

Reinventing Talent Management: The New HR Imperative

REINVENTING TALENT MANAGEMENT

How to Maximize Performance
in the New Marketplace



William A. Schiemann

“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**

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Prologue: Before the Story



Metrus Institute HR Research and Cases

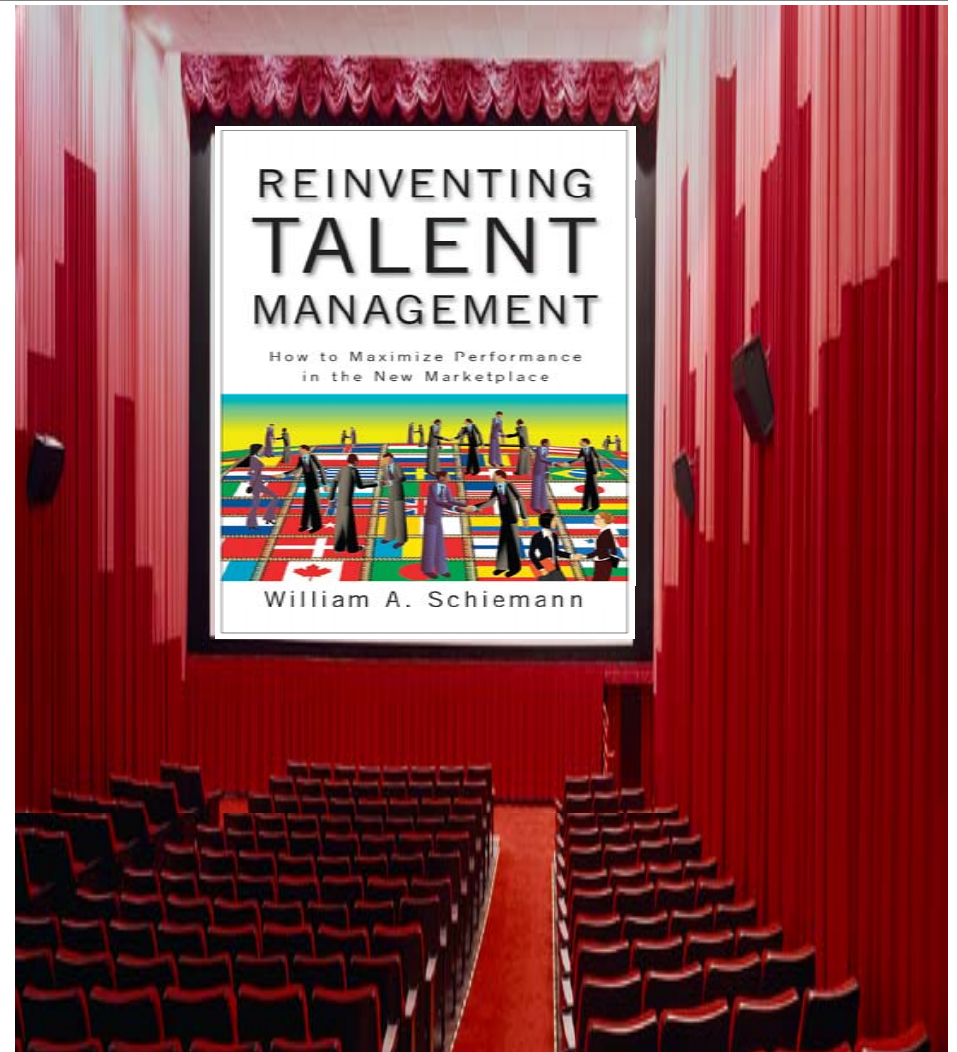
- We have learned a lot about creating **HR value...**
 - *New Human Capital Study* in over 2000 organizations (ASQ, 2009)
 - Executive interviews for *Reinventing Talent Management (2009)*
 - SHRM Hawaii People Equity Study
 - HR Benchmarking Study of over 1000 firms (*Quality Progress, 2007*)
 - Many more (see www.metrus.com)....



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Four Acts

1. Trends
2. The Value Proposition
3. Three Powerful Factors
4. Talent Implications



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Act One



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**

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Act Two



What's Your...

Value Proposition?

e|Harmony®



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Value Equals...

