



Strategic Measurement: What's Your Value Proposition

William Schiemann, Ph.D.
CEO, Metrus Group, Inc.

SHRM Morris County
June 2009



Four Things You Will Take Away!

- How to be more strategic in your role
- Measurement savvy
- Understand the big drivers of workforce value—and what you can do to measure & optimize it
- Better understanding of how HR adds value—evidence based—and how you can improve it!

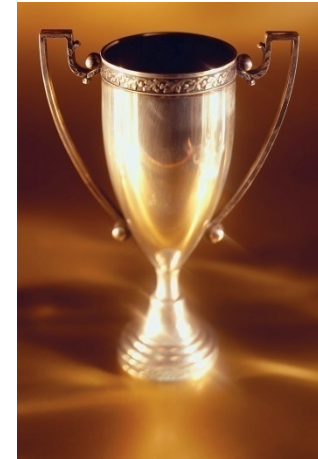
HR Internal Service ratings Improved, but still ranked lower than most functions



Top Ranked HR:

1. Take actions regarding people that enables the business to grow value:
 - Execute the **Unique** Business Strategy
 - Increase Customer Value—Service
 - Increase Financial Impact—Productivity
 - Reduce Risk—Compliance

2. Add value to your internal clients



Metrus Group

To Follow the Yellow Brick Road...

Then I Need:

- A Great **Value Proposition**
- High **People Equity**
- **High** Stakeholder **Perceptions**
- Which All Require the **Right Measures!**



Metrus Group

Value Equals...

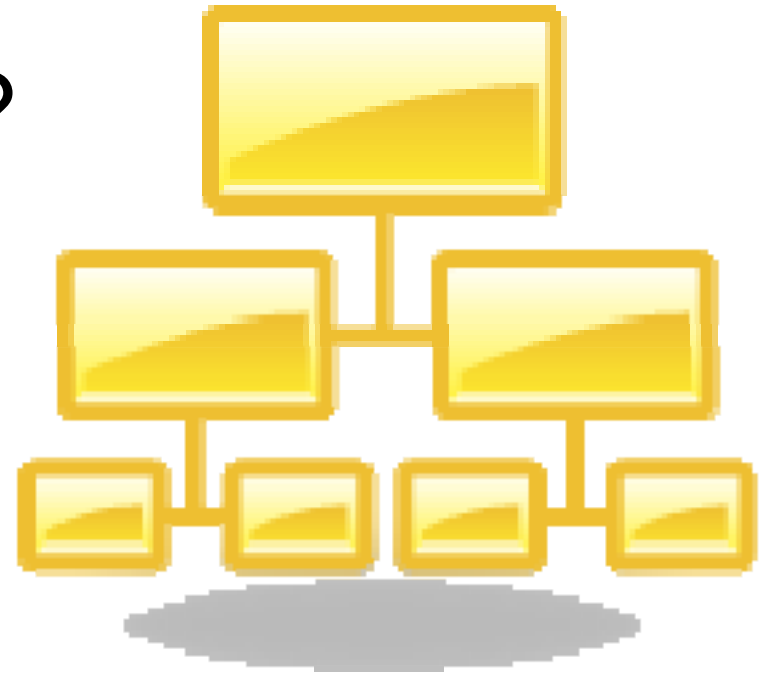
Quality of Relationship/Service
Cost of Relationship



Metrus Group

At What Level Is Value Determined?

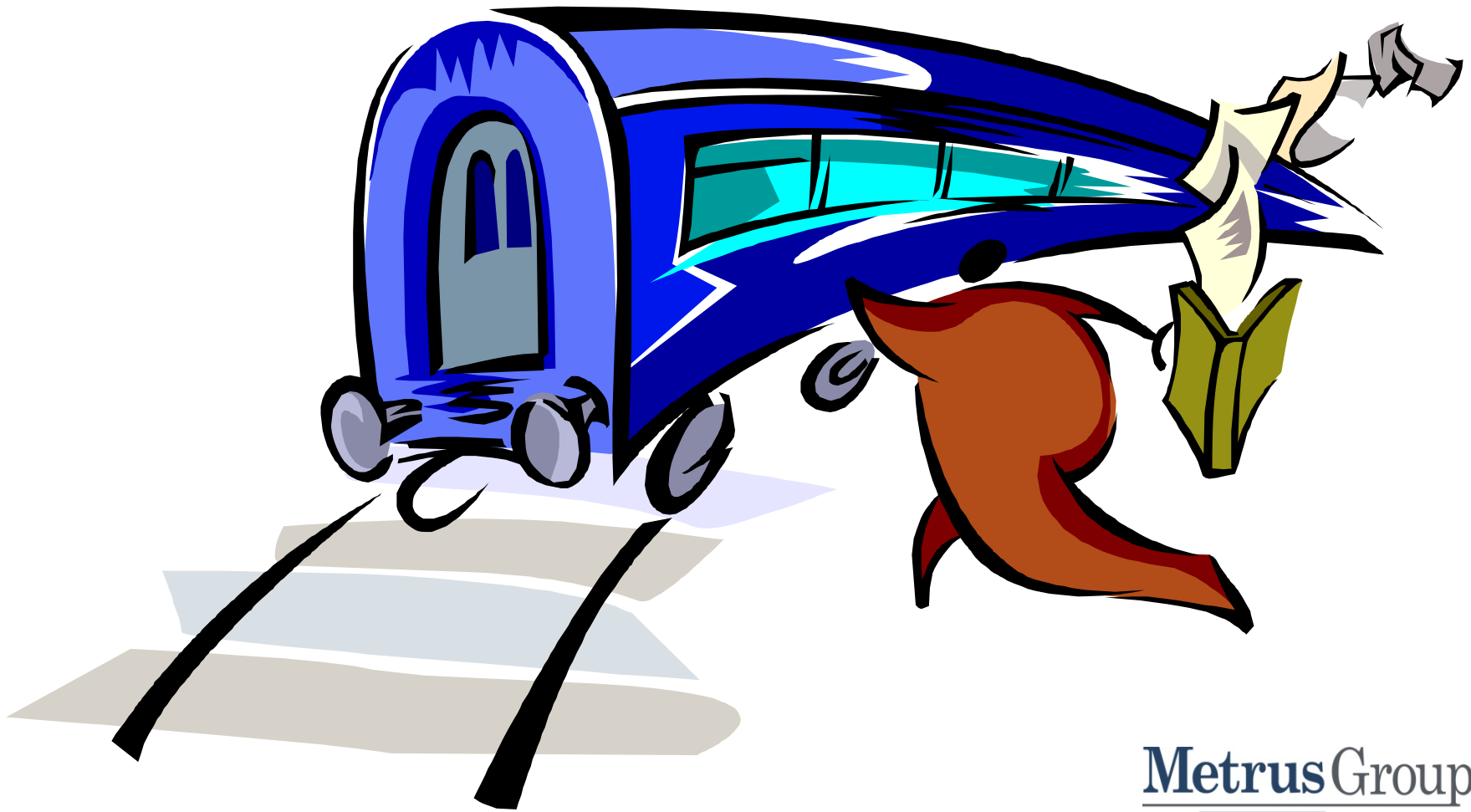
- Organizational?
- Function (e.g, HR)?
- Individual?



Different Strategies, Different Measures: What's Your Unique Value Proposition?

