by the Group as professional and technical (P&T) staff who have a minimum of an undergraduate degree in engineering or a related subject. The majority are engineers who are also members of a relevant professional institution or are undergoing training to gain membership. The remaining 20 per cent of employees, including those in human resources, are classified by Halcrow as non-P&T and provide corporate support services.

**Halcrow Group’s strategy**

As a result of restructuring to meet the future needs of the business environment, Halcrow’s operations were brought together in 2001 as four main business groups: Consulting, Property, Transport and Water. These operate as a matrix structure across the Group’s eight geographical regions, this structure facilitating appropriate employees or teams to be brought together for specific projects throughout the world (Figure 1). Each of the four business groups is led by a management team comprising five people including a Group board director or managing director.

Within each business group, P&T staff are assigned to technical skills groups the leader of whom is responsible for their training and career development. Employees are also assigned to an office in one of the regions. These vary in size from less than ten to more than 500 employees. The business groups and regional offices are supported by Corporate Support Services, comprising all the corporate and business support functions, including human resources, and located predominantly within the UK. At the time of writing, the human resource function had 31 employees divided between three teams: Personnel (22), Pensions (3) and Training (6) with a director at the executive level.

In 2004, Halcrow launched its change program, ‘Act now’, which was designed to help the Group ‘to continue to develop in a dynamic and sustainable way’. The focus of ‘Act now’ was to align employees’ behaviors and approaches to Halcrow’s purpose, values, codes of behavior and business principles thereby improving individual, team and overall business performance. This was summarized in Act Now: Your Pocket Guide to Halcrow’s Change Program (Halcrow, 2004b: 8) as:

**To take Halcrow’s existing personality, strengthen all those things that are good about it, for example,**

**our …**

* technical competence
* dependability
* friendliness
* reputation for being a safe pair of hands
* Commitment
* pride in one’s profession

**… and give it some added extras …**

* passion
* dynamism
* fleetness of foot
* better listening skills
* excitement
* innovation
* confidence (with a clear sense of self)
* being more celebratory
* consistent delivery to expectation
* greater commercial edge
* being performance driven.

This change program is intended to be continuous rather than having a specific end date. It emphasizes the need for flexibility and the sharing of good practices and learning throughout the Group, the centrality of employees to achieving this, and the need to monitor and evaluate.

**SHRM at Halcrow**

The ‘Act now’ change program is central to everything that Halcrow plans to do in relation to the HRM strategy. The overriding concern is to change the organization’s culture. It is often said that the Group is full of people who are professional engineers and who take pride in a job well done. In essence, technical excellence takes precedence over commercial success. By the very nature of their training, Halcrow people tend to be concerned with ‘detail’ rather than seeing the bigger picture.

This has served the Group well. But a recent client satisfaction survey commissioned by the Group did not show Halcrow in a uniformly glowing light. It reported that Halcrow emerged as technically excellent and a ‘safe pair of hands’ but those clients were looking for much more than technical competence and a track record. They wanted business partners whose behaviors were aligned to their own needs. In addition the Group was also seen as rather ‘grey’. The challenge for Halcrow is to retain the reputation for technical excellence and reliability while becoming increasingly commercially aware, flexible and,above all, more responsive to customer needs.

Halcrow has designed several key HRM initiatives to support the change program. These are:

**The development of core competences -**This is seen as important because Halcrow employees have traditionally emphasised the importance of professional qualifications above all else. The development of a core competence programme is designed to move the emphasis from what people know to what they can do.

**The introduction of 360-degree appraisal**-It is envisaged that this will make a significant contribution the ‘Act now’ culture change initiative. The Group’s culture has always tended to reinforce the importance of hierarchy in that employees have been very conscious of their position in the organization. In addition, there had been something of an ‘ignore and deflect culture’ in which people sought to evade responsibility for mistakes rather than being open enough to learn from them. By opening up the system of employee appraisal to people above and below the individual being appraised and by seeking the views of significant other stakeholders, particularly customers, Halcrow management believe that a far greater degree of openness will be developed.

**The instigation of a profit share bonus scheme**- This is particularly designed to create in employees a greater awareness of the Group’s profit performance. In the view of senior Halcrow management, this has the potential to make a major contribution to fostering in Halcrow employees more commercially aware values. In view of the fact that senior management have set clear targets for increases in Halcrow’s profit performance, greater knowledge of the Group’s profitability is seen as an effective way of focusing the minds of employees on profit performance.

**The development of ‘ideas labs’** - This is an important part of the Halcrow management of innovation programme which is designed to promote innovative thinking and enable commercially valuable ideas to be implemented. It is designed to:

add value to the business;

* encourage cross-integration between disciplines;
* give staff ownership of the ideas put forward.

Overall, the key change issue that is driving SHRM is the need for Halcrow to be more responsive in the light of a more competitive industry. Therefore,the principal aim of the new HR initiatives is to generate more competitive employee behaviours which, in turn, is envisaged will generate better all-round employee and business performance.