Quality of Relationship/Service
Cost of Relationship

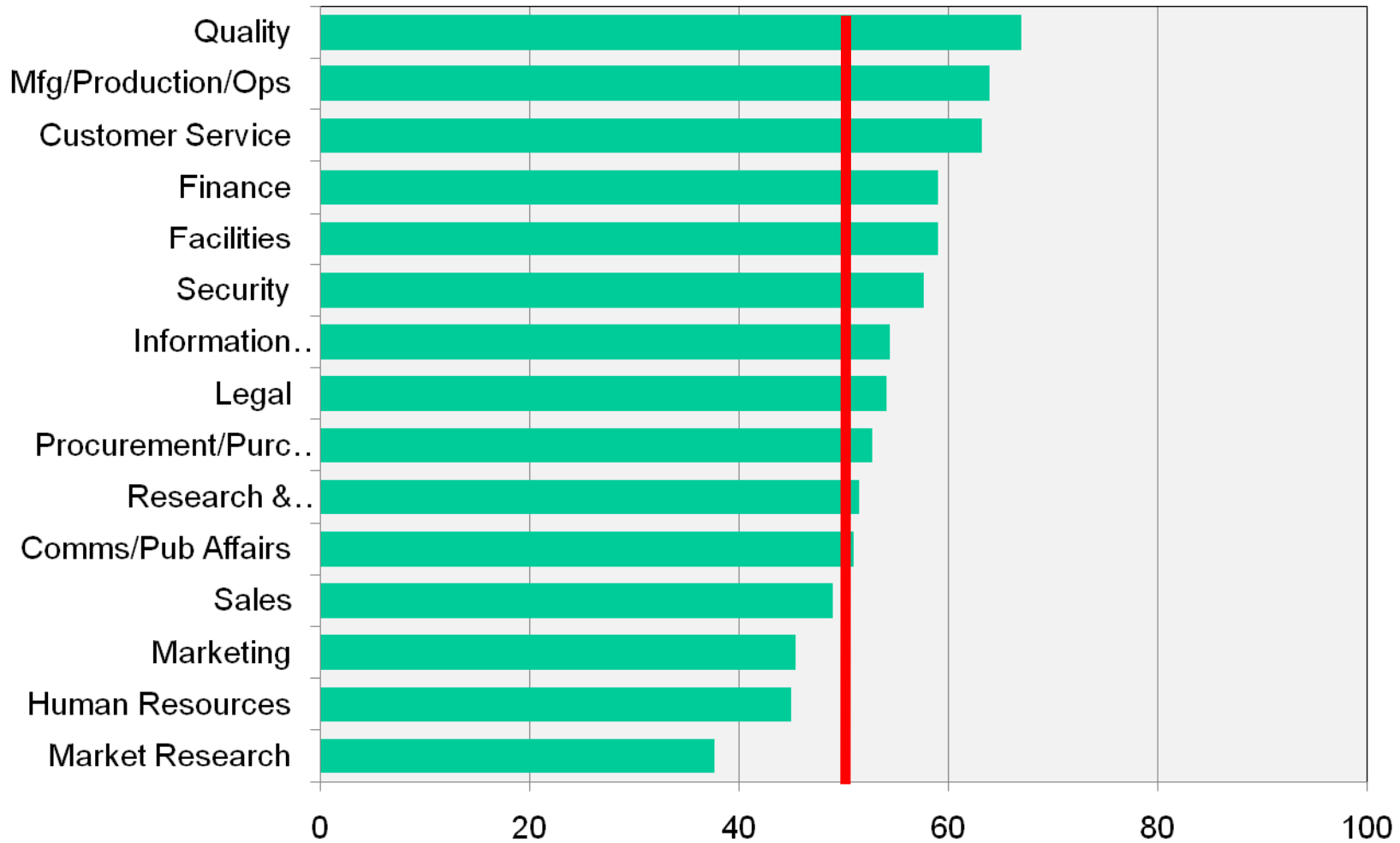


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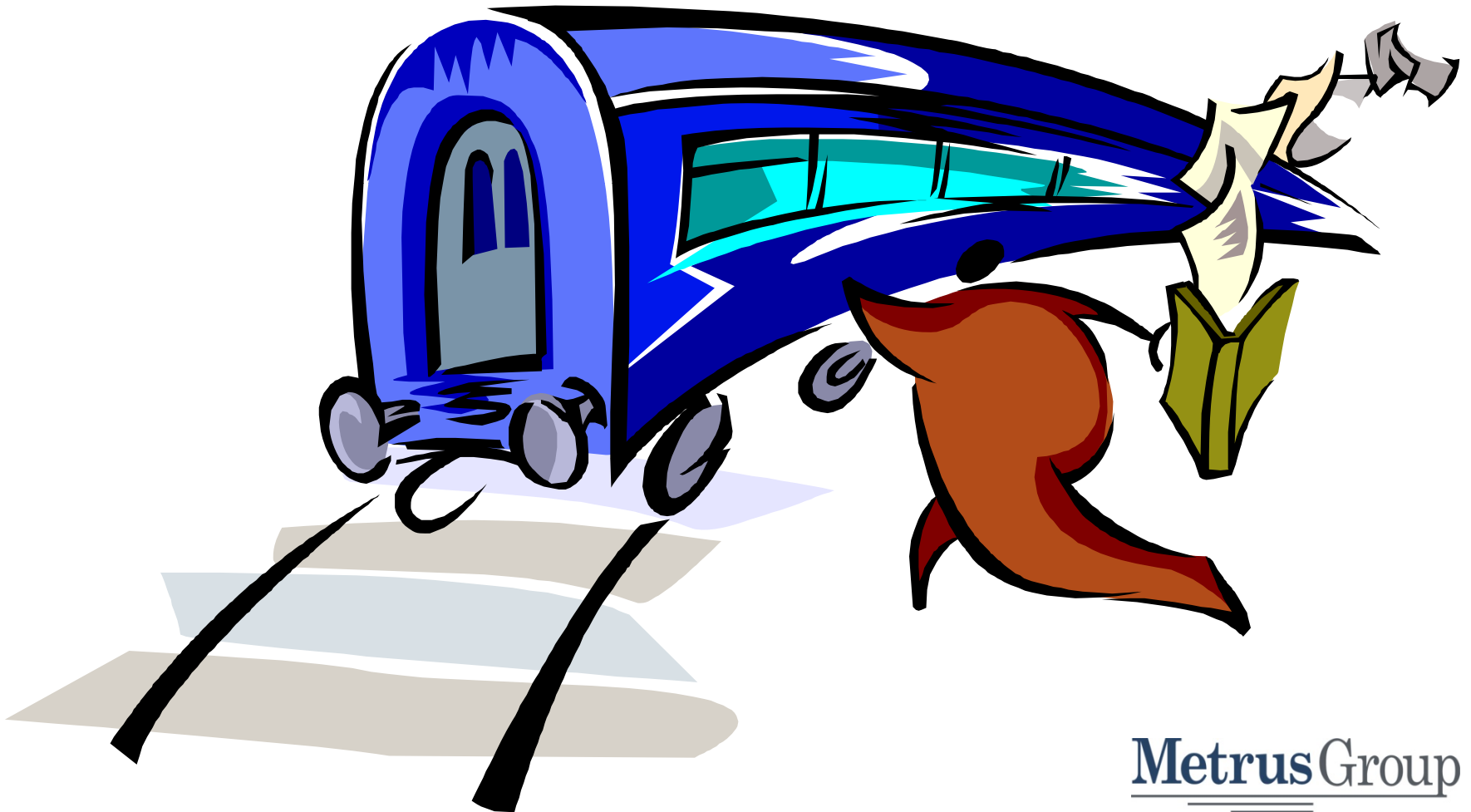
Service-Value Chain Extends Internally

Metrus Institute 2009 Study with ASQ

Percent Favorable Ratings



Connecting What HR Does to the Value Proposition



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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