POSSIBLE MEASURES	Cost Leadership	Innovation	Customer Intimacy
PEOPLE: Alignment	<ul style="list-style-type: none"> • Goals/Values: <ul style="list-style-type: none"> – Efficiency – Spartan • Revenue per employee 	<ul style="list-style-type: none"> • Goals/Values: <ul style="list-style-type: none"> – SOA applications – Autonomy • Innovation awards 	<ul style="list-style-type: none"> • Goals/Values: <ul style="list-style-type: none"> – Customer focus – Empowerment • Tenure
Capabilities	<ul style="list-style-type: none"> • Efficiency analysis • Cost awareness 	<ul style="list-style-type: none"> • Idea generation • Creativity 	<ul style="list-style-type: none"> • Service skills • Customer knowledge • Service recovery
Engagement	<ul style="list-style-type: none"> • Task fulfillment 	<ul style="list-style-type: none"> • Diversity 	<ul style="list-style-type: none"> • Team fulfillment

Connecting What HR Does to the Value Proposition



Metrus Group

To Follow the Yellow Brick Road...

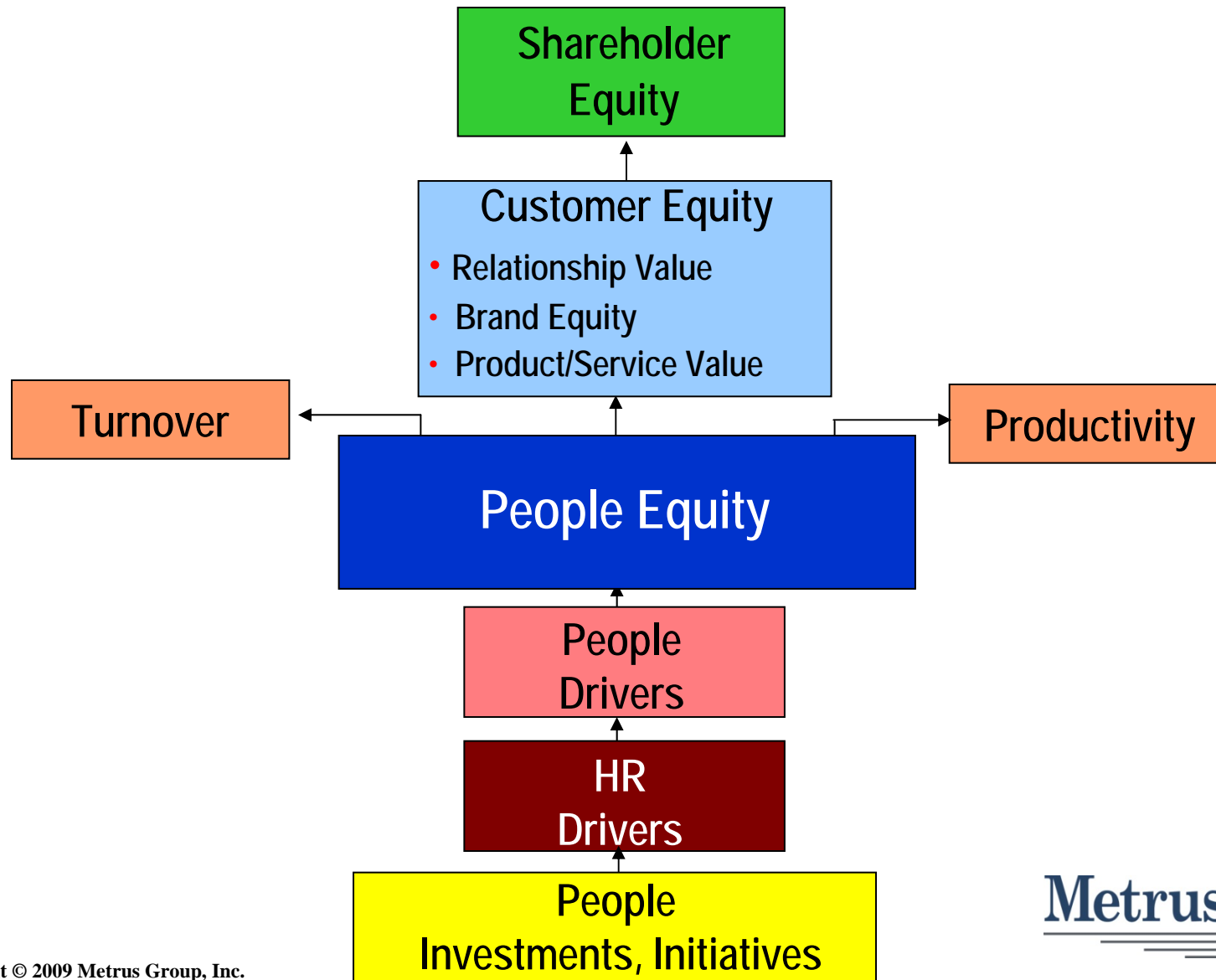
Then I Need:

- A Great **Value Proposition**
- *High People Equity*
- **High** Stakeholder **Perceptions**
- Which All Require the **Right Measures!**



Metrus Group

People Equity is Key Driver of Shareholder Equity



People Equity

Alignment

- Are we going in the same direction?

Capabilities

- Do we have what we need to succeed?

Engagement

- Are we committed?



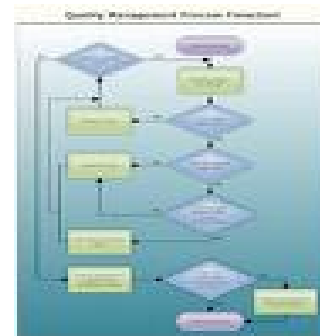
metrus Group

Building Alignment

- Communicating the **Unique** Goals of the Organization



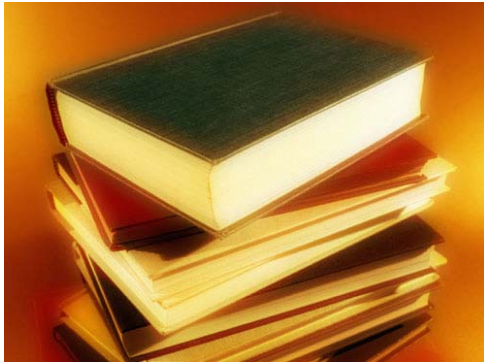
- Performance Management



- Rewards for Performance

Metrus Group

Creating Capabilities



INFORMATION



RESOURCES & TOOLS



TALENT

Metrus Group

The Engagement Pyramid



Metrus Group

Measuring People Equity



Alignment

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Most employees understand how the work they do contributes to the overall goals of the organization	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The goals of my department are tightly linked with the overall goals of the organization.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Most employees understand the overall goals of the organization and how it plans to reach them.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Individual performance goals are clearly linked to department performance goals.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My department has clear performance objectives that are tied to our customers' expectations.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
People in this organization are held accountable for achieving high standards of job performance.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Communication upward from employees to management is effective.	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
There is good teamwork and cooperation between my department and other departments.	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
My immediate manager is effective at setting day-to-day priorities.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The organization's senior leadership provides clear direction.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Capabilities

