Reinventing Talent Management: The New HR Imperative

“Reinventing Talent Management is an outstanding blend of research and practice.” Dave Ulrich, University of Michigan

“Today more than ever, it’s essential that leadership maximizes alignment, capabilities, and engagement.” Paul Schultz, COO, Jack in the Box, Inc.

“The book is loaded with good examples and must-take actions that lead to a winning talent management strategy.” Edward E. Lawler III, Director, U. of Southern California

“Reinventing Talent Management has arrived just in time.” Keith Lawrence, Director, HR, Procter & Gamble

Co-published by:
SHRM Foundation

Effective Practice Series: Distills best research findings and expert opinion on a given topic

Foundation DVD’s: Real-world case studies of successful companies, highlighting strategic HR in action

Research Grants

Scholarships
Prologue: Before the Story

Metrus Institute: Resources For You
Metrus Institute HR Research and Cases

• We have learned a lot about creating HR value...
  
  – New Human Capital Study in over 2000 organizations (ASQ, 2009)
  
  
  – SHRM Hawaii People Equity Study
  
  – HR Benchmarking Study of over 1000 firms (*Quality Progress*, 2007)
  
  – Many more (see www.metrus.com)…. 
Four Acts

1. Trends

2. The Value Proposition

3. Three Powerful Factors

4. Talent Implications
Act One

Trends
The Times They Are A-Changin’

- More for Less—Value is King!
- More with Less—Competition is Brutal
- Agility; constant change; role of technology
- Talent/culture is great differentiator
- Good talent has choice
- Just in time talent—no stockpiling!
- Cornering the talent market is unlikely
- Many slots competing for “right” people
Act Two

The Value Proposition
What’s Your...

Value Proposition?

I'm a great lover!

You make me feel loved!

Branding
Value Equals…

Quality of Relationship/Service

Cost of Relationship

© 2009 Metrus Group, Inc.
Connecting What HR Does to the Value Proposition
Implications for HR

• **Perceived Value** is making or breaking every organization

• Need to have a clear **people strategy**
  – What makes you different from your competitors?
  – What are the A jobs?
  – Why do you deserve to get and keep the best talent?
  – How will you optimize your talent?
  – How will you find the “right” talent?
  – Where will leadership talent come from?
Implications for HR

• Enabled with good **strategic metrics**
  – How will you know if you are optimizing your talent?
  – How will you know if HR is effective?

• Do you have the **HR talent** needed to support the business?
  – Industry and business acumen?
  – Understanding of business metrics?
  – Understanding of HR best practices?
  – Taking a leadership role—driving good decisions
Managing the Talent Lifecycle

Optimizing Performance

Training

On-Boarding

Acquiring

Succession

Retaining

Employer Branding

Recovering

© 2009 Metrus Group, Inc.
Act Three

Three Powerful Factors
People Equity is Key Driver of Shareholder Equity

- Shareholder Equity
  - Customer Equity
    - Turnover
    - Productivity
  - People Equity
    - People Drivers
      - Alignment
      - Capabilities
      - Engagement
  - People Investments, Initiatives
    - Internal Svc.
    - Quality

© 2009 Metrus Group, Inc.
The Engagement Pyramid

Advocacy
Commitment
Satisfiers

© 2009 Metrus Group, Inc.
Does People Equity Make a Difference?

Companies with high ACE

✓ Averaged half the turnover of low ACE companies

✓ Were 3x more likely to be quality leaders in their industry

✓ Were 2x more likely to be financial leaders in their industry

✓ Averaged 56 percentage points higher on Internal Customer Service ratings

Sources:

© 2009 Metrus Group, Inc.
Service-Value Chain Extends Internally
Metrus Institute 2009 Study with ASQ

Percent Favorable Ratings

Quality
Mfg/Production/Ops
Customer Service
Finance
Facilities
Security
Information...
Legal
Procurement/Purch...
Research &...
Comms/Pub Affairs
Sales
Marketing
Human Resources
Market Research
Does People Equity Affect Internal Service?

56% difference in most functions
Measures that Matter: People Equity Scores in Hospitals: Life or Death?
Which Profiles Do You Manage?

<table>
<thead>
<tr>
<th>Alignment</th>
<th>Capabilities</th>
<th>Engagement</th>
<th>Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>↑</td>
<td>↑</td>
<td>↑</td>
<td>Superior Performance</td>
</tr>
<tr>
<td>↓</td>
<td>↓</td>
<td>↑</td>
<td>Cheerleader</td>
</tr>
<tr>
<td>↑</td>
<td>↓</td>
<td>↑</td>
<td>Under Equipped</td>
</tr>
<tr>
<td>↓</td>
<td>↑</td>
<td>↑</td>
<td>Strategic Disconnect</td>
</tr>
<tr>
<td>↑</td>
<td>↑</td>
<td>↓</td>
<td>Under Achiever</td>
</tr>
<tr>
<td>↓</td>
<td>↓</td>
<td>↓</td>
<td>Indifferent</td>
</tr>
<tr>
<td>↑</td>
<td>↓</td>
<td>↓</td>
<td>Talent Waste</td>
</tr>
<tr>
<td>↓</td>
<td>↓</td>
<td>↓</td>
<td>Performance Laggard</td>
</tr>
</tbody>
</table>
Measures that Matter: People Equity Scores