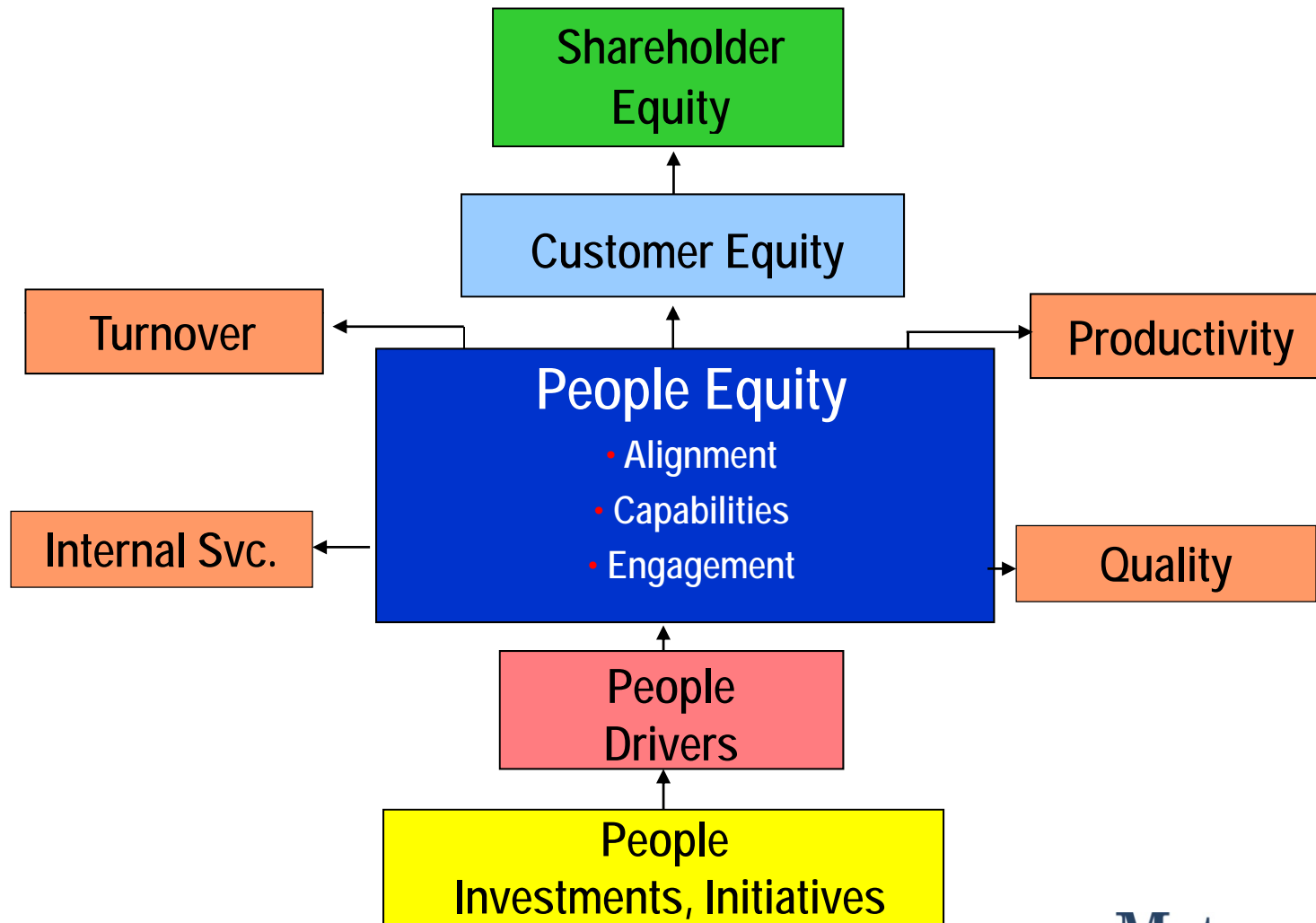
Optimizing Performance



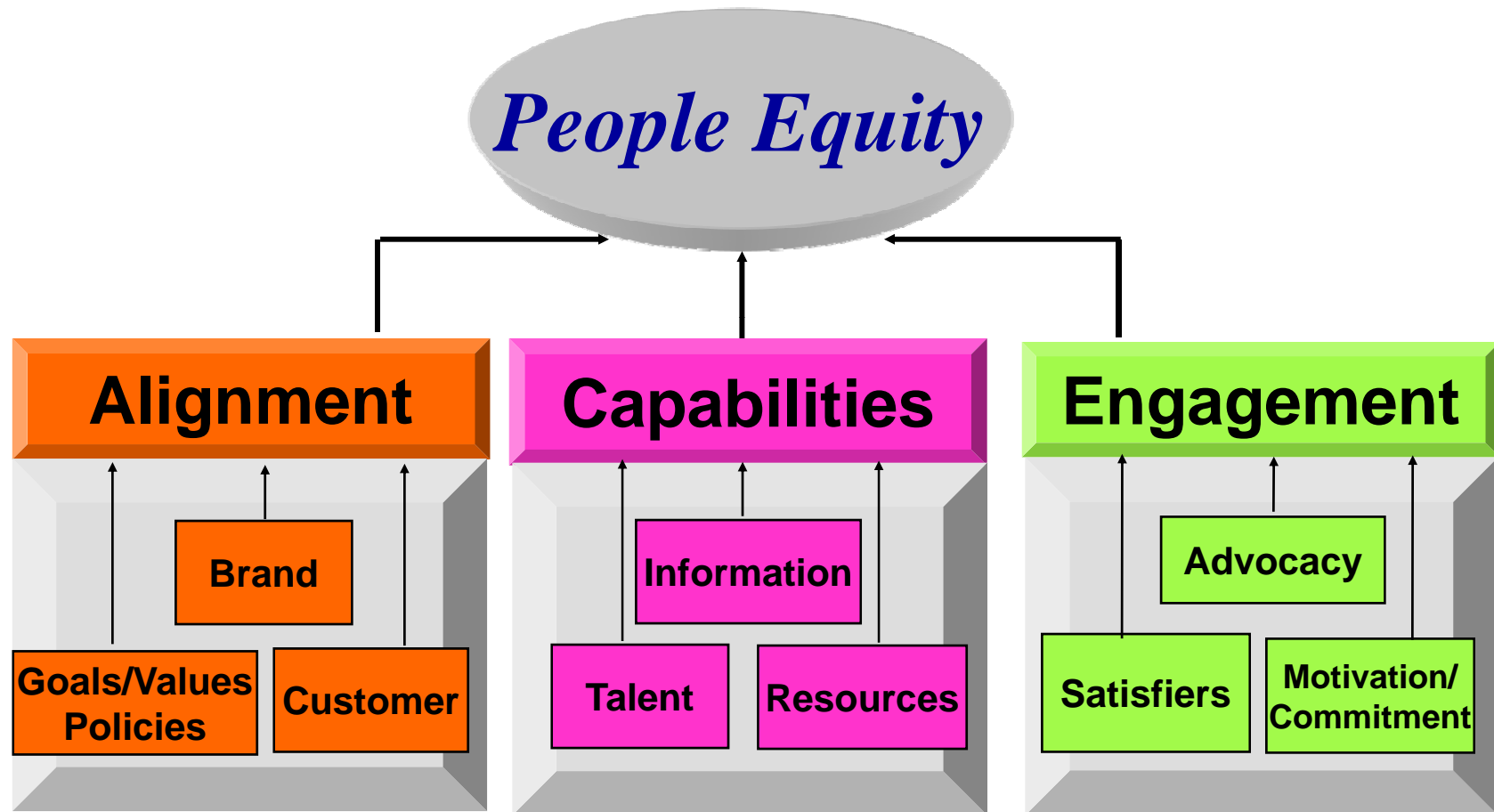
Act Three



People Equity is Key Driver of Shareholder Equity



The People Equity Model



The Engagement Pyramid



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Does People Equity Make a Difference?