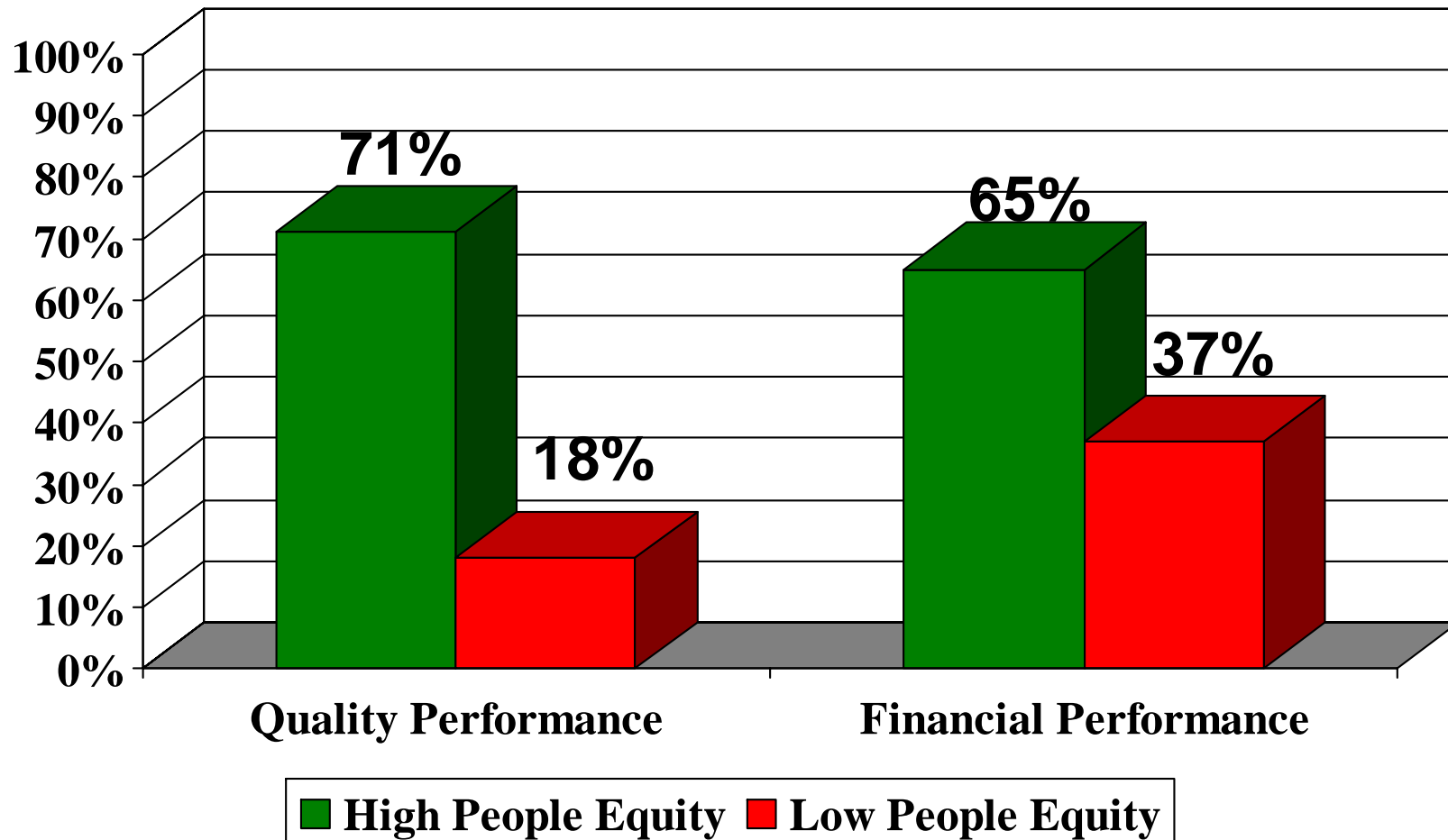
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
My department has the people skills it needs to meet our customers' expectations.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
My department has the technical resources and tools it needs to meet our customers' expectations.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My department has the information it needs to meet our customers' expectations.	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This organization is structured in a highly effective way that enables it to meet or exceed customer expectations.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
My department regularly evaluates our customers' satisfaction with our products and services.	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
This organization does a good job of hiring people with high potential.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This organization does a good job of retaining top performing employees.	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This organization uses employees with diverse backgrounds to achieve our goals.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I have confidence in the leadership ability of my immediate manager.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I have confidence in the leadership ability of senior management.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Engagement

Considering everything, how would you rate this organization as a place to work?

