

March 2015:

As part of the *Café Insights* series of interviews with inspiring speakers, The Insight Bureau recently caught up with Rick Payne, one of Asia's most experienced HR strategists. He provides strategic advice to international organisations intent upon executing successful strategies for the Asia Pacific region.



**AV:** Hello and welcome to another in the series of *Cafe Insights*. I'm Andrew Vine, with The Insight Bureau and today I am in conversation with Rick Payne. How are you?

**RP:** Very well, thank you

**AV:** Well here we are in the Fullerton hotel Singapore. Often I am having a quick conversation with people who are *visiting* Singapore; you actually live here and been here for many years now. Rick heads Asia HR Strategies -- it's his own firm. Formerly, he had a number of regional roles with Mercer and AON Hewitt and a very long history of having built-up a number of consulting practices in the area of people leadership. So, we're very interested to hear what you have to say about Asia.

**RP:** Well, I am doing a whole series of different types of activities; I do executive coaching with some executives in China, as well as in Malaysia and Singapore. I am also involved in a series of projects both around HR strategy, but also around helping organisations as they expand their businesses in the region.

**AV:** Right. Your background was actually in international relations and I remember when we first got to know each other you were part of the alumni network of the EIU, the Economist Intelligence Unit, and you were in their advisory business. So although you're known in the area of human capital right now, that's not where you started, is it?

**RP:** That's correct. My whole background has been in Asia; I have a Bachelor and a Masters degree in Asian studies and I've got the Masters in International Relations from John Hopkins, so that's where I started. I started as a journalist in Washington but then quickly moved to Hong Kong. And over the last 40 years I have lived in India, Japan, Hong Kong, Australia and now Singapore.

**AV:** So now you're capitalising on this vast experience of consulting and you are now coaching senior executives in the area of how to get their strategies right. But it's not just strategy in terms of people, it's a complete corporate strategy, and with your background, this is what kind of sets you apart in terms of being able to say, look, it's how human resources strategy fits into the overall corporate strategy for Asia.

**RP:** That's correct. It's more about business transformation and the importance that people play in that transformation. Also, looking at the tremendous complexity we have in this region. You have people that focus on a specific country, it might be in Malaysia or maybe India or China, but there's very few people who've had the experience that transcends the entire region and who had the opportunity to have worked in such a wide variety of countries. And that's where I can add value.

**AV:** 25 years is an awful lot of time, in a way. You must have seen tremendous change in this region...

**RP:** Absolutely. If I reflect on what the biggest change has been, it is of course the increased sophistication of the market, and also the increased confidence of the executives – the local executives, whatever country they may be -- in their ability to interpret market trends and go forward. It's one of the things most dramatic change is the role of foreign investment and how foreign companies are increasingly finding their biggest challenges is competing against the *local* firms, who *have* that higher degree of confidence and are not constrained by the headquarters' constraints, nor by a long history of "oh, this is the way we've always done it".

**AV:** I'm sure there's two types of international business out there; the organisations who have been out now in Asia for many, many years and who have got tremendous infrastructure -- they should be experts in this region, right? And of course you've the newcomers, thinking that Asia is the new growth market and this is where they can expand ...

**RP:** That's kind of interesting; I was reflecting on that a while ago; there's not that many frankly, new companies coming in because they're already here! They've been here for a while, however, what makes a difference is that while the companies have been here, the executives who are running the operation may not have been, and so that you have a lot of inexperienced executives who don't have that familiarity with the region. And I am not just talking about westerners; I'm also talking about Asians. You might have a Malaysian who knows about Malaysia intimately, but doesn't have the exposure to China or to Korea or to India. And that's where I see a concern -- where one size doesn't fit all in this region -- and there is tremendous diversity and there are very few people who have had the opportunity to work across the entire region and understand that diversity to a high extent.

**AV:** Right; and I was kind of intrigued because I know you do a lot of presentations for companies and also present at conferences, and I saw the title of one of your presentations was "*The Perfect Storm: technology, Gen Y and HR trends across Asia*" It sounds very turbulent, it sounds almost like this is a big struggle for organisations. It sounds somewhat perilous! I guess getting strategies right in a world where demographics and technology innovation and fast moving markets, fast developing markets must be quite a challenge for companies.

**RP:** Yes, so what I was trying to do from that is to show that there is a number of trends that are occurring, that are coming together, that are transforming the way in which people do business. You know, the advent of technology allowing big data to be able to analyse people's preferences and understand what they want, and this goes to employees and understanding *them*. At the same time, Gen Y, being influenced by that technology as well, their demands are higher. Plus, the relationship between the company and the employees is changing, as the employees have far greater access to information. It used to be, a company would say – "well, it's the market rate for the job and you're being paid fairly" -- and the individual wouldn't have any recourse. Now, they increasingly have access to the same information the company does, and that's changing the dynamic about how you manage people within this region and it'll have a tremendous impact on how we move forward.

**AV:** I know companies are grappling with the challenge of managing change and overcoming resistance to change. Do you find that in Asia that's a bigger issue to overcome?

**RP:** I think it is a bigger issue because of diversity of the region. You have many societies within this region which are highly conservative, that are resistant to change and haven't changed much in the last 50-100 years while others have gone through a constant degree of change. Think of China, where constant change has been occurring for the last 50 years, for their whole approach to change is quite different than some of the countries in South-east Asia. So that has an impact on how you lead change, how you transform businesses and one size doesn't fit all. You have to look at the situation in each of those countries, and determine what is the best way to get there to be an ownership of change and embrace it, rather than simply accept it as best they can.

**AV:** I remember I had a conversation with someone who was based in Thailand and they were saying with the new ASEAN Economic Community, and the kind of the notion of mobility of labour between member countries. Some countries are more open to that than others and some have much more conservative structures -- and he was, I think, talking about Thailand when he said that.

**RP:** Absolutely. I mean, I think that's a very good point. You look at South-East Asia, it's a huge market altogether but the difference between Indonesia and Thailand and the Philippines are dramatic and much more so than you can expect in any other region of comparable size. And that makes it difficult to move people around who have not had the prior exposure to these other locations. And that's what I mean when I'm saying a key element to success within this region is having more exposure to some of the other cultures and the way you're doing business, and being able to establish friendships among them, in relationships, That's a critical element of success within this region.

**AV:** I know I can talk all day on this topic but I just wanted to ask you one final question, what are the biggest pitfalls that you see international companies making.

**RP:** I'd say there are two things that really concern me; one -- I think the biggest pitfall -- is arrogance, feeling that "we know how to do this, we've done it before", and not recognizing that things have changed. And that, as I said, one size doesn't fit all. That's the one concern I would have. The other concern is related to how much trust and influence the experienced managers in Asia have in setting the policies of a global company, or influencing the policies of a global company. Often times you find global companies fall down or they 'trip' in Asia because they are trying to apply what they have done elsewhere here, without really considering the diversity and the unique nature of these markets. That's where the likelihood of having the greatest failure is, in that area.

**AV:** Terrific. Thanks very much for your time today Rick, look forward to speaking to you again.

**RP:** Thank you very much.

<http://www.insightbureau.com/RichardPayne.html>