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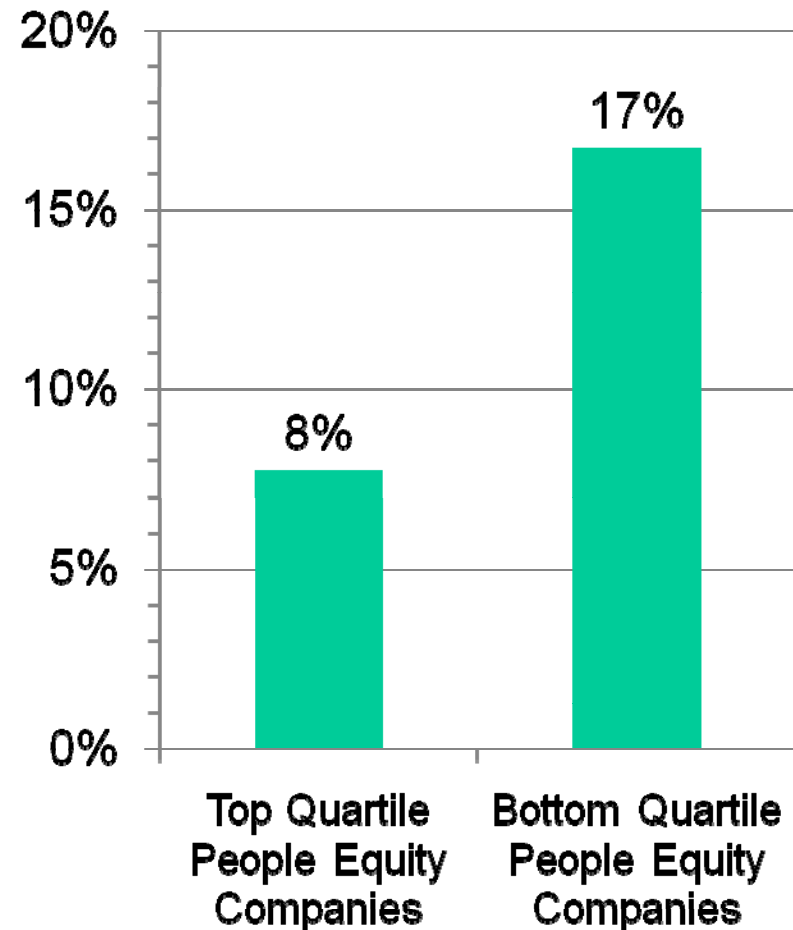
Companies with high ACE

- ✓ 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:

Kostman & Schiemann, People Equity: The Hidden Driver, Quality Progress, 2005; Seibert & Lingle, Internal Customer Service: Has It Improved?, Quality Progress 2007