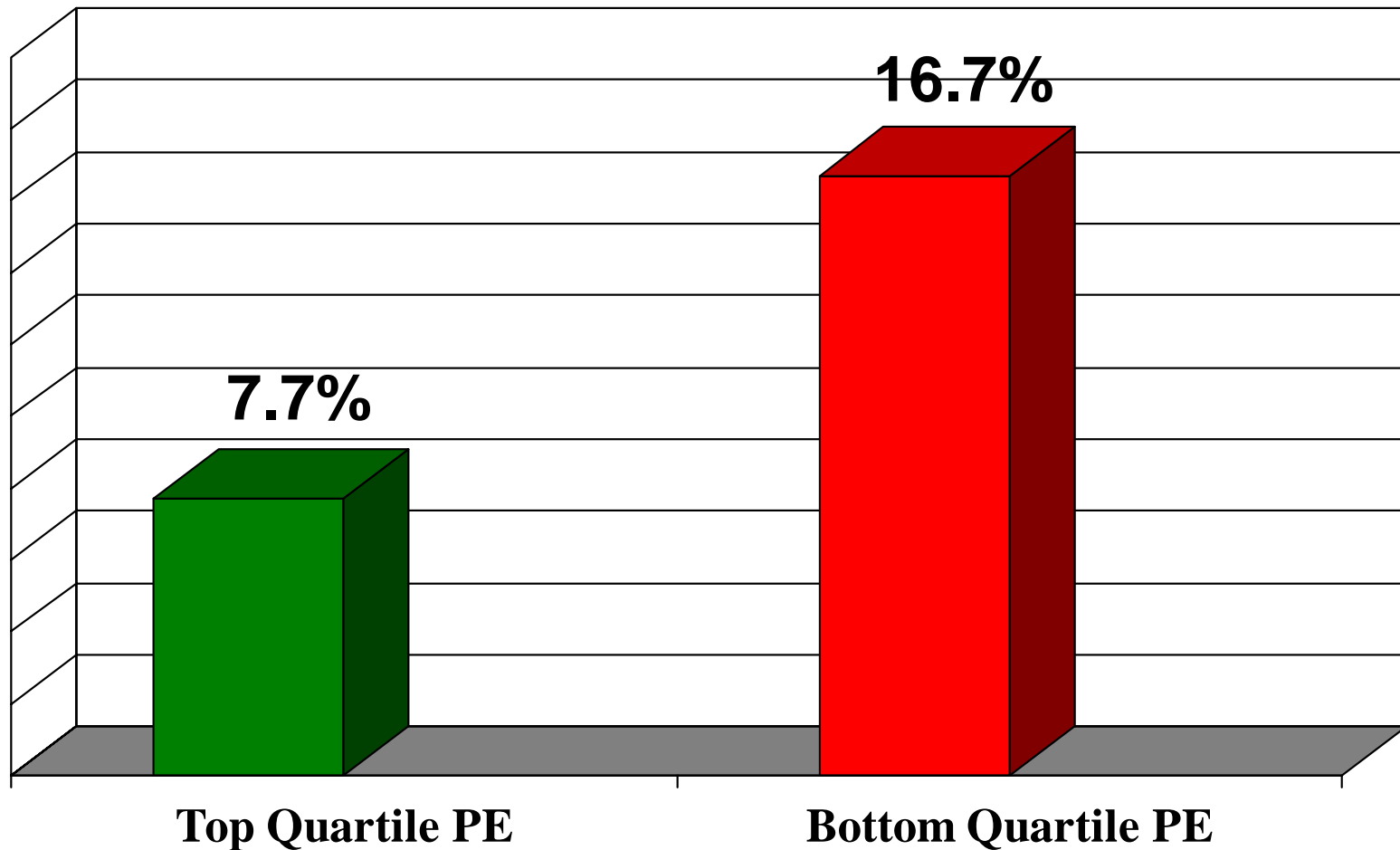
Very Poor

Measures that Matter! Industry Leadership



Metrus Group

Measures that Matter! Turnover Means \$\$

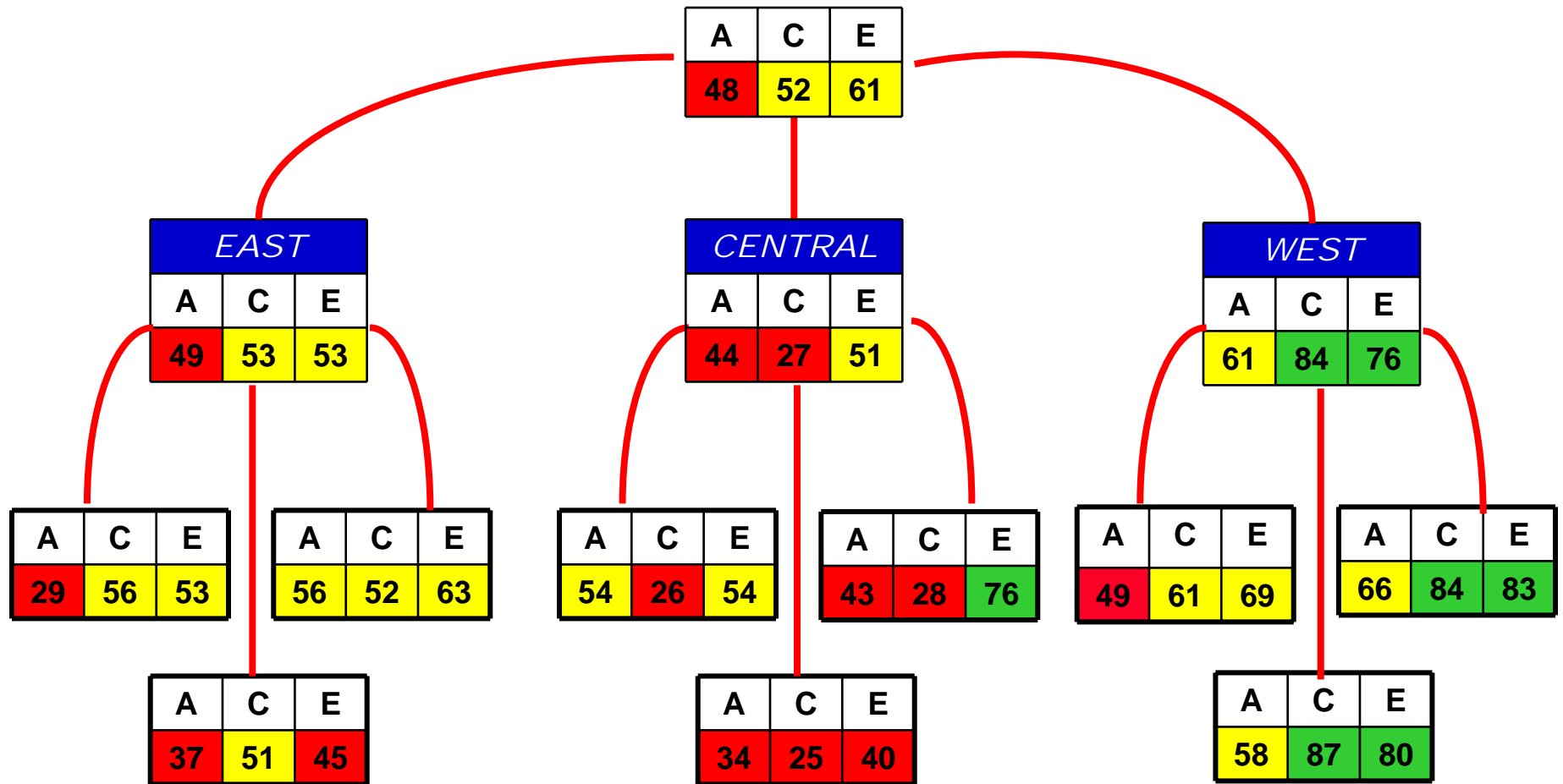


Metrus Group

Which Profile Do You Manage?

Alignment	Capabilities	Engagement	Profile
↑	↑	↑	Superior Performance
↓	↓	↑	Cheerleader
↑	↓	↑	Under Equipped
↓	↑	↑	Strategic Disconnect
↑	↑	↓	Under Achiever
↑	↓	↓	Indifferent
↓	↑	↓	Talent Waste
↓	↓	↓	Performance Laggard

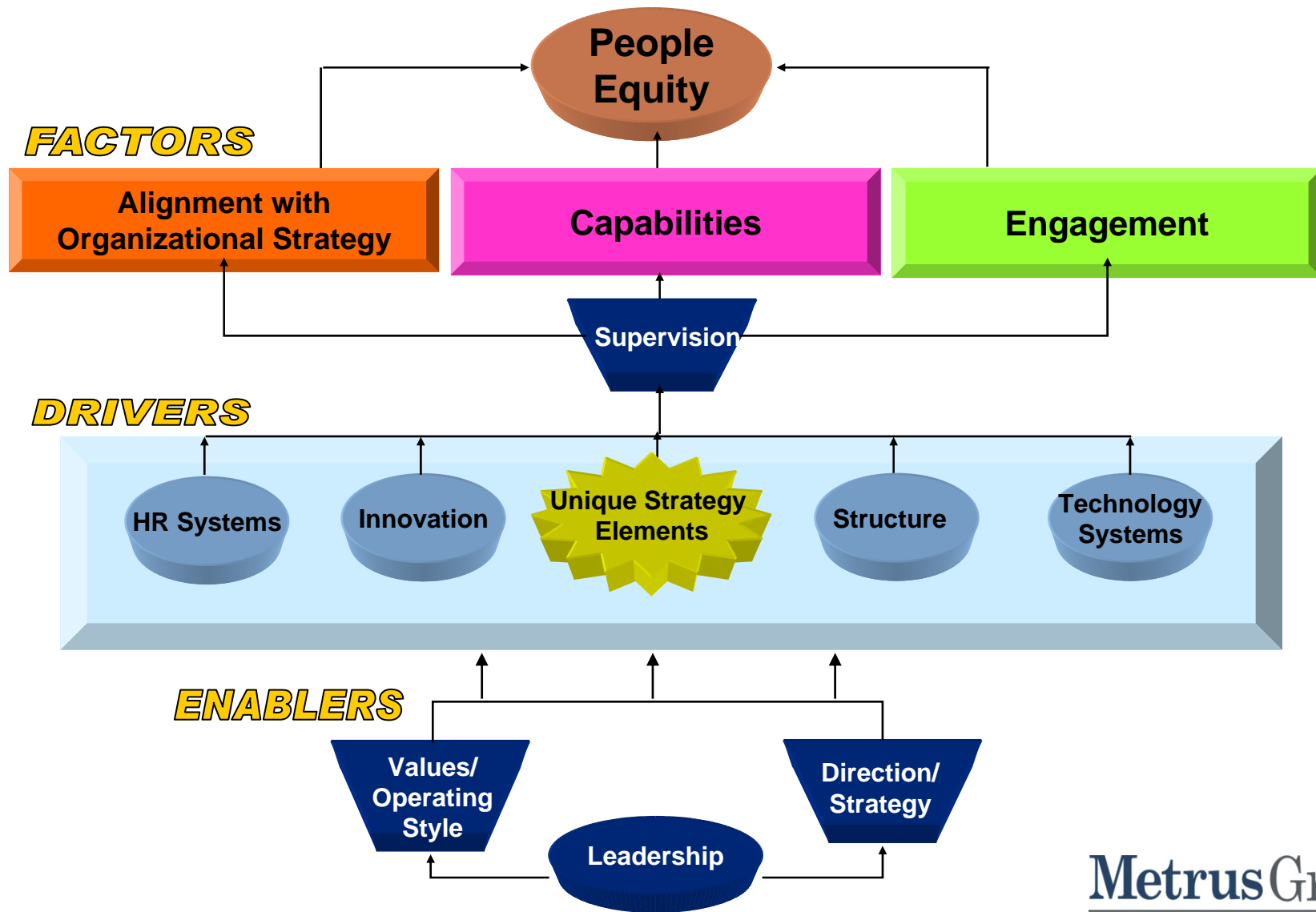
Measures that Matter: People Equity Scores



A - Alignment C - Capabilities E - Engagement

Red = Trouble Yellow = OK Green = Strength

Drivers & Enablers of People Equity



To Follow the Yellow Brick Road...