EAST
A  C  E
49  53  53

CENTRAL
A  C  E
44  27  51

WEST
A  C  E
61  84  76

A - Alignment  C - Capabilities  E - Engagement
Red = Trouble  Yellow = OK  Green = Strength

© 2009 Metrus Group, Inc.
Measures that Matter: People Equity Scores

A - Alignment  C - Capabilities  E - Engagement

Red = Trouble  Yellow = OK  Green = Strength
People Equity Detail: Total Organization

**FACTORS**
- **Alignment** 48
- **Capabilities** 52
- **Engagement** 61

**DRIVERS**
- **HR Systems** 48
- **Innovation** 45
- **Unique Strategy Elements** 61
- **Structure** 69
- **Technology** 65

- Rewards and Recognition - 35
- Talent Selection & Development - 59
- Performance Management - 38

© 2009 Metrus Group, Inc.
People Equity Detail: Total Organization

HR Systems

- Hiring Effectiveness – 71
- Talent Development - 59
- Skill Utilization - 51

Rewards

- Pay for performance – 41
- Recognition for customer service - 21

Talent

- Linkage to business goals— 26
- Clear performance goals – 44
- Coaching - 55
- Accountability - 35

Performance Management

© 2009 Metrus Group, Inc.
Growing Value—How Can You Increase Alignment?

• Clear Direction

• Clear Unit/Personal Goals

• Measures that Connect

• Performance Feedback & Coaching

• Accountability—Rewards
Growing Value—How Do You Grow Capabilities?

- Person-role fit
- Customer focused
- Teamwork
- Resources/tools
- “Right” Information
Growing Value—How Do You Increase Engagement?

• Supervisor:
  – Communication style
  – Fairness
  – Respect

• Values fit (e.g., diversity, work-life balance, ethics)

• Growth

• Recognition

• Respected & Motivating Leadership
ACE Facts You Can Take to the Bank

• Need all 3! Engagement alone is not enough
• People Equity (ACE) drives business results: financial, quality, customer, retention, value
• Can be measured
• Lots of variance
• Eight profiles require different actions
• HR rated higher in high ACE organizations
A Few ACE Implications

- HR in key position to influence ACE
- Similar HR processes *DO NOT guarantee* same ACE scores
- Stop “one-size-fits-all” programs
- Can’t manage ACE if it isn’t *measured* throughout talent lifecycle
- Usually best to attack weakest area of ACE
Act Four

Talent Management Implications
Act Four

Emerging Practices
Managing the Talent Lifecycle

- Optimizing Performance
- Training
- Succession
- On-Boarding
- Retaining
- Acquiring
- Recovering
- Employer Branding
Acquiring Talent More Strategically

• Facts:
  – Hiring costly and far from effective
  – Over-reliance on the interview
  – Organizations historically best on C
  – Weakest on fit: A and E

• Potential Actions:
  – Cost: Screen for knock-outs early
  – Interview: Increase training/reduce weighting
  – Metrics: Get rid of bad/weak metrics

© 2009 Metrus Group, Inc.
Rethinking Performance Management

• Facts:
  Performance Appraisals often cause more damage than value
    • Basic conflict of A and E!
    • Too complex, rigid
    • Not helping development
    • Pay rarely differentiates

• Potential Actions:
  – Make it part of daily life
  – Build in flex
  – Helping employees “get an A”
  – Link rewards to employee/team deliverables—Value!

© 2009 Metrus Group, Inc.
On-boarding Talent

• Facts:
  – Acculturation as a goal is often missed
  – First impressions count!
  – Most weak on evaluating training impact

• Potential Actions:
  – Acculturation starts BEFORE hire
  – Manage early impressions
  – Measure transfer of training to job
    -- Track ACE early on . . .
Typical High People Equity Profiles

Alignment
Capabilities
Engagement

© 2009 Metrus Group, Inc.
Developing Leaders

• Facts:
  – Performance: “What” strong; “How” weak
  – Skills: Technical strong; people weak
    • Lots of variance on A, C, & E
  – Over or under-developing
    • Talent decays, or leaves

• Potential actions:
  – Don’t forecast; develop JIT
  – Better people measures
  – Deploy talent in <10 months
  – Teach ACE holistically
Key Implications—Time to Rethink

- Have you identified “A” or pivotal roles?
- Is “A” talent identified and being developed?
- Do you have effective talent measurement tools?
  - Talent scorecard?
- Do managers have effective people (PE) skills?
- Are we Selecting and Acculturating the “right” talent?
- Will we Retain top talent as market heats up?
- Is HR rated highly by its stakeholders?
Sources for Additional Information

- **Reinventing Talent Management: How to Maximize Performance**...
  - Schiemann, John Wiley & Sons, 2009

- **SHRM Foundation Effective Practice Guidelines**

- **Bullseye: Hitting Your Strategic Targets**...
  - Schiemann & Lingle, Free Press, 1999

- **Strategic Surveys: Linking People to Business Strategy**

- **The HR Value Proposition**

- **People Equity: The New Paradigm for Measuring and Managing Human Capital**
  - Schiemann, *HR Planning*, April 2006, Volume 29.1

- **Talent: Making People Your Competitive Advantage**
  - Lawler, John Wiley & Sons, 2008
Creating Personal Value

What will make customers ask for you?
DREAM THE DREAM!
Thank You!

Dr. William Schiemann

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