Turnover

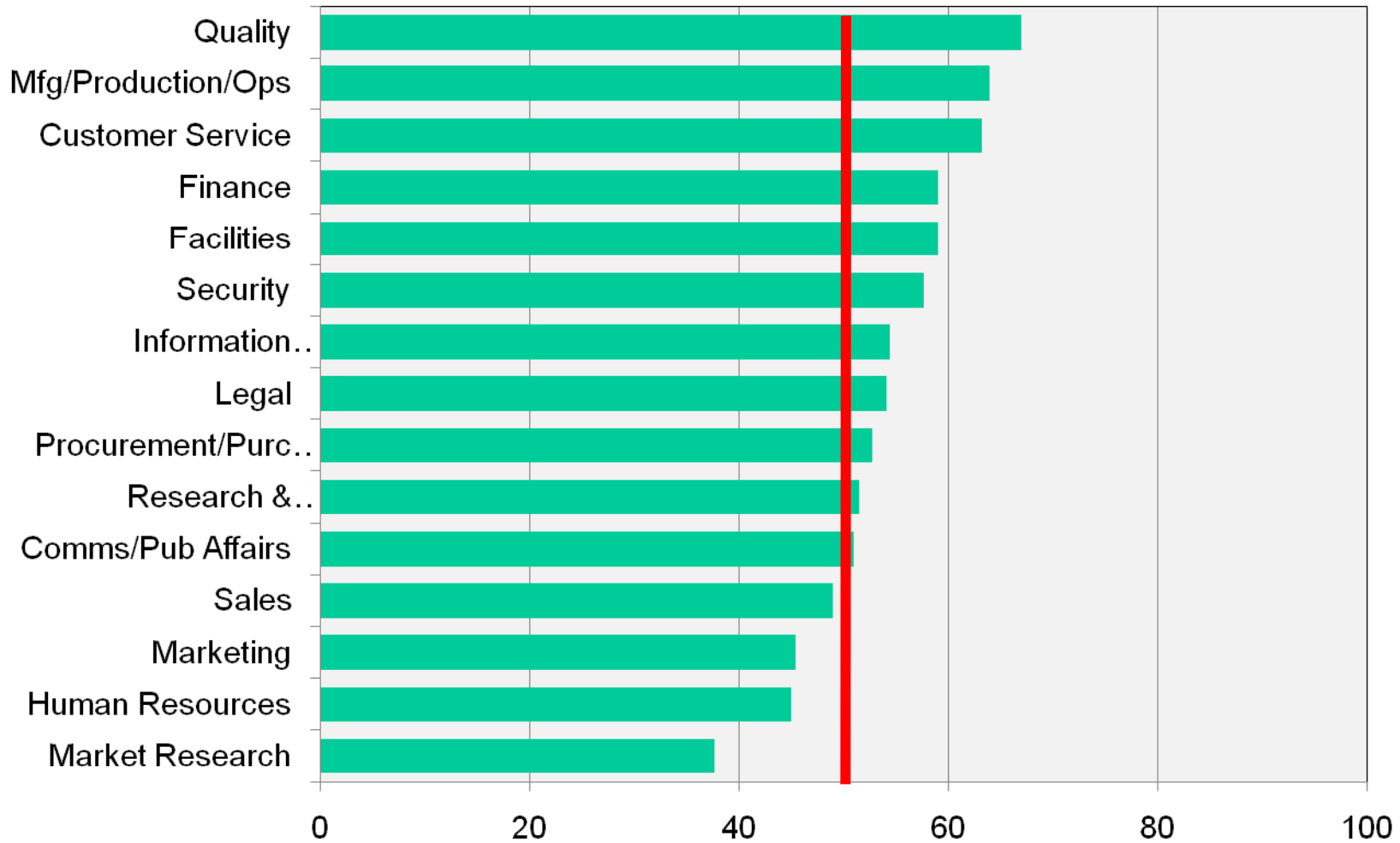


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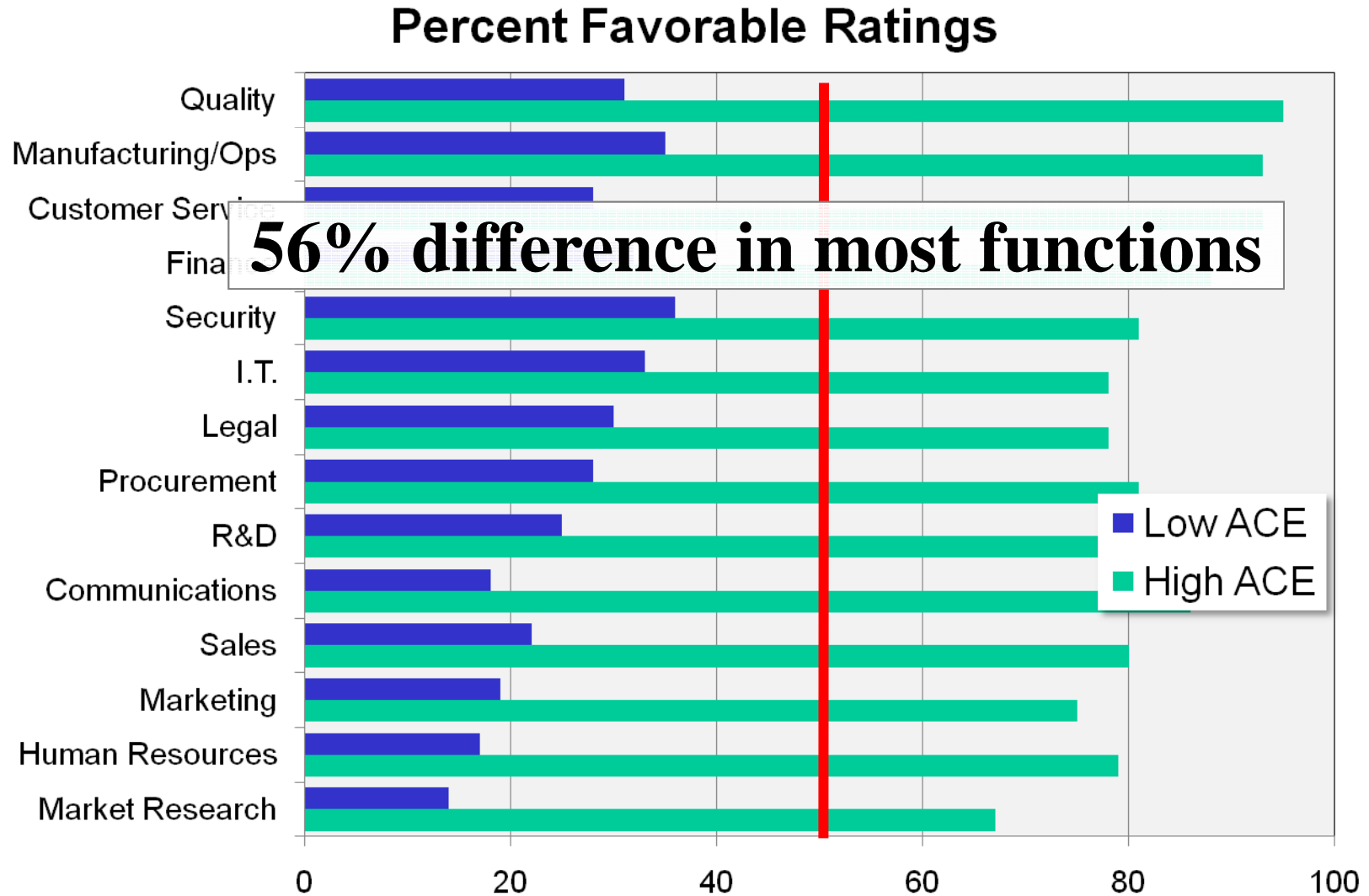
Service-Value Chain Extends Internally

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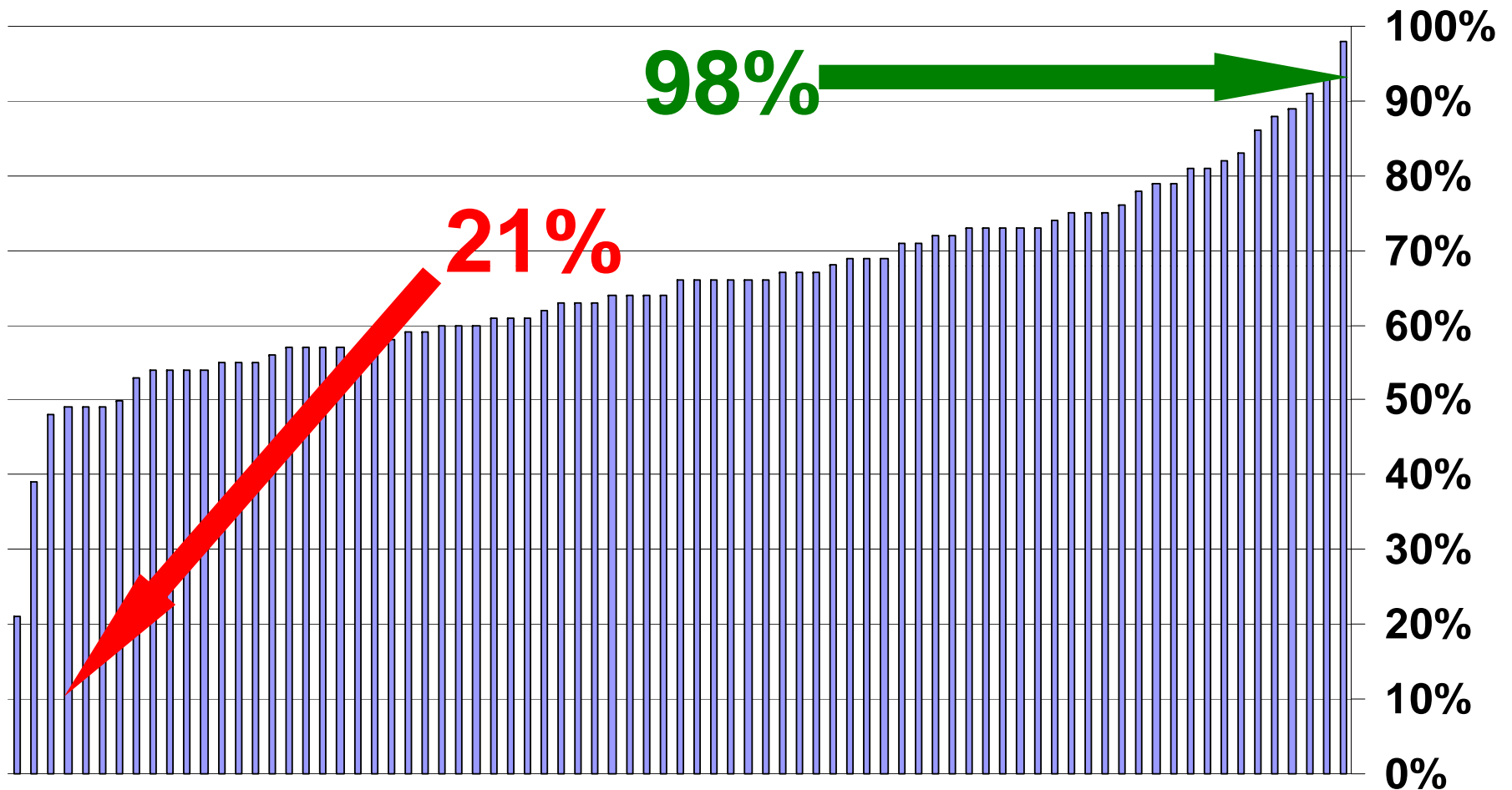
Percent Favorable Ratings



Does People Equity Affect Internal Service?



Measures that Matter: People Equity Scores in Hospitals: Life or Death?