Then I Need:

- A Great **Value Proposition**
- High **People Equity**
- **High Stakeholder Perceptions**
- Which All Require the **Right Measures!**



Metrus Group

Metrus HR Research and Cases

- We have learned a lot about creating **value...** resulting in improvement strategies for HR
- Based on:
 - Executive interviews for *Reinventing Talent Management*
 - SHRM Hawaii Study on Talent Squeeze (2007)
 - **HR Benchmarking Study of over 1000 firms (*Quality Progress, 2007*)**
 - Human Capital Study in over 2000 organizations (ASQ, 2005)
 - Many more (see www.metrus.com)....

HR Internal Service ratings Improved, but still ranked lower than most functions



Who Are Your Stakeholders?

- Funders?
- Influencers?
- Customers/Users?
- Partners/Interested Parties?
- Government/Community?

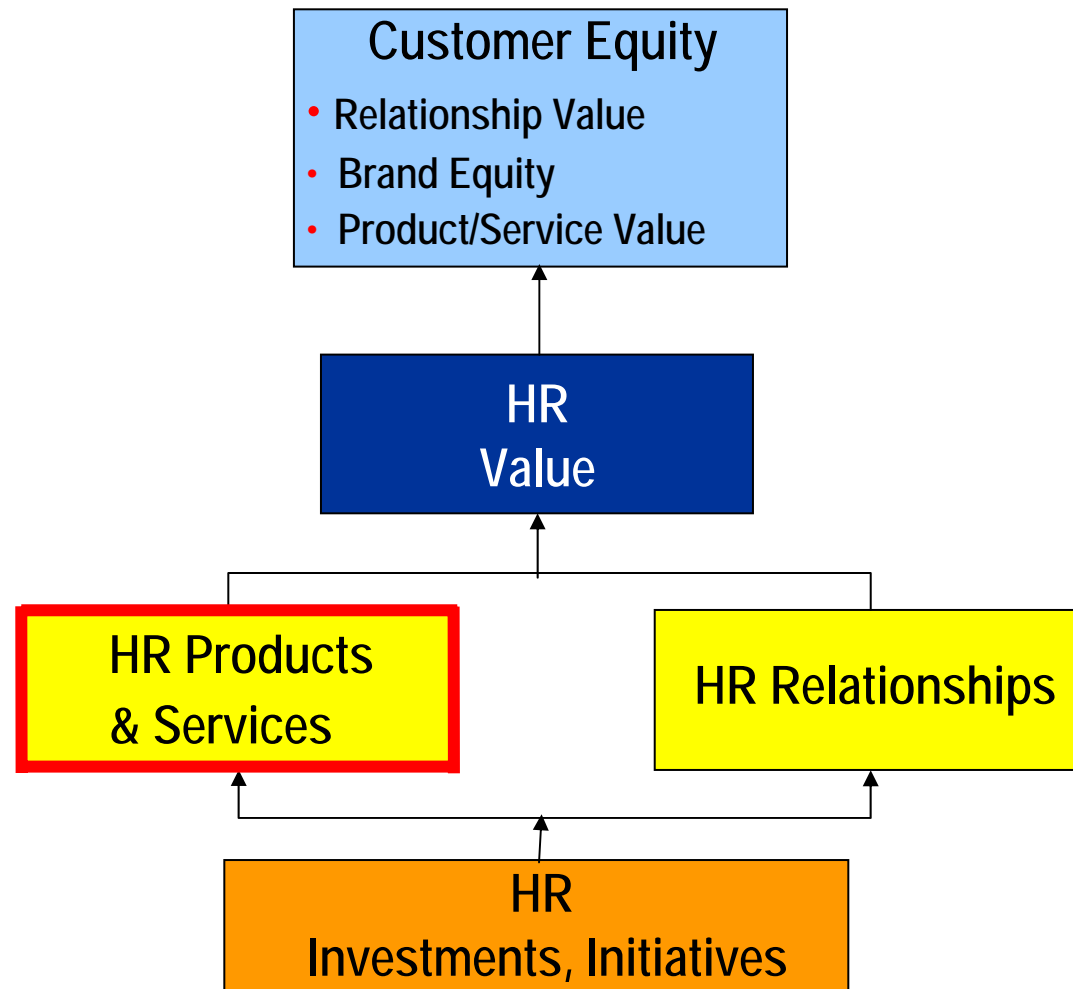
Are all of your stakeholders equal?

Perceptions drive:

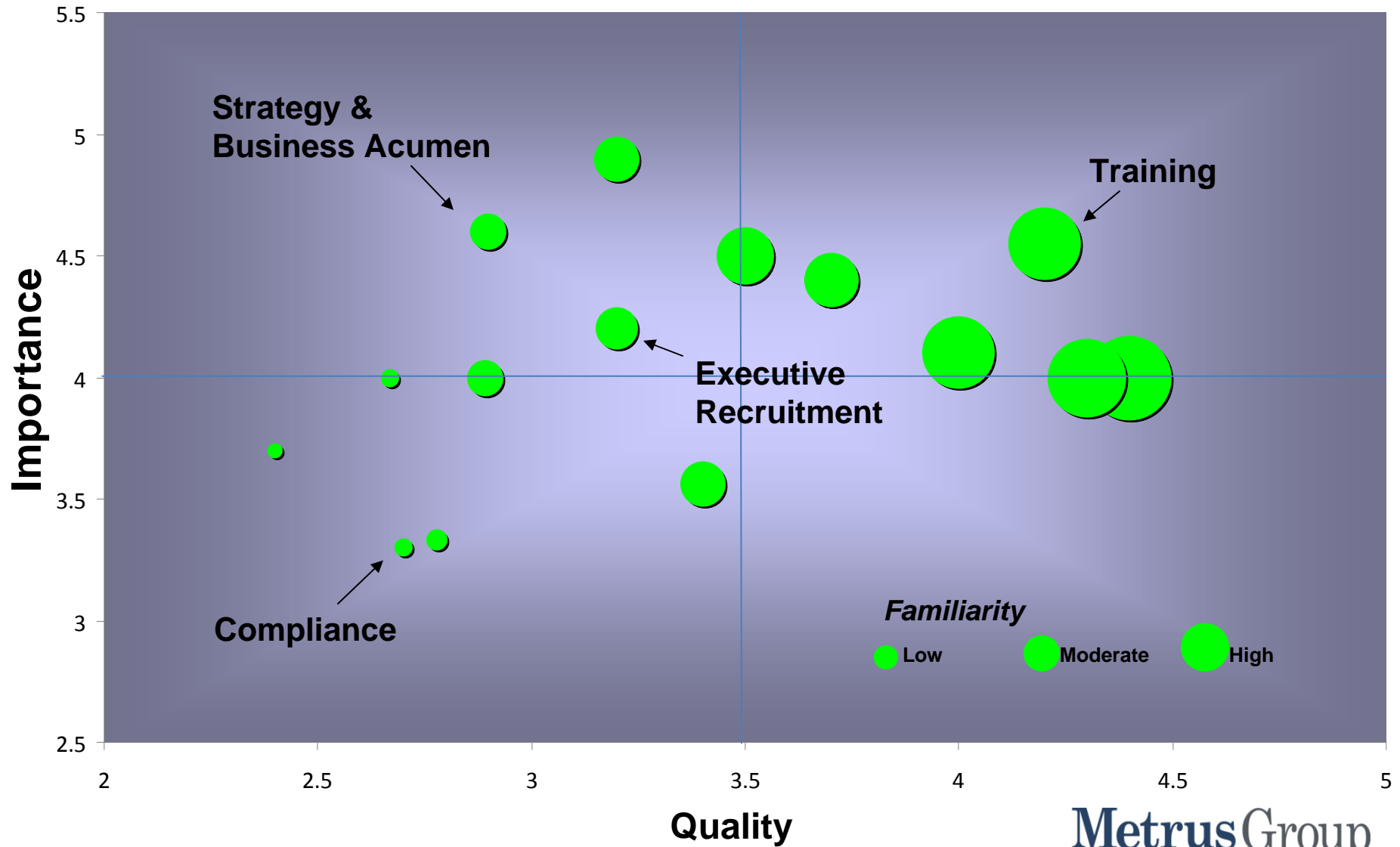
Resources, Decisions, Behaviors!