There are other critical issues facing HR at Halcrow.An important one of these is a consequence of customer feedback. Increasingly this shows that customers are taking technical excellence for granted when making decisions about which consultancy group to employ. In view of Halcrow’s reputation for technical excellence among customers, this is bad news for the Group. As the HR director explained the world has moved on. Clients are now more demanding and want more all the time. Among the most demanding clients are the public sector. In the UK, Halcrow management feel that the UK government’s Private Finance Initiative (PFI) has contributed to change in the industry. (The PFI is a mechanism developed by the government to raise money to pay for new buildings and services.Under PFI schemes a public authority buys the services of private-sector companies to design,build, finance and operate a public facility, such as a hospital. The private-sector companies borrow the money for the scheme and then the government pays an annual fee to the companies under a longterm operating contract for the services.)

Three examples of the more demanding nature of clients are evident, each of which demands an HR response. **The first** is clients asking for an assurance that the staff commencing work on a project willstay with the Group for the duration of the project. This is a key issue in an industry where the reputation of the consultancy is such that, in effect, the staff appointed to a project can be a more important factor in the client’s decision to engage a particular consultancy than the consultancy group itself. Theimplications for HR are twofold. First, it must assure both external and internal clients that succession planning is in place. In the past this was not an HR strength at Halcrow or other similar consultancies,but is an issue that is now receiving more attention.The second implication is the problem of retention.There is a shortage of high-quality consultants throughout the construction and engineering sectors and competition for consultants is high. Like the sector in general, staff turnover is high at Halcrow.

This is an issue that senior management knows must be addressed. The problem is exacerbated by the declining number of construction-related graduates in the UK, the number of students studying relevant courses in the UK dropping by 10 per cent in the late 1990s.

**A second example** of the more demanding nature of clients is the requirement that companies state their policy and practice on employee diversity and equal opportunities. Again this presents a problem for companies in this sector, like Halcrow, which has been traditionally male dominated and has, until recently,employed considerable numbers of expatriates in its overseas operations. In the UK onstruction industry as a whole, the proportion of women employed is less than 9 per cent (Egan, 1998).

**The third example** of client demands is the requirement that companies offer assurances over corporate governance. In the light of corporate scandals such as Enron and Parmalat, this is understandable.

The HR response to this is to ensure that global training of key staff to ensure compliance with industry standards takes place. In addition, organizational structure issues, such as the revision of reporting relationships to ensure greater transparency, are receiving attention.

The level of staff turnover at Halcrow and decline in the number of graduates entering the construction-related industry has shaped another HR priority for the Group. This is to define more clearly a people statement that states more precisely what is meant by ‘employer of choice’. In particular, Halcrow is concerned about losing high-quality graduates to the financial sector, both at the time of graduation and after they have worked with the Group for a short period. High-quality graduates can earn more money in financial services. In addition, younger graduates are more concerned with the work–life balance issues and their own staff development than were their predecessors. A measure of the significance of this issue to Halcrow is the large number of graduates employed each year, this being 133 in 2003.

There is also worry over an ageing workforce in the construction industry in general. It is felt by the HR director that employees and employee issues at Halcrow need to be higher on the list of Group priorities. Staff turnover is now a key performance indicator for the HR director. In her view ‘it is no good imposing things upon people at Halcrow – the Group need to win hearts and minds’. This is typical of companies employing a high proportion of professional staff who tend to define, and act upon, their own standards of professional behavior.

An HR strategy can be seen to be emerging at Halcrow, one that will demand vision and skill from the HR function. According to the HR director these are not qualities which the function has always displayed. She feels that HR has a major job to do because it has been perceived by Halcrow managers as ineffective in the past. Halcrow managers are critical and demanding and expect to receive effective assistance from the service functions. However, the importance accorded to technical excellence within Halcrow had created a culture where service functions, such as HR, were under-valued. Halcrow has traditionally called its staff ‘professional and technical’ and ‘non-professional and technical’ – the language reinforcing the message of P&T staff as fee-earners being the most important people in the Group. In addition, the HR function has been largely administrative rather than strategic, a situation that is now changing because of the HR challenges that Halcrow faces. The HR director is very conscious of developing professionalism in the HR team by developing team members’ confidence and helping them acquire professional qualifications through the Chartered Institute of Personnel and Development (CIPD).

The HR director argues that it is essential to develop a more customer-focused HR team. The lead provided by the HR director is important. Both she and the training manager have experience in leading change programs in their previous companies. It is also a help that the HR director has a close link with the chief executive officer. This enables her to ask for the support necessary to drive through the HR initiatives. The HR director has also started giving increasing amounts of ‘professional’ work to her team members. An example of this was a case where redundancies flowed from business restructuring in one part of the Group. One member of the HR team handled all aspects of this. The HR director is also paying attention to mentoring and coaching her team.