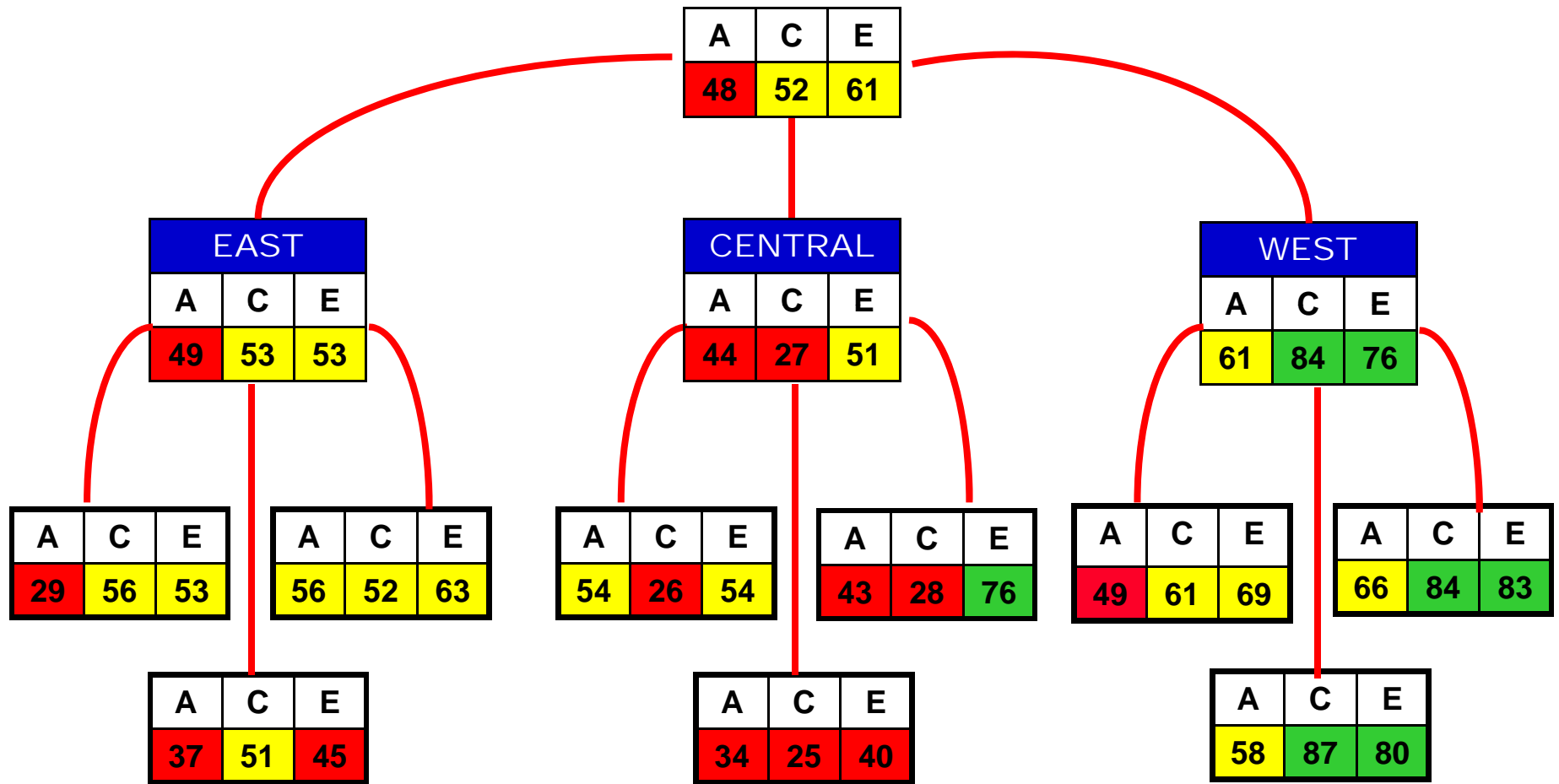


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Which Profiles Do You Manage?

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

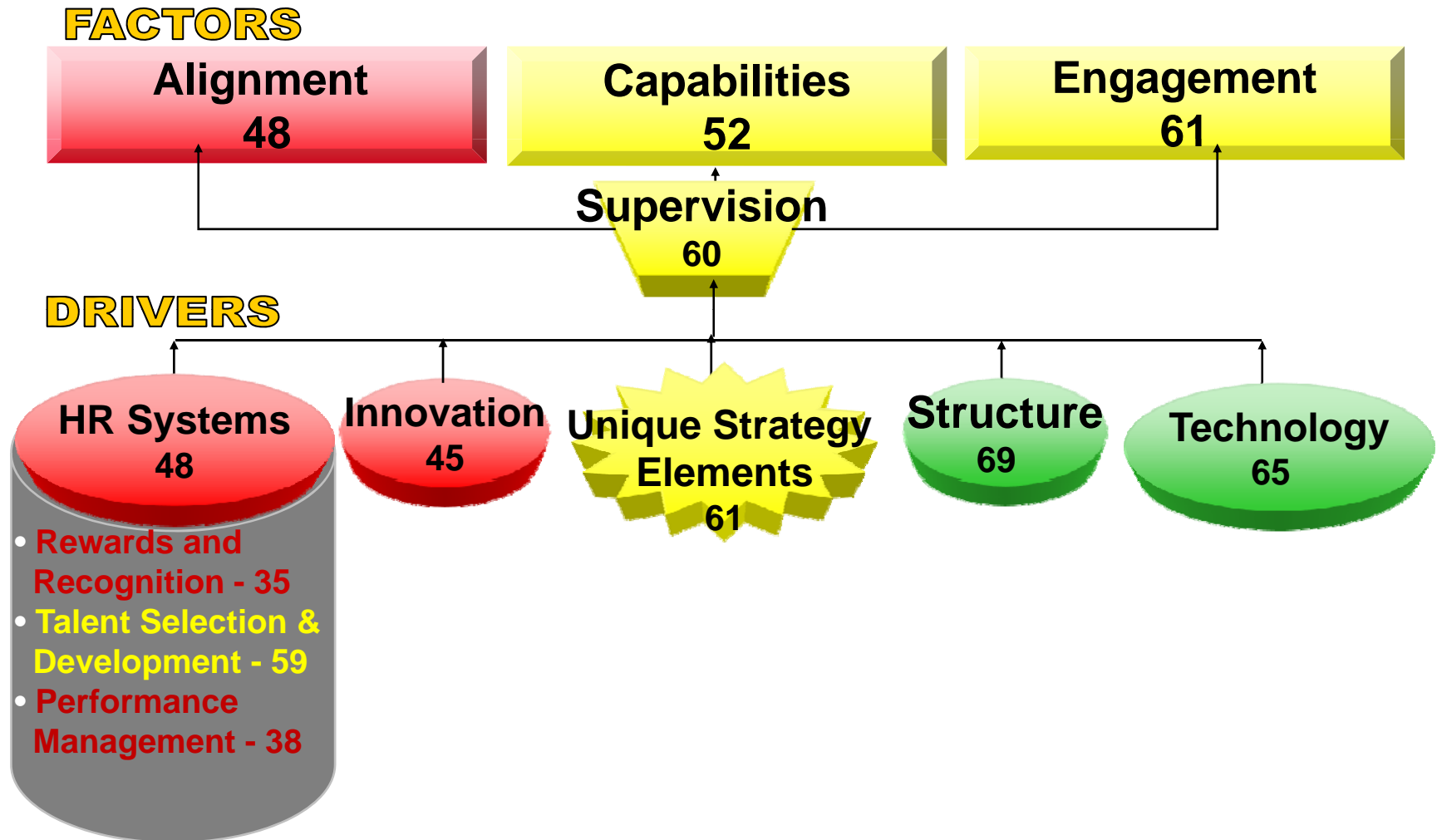
Measures that Matter: People Equity Scores