Metrus Group

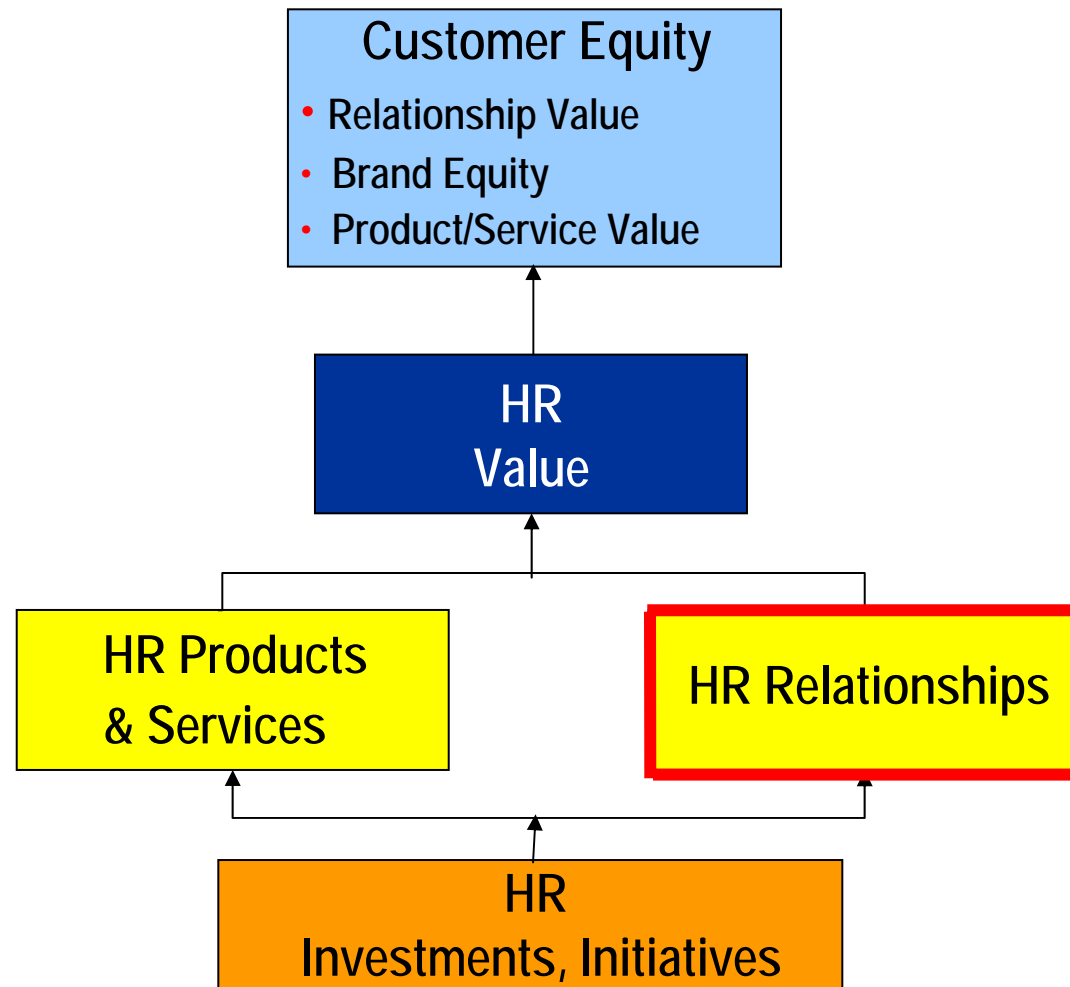
Building HR Value



Stakeholder Example

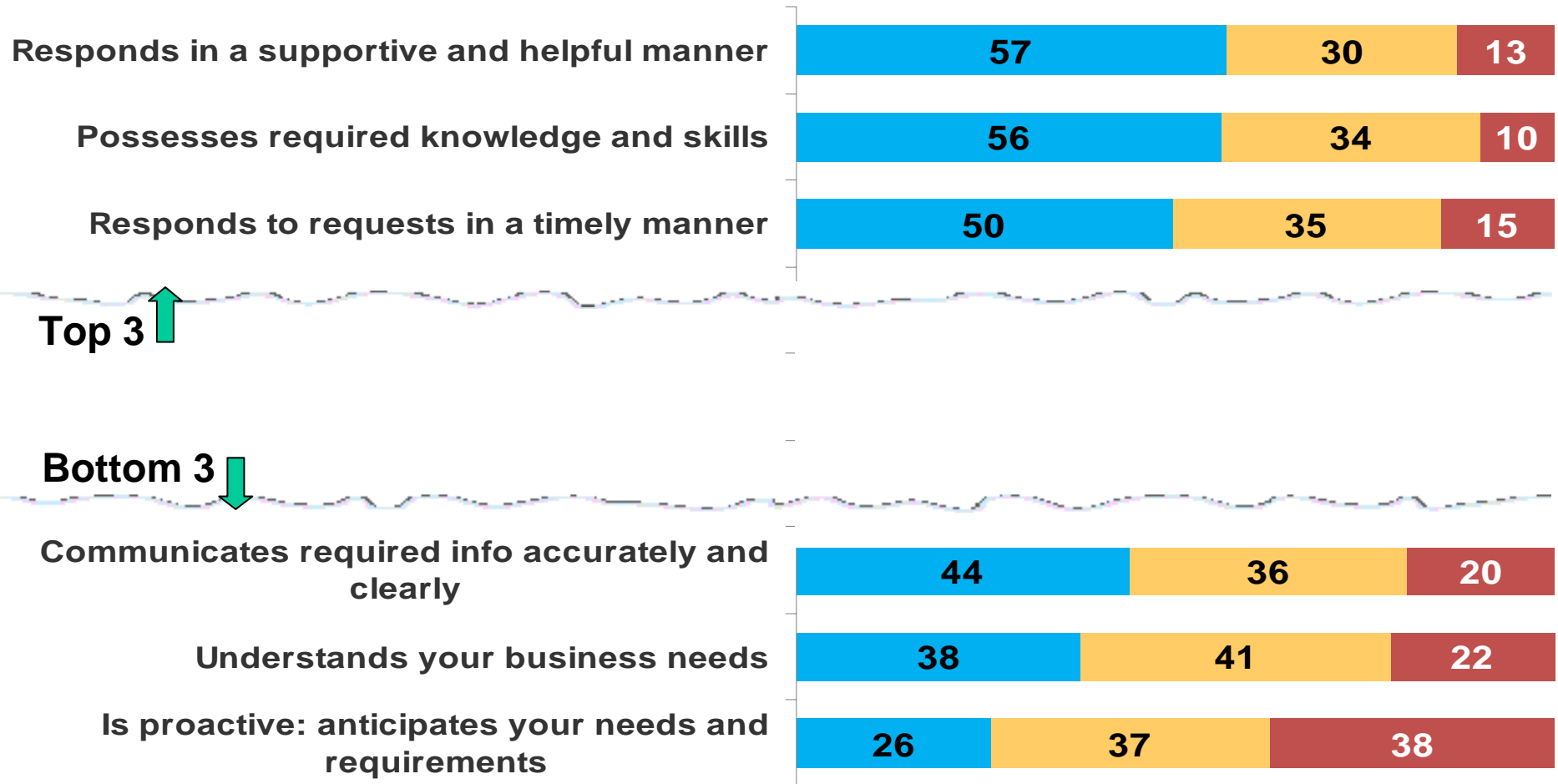


Building HR Value



HR Strengths and Weaknesses

■ Favorable ■ Neutral ■ Unfavorable



To Follow the Yellow Brick Road...

Then I Need:

- A Great **Value Proposition**
- High **People Equity**
- **High Stakeholder Perceptions**
- Which All Require the **Right Measures!**

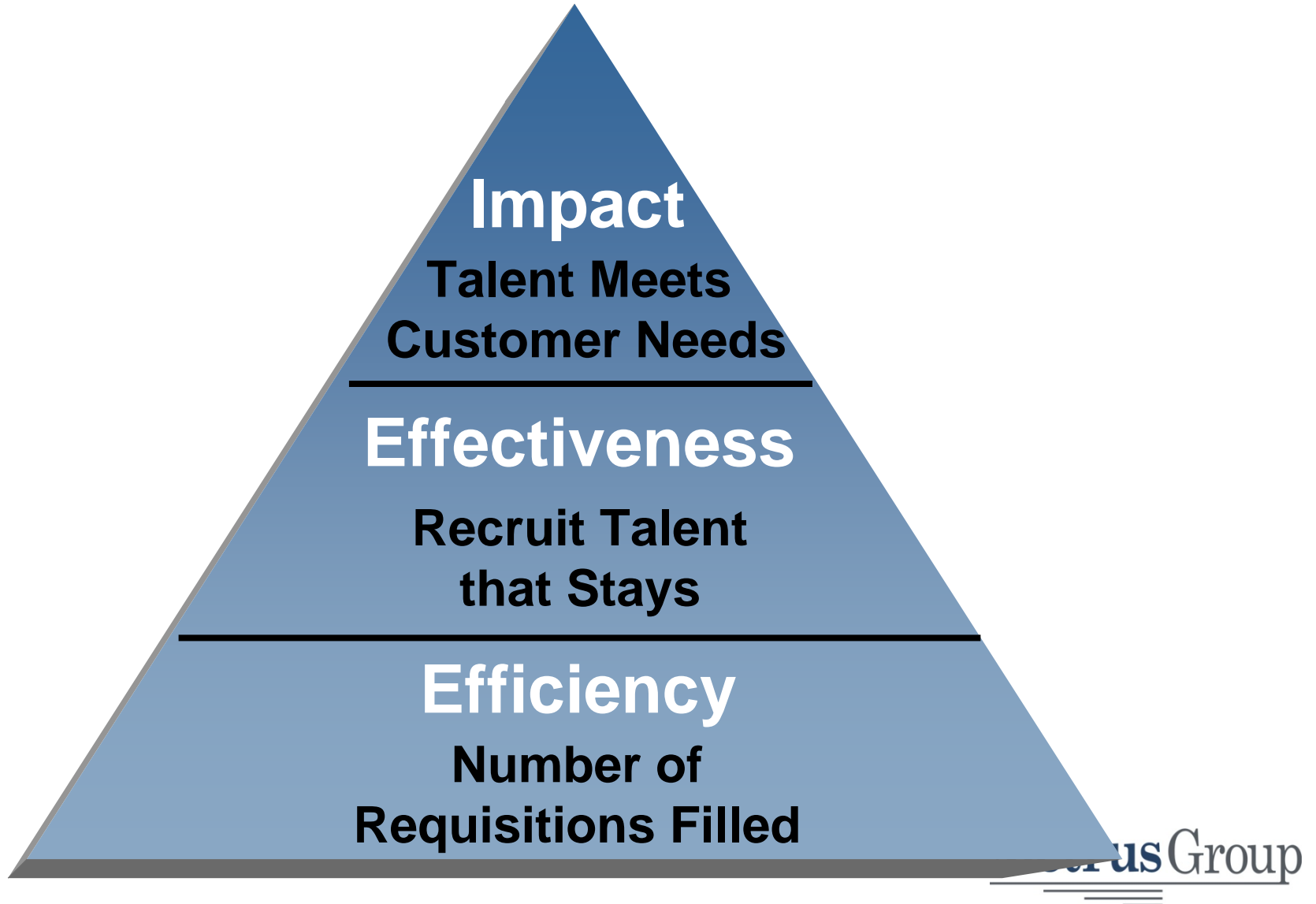


Metrus Group

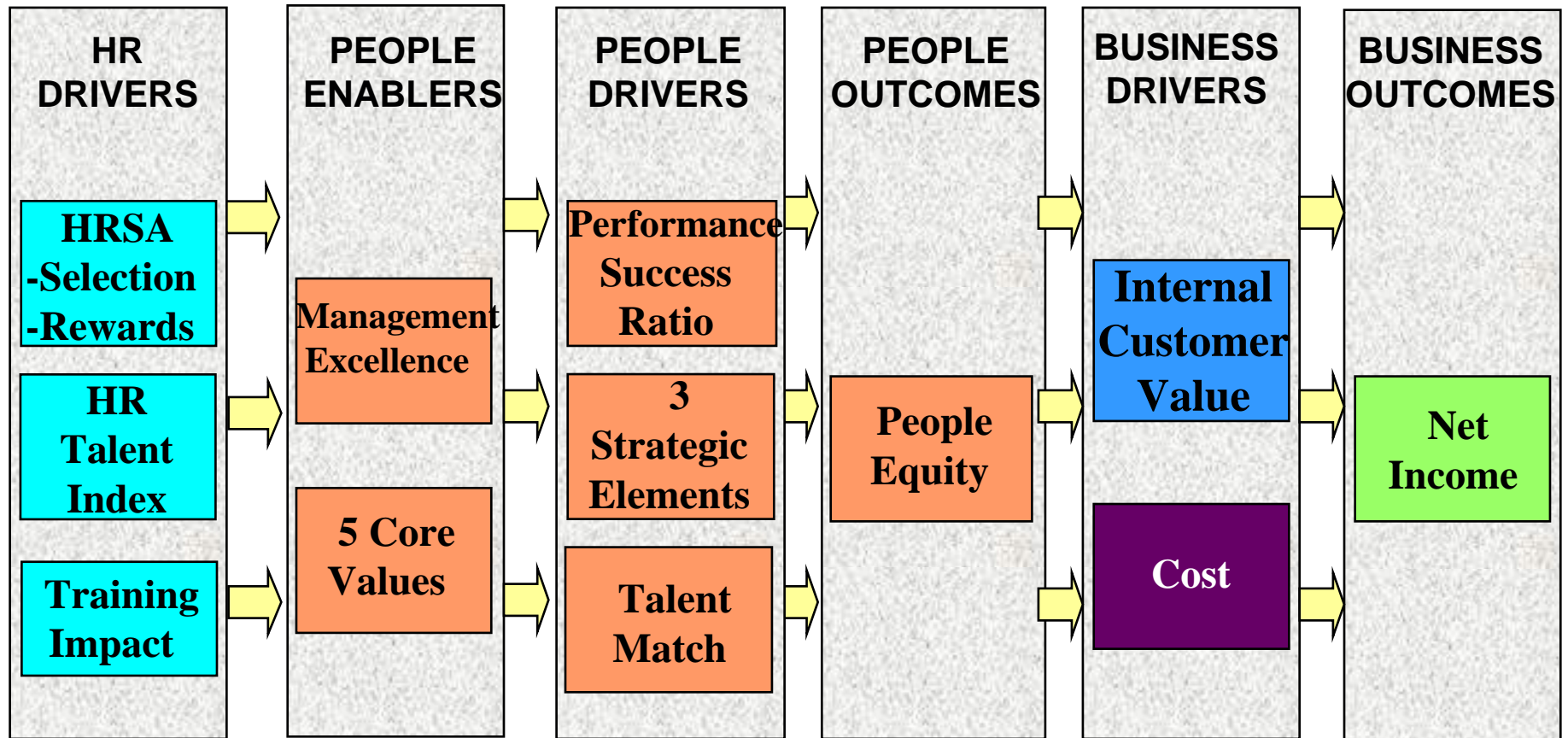
What's Wrong with These Measures?