A	C	E
48	52	61

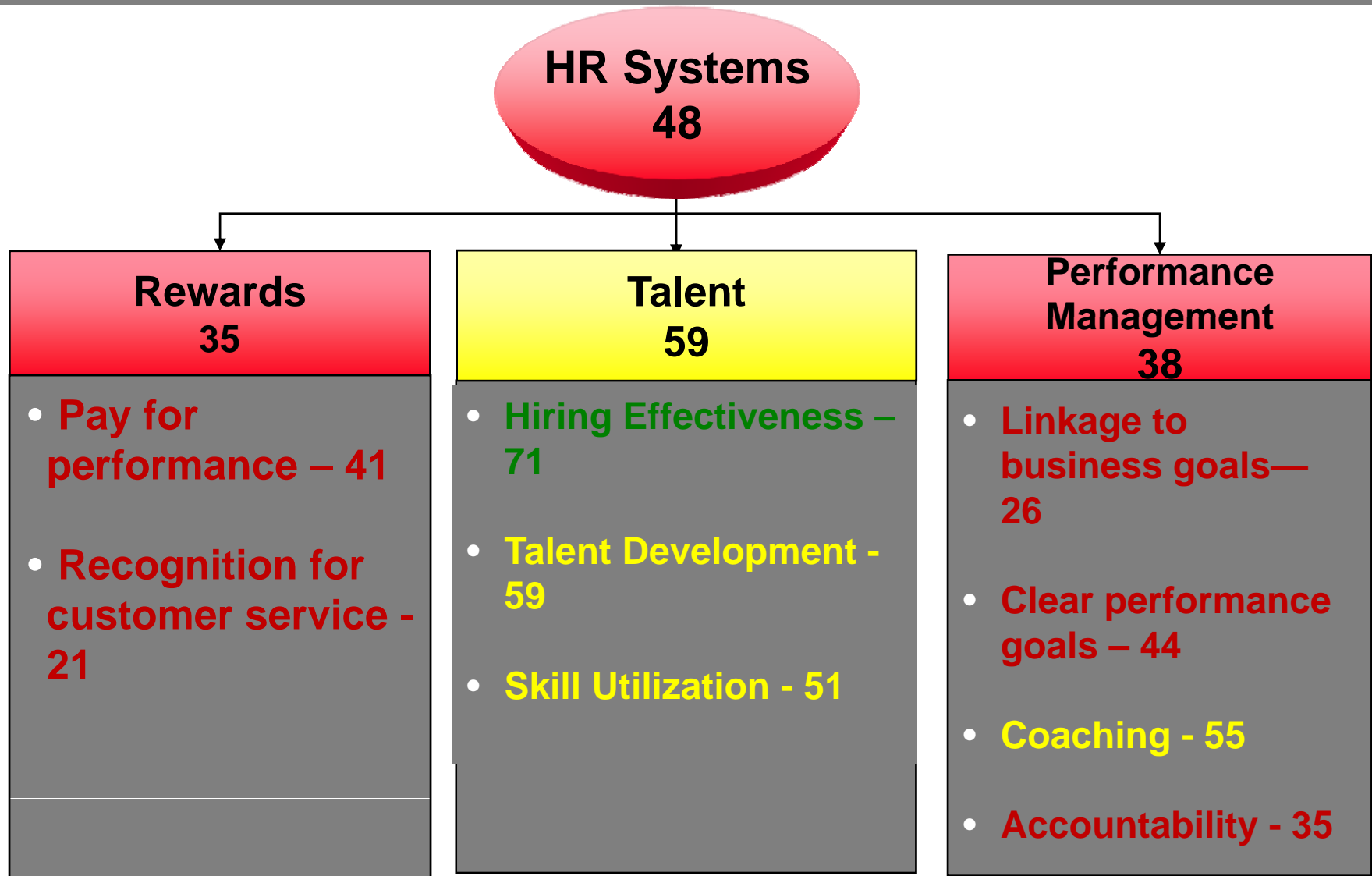
A - Alignment C - Capabilities E - Engagement

Red = Trouble Yellow = OK Green = Strength

People Equity Detail: Total Organization



People Equity Detail: Total Organization



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



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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



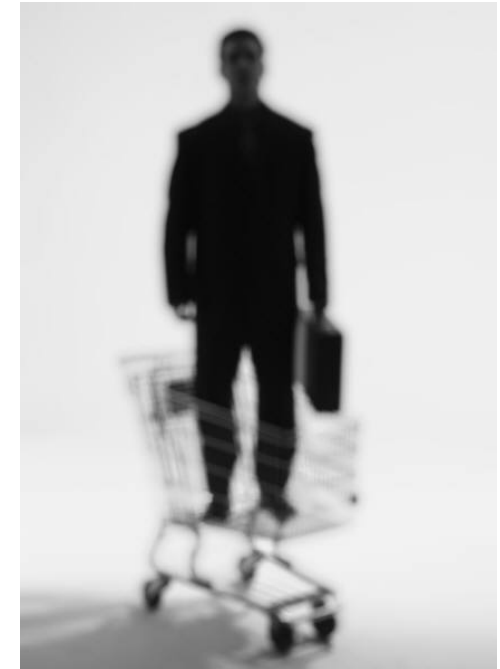
Managing the Talent Lifecycle

Optimizing Performance



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



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!