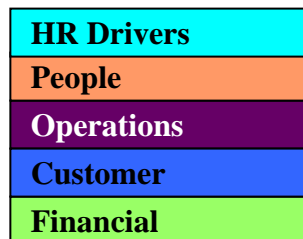
Types of Metrics



Sample HR Scorecard Map



Map Key:



Measurement Do's

- Strategic first, then tactical
- Set **stretch** targets
- Have measurement owners
- Link to decisions
- Tie to success, accomplishments
 - Find measurement win-wins!



Measurement Don'ts

- Benchmark the wrong comparisons—
e.g., those with different strategy
- Pick easy versus meaningful
- Overeat at the metric buffet
- Connect to punishment



Metrus Group

Creating Personal Value

What will make customers
ask for **you**?



Metrus Group

We're At The End of the Yellow Brick Road . . .

***So what are you
going to do
differently tomorrow?***



A Call To Action Checklist— Adopt a New Mindset

- Business Acumen? Do I understand the unique business **Value Proposition & Strategy**?
- Do we have a strong **People Strategy**?
- Does **HR** have a strong **Value Proposition & Scorecard**?
- Do we have a high **People Equity (Alignment, Capabilities, Engagement)**?
- Are we **measuring the right strategic things?** (e.g., ACE and its **Drivers**--not just Engagement or Satisfaction)?
- Are Our Stakeholders **Rating Us Highly**?
- What's **My Personal Value Proposition**?

Great Sources for Additional Information

- ***Reinventing Talent Management: How to Maximize Performance...***
 - Schiemann, John Wiley & Sons, 2009
- **The Workforce Scorecard: Managing Human Capital to Execute Strategy**
 - Huselid, Becker, Beatty, Harvard Business School Publishing, 2005
- **People Equity: The Hidden Driver of Quality**
 - Kostman and Schiemann, *Quality Progress*, May 2005
- ***Bullseye: Hitting Your Strategic Targets...***
 - Schiemann & Lingle, Free Press, 1999
- **Strategic Surveys: Linking People to Business Strategy**
 - Schiemann & Morgan, *Getting Action from Organizational Surveys*, Jossey-Bass, 2006
- **The HR Value Proposition**
 - Ulrich and Brockbank, Harvard Business School Press, 2005
- **People Equity: The New Paradigm for Measuring and Managing Human Capital**
 - Schiemann, *HR Planning*, April 2006, Volume 29.1

Thank You!

Dr. William Schiemann

Metrus Group
wschiemann@metrus.com
908-231-1900

Metrus Group


About Metrus

Metrus Group is an industry leader in strategic performance measurement, assessment, and organizational change. For nearly twenty years we have partnered with the most successful – and challenging – organizations in the world to help them achieve superior, sustainable business results through the development of their People Equity and the creation of a high performance, measurement-managed culture.

Our Services Include:

- **HR Strategy, Value and Performance Metrics**
- **People Equity Assessment & Solutions**
- **Balanced Scorecard/Dashboard Design and Assessment**
- **Development of Quantifiable Performance Metrics**
- **Employee Surveys and Linkage Research**
- **Leadership Development and Training**
- **Corporate Ethics, Alignment, and Accountability Audits**
- **Measurement-Driven Organizational Change**

**wschiemann@metrus.com
953 Route 202, Somerville, NJ 08876**

**www.metrus.com
(908) 231-1900, ext. 101**

Metrus Group

As chair elect of the SHRM Foundation, I would like to thank the Morris County chapter for its support, and to share with you some of the work that the Foundation does, as well as resources that are available to you as SHRM members.

A handwritten signature in black ink that reads "Bill Schumann". The signature is written in a cursive style with a large, prominent initial "B".

Metrus Group

What Does the SHRM Foundation Do?

The SHRM Foundation advances and supports the human resource profession through:

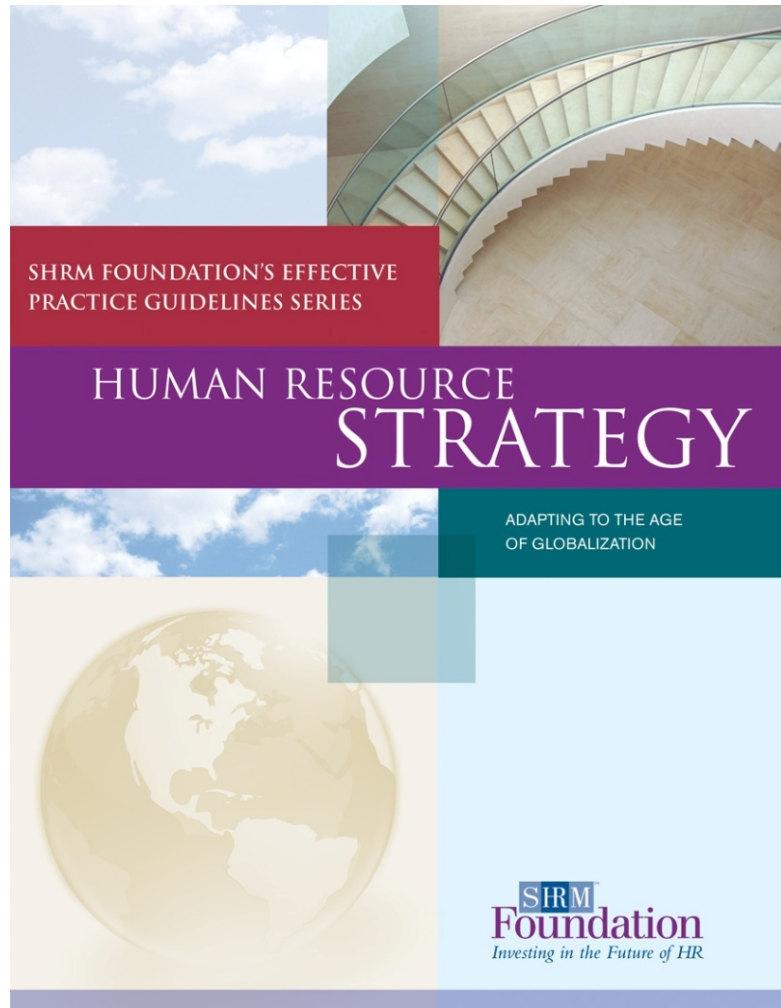
- Research Grants
- Scholarships
- Educational Products

This work is made possible by charitable contributions from individuals, chapters, state councils, companies and others in the HR community.

Metrus Group


Effective Practice Guidelines Report Series

(available to SHRM members at no cost)



Distills best research findings and expert opinion on a given topic

Seven titles now available:

- HR Strategy
- Retaining Talent
- Developing Leadership Talent
- Implementing Total Rewards Strategies
- Employee Engagement and Commitment
- Selection Assessment Methods
- Performance Management

Metrus Group

Foundation DVDs

(available to SHRM members at no cost)



Real-world case studies of successful companies, highlighting strategic HR in action

DVD, discussion guide and powerpoint presentation

Six titles now available:

- Seeing Forward
- Trust Travels
- Ethics in the Workplace
- Fueling the Talent Engine
- HR In Alignment
- HR Role Models

Metrus Group

Educational Awards & Scholarships

- **Regional Scholarship Program**
\$100,000
- **Student Scholarships** \$50,000
- **Dissertation Awards** \$20,000
- **SHRM Masters Series** \$25,000