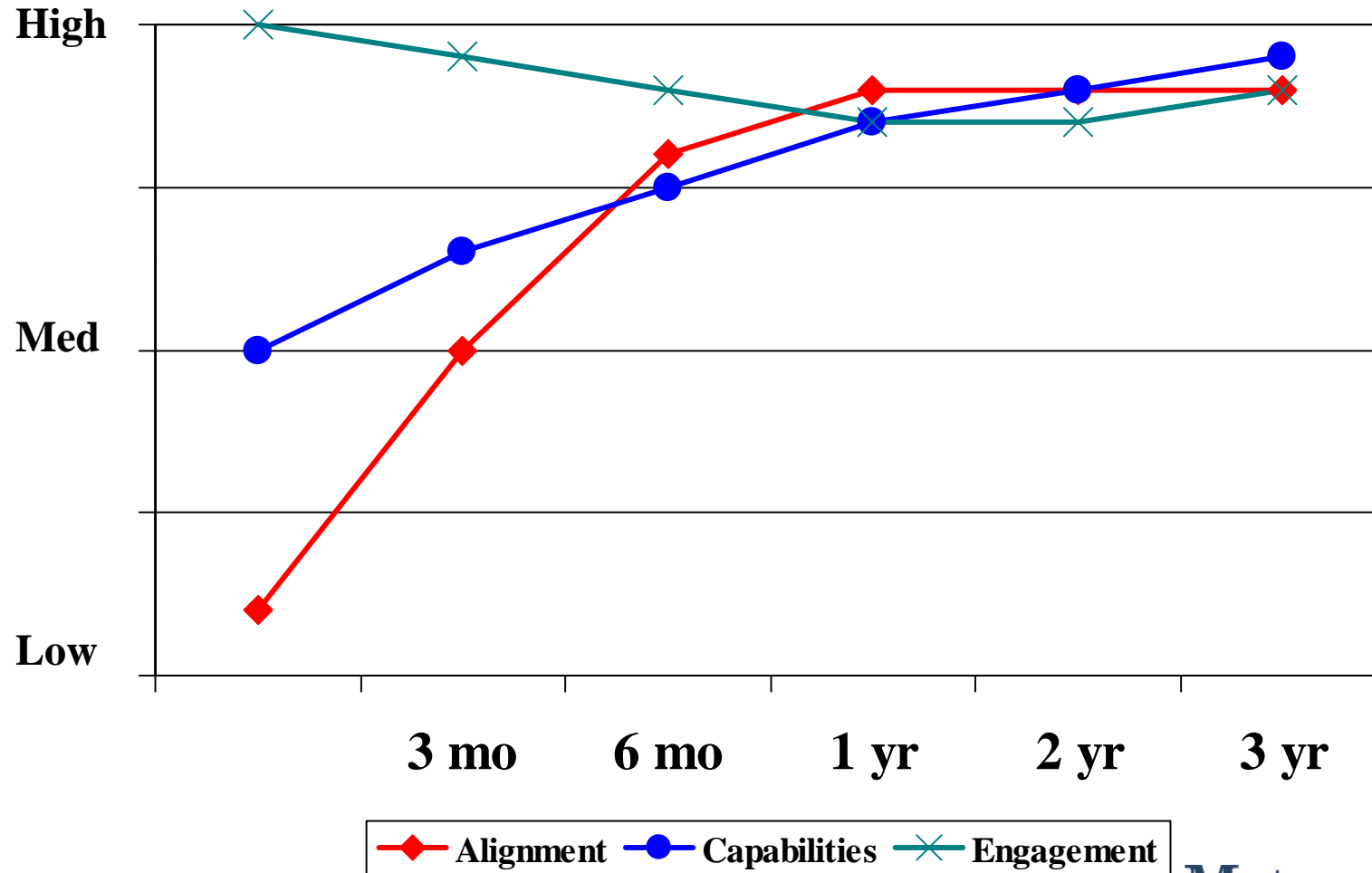
On-boarding Talent

- 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 . . .



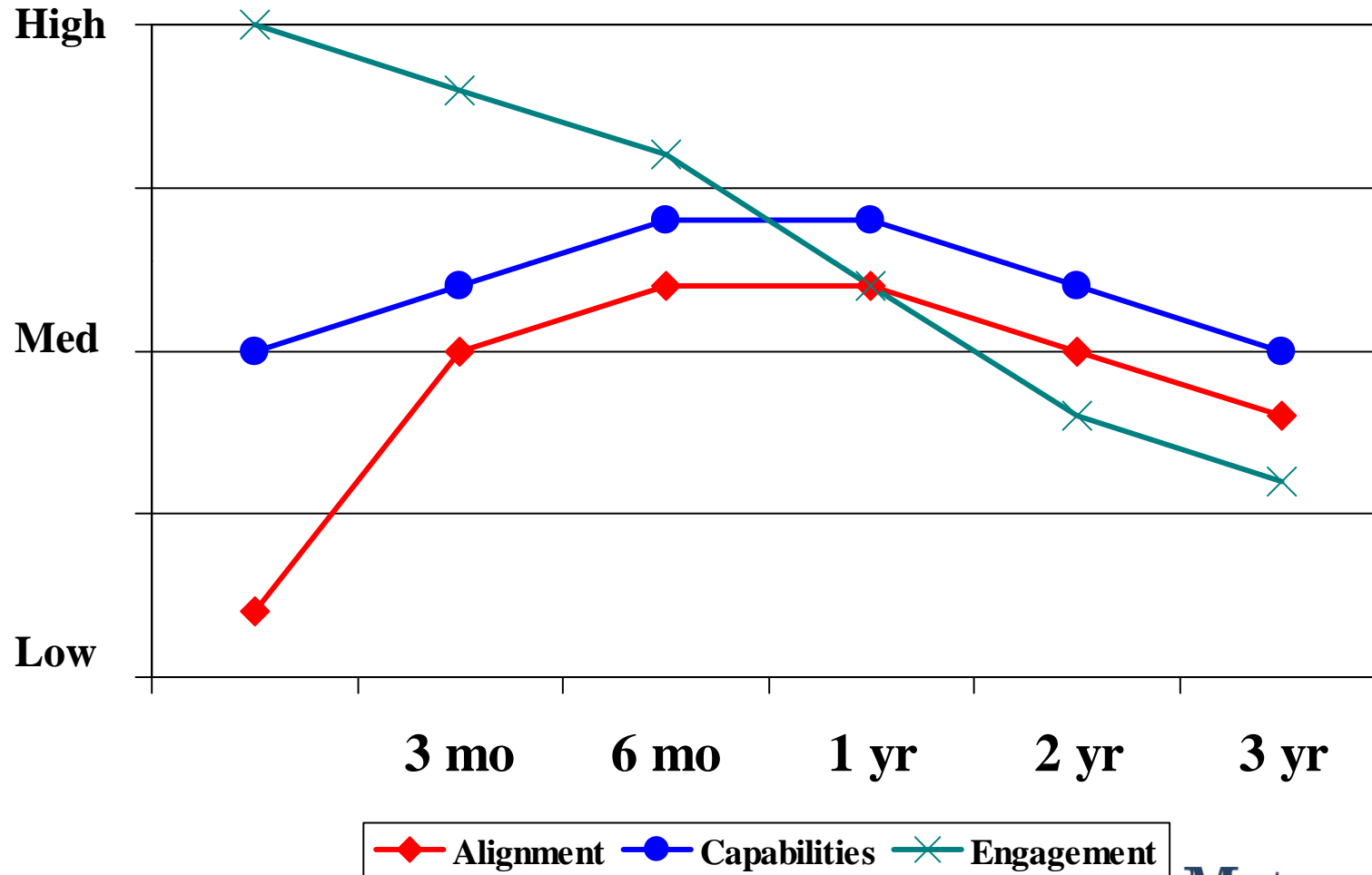
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Typical High People Equity Profiles



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Typical Low People Equity Profiles



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

Creating Personal Value

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



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DREAM THE DREAM!



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Thank You!

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