

Beyond Hi-Pos: Getting the Most from the Supporting Cast



TALENT STRATEGY

HCI White Paper

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By Ross Jones



INTRODUCTION

Successful organizations value their high potential employees - those top 10% of performers that, to a large degree, drive innovation within a company. The most successful organizations, however, go beyond this by focusing on the "golden middle" - the 70 to 80% of employees who do most of the work and are the ones that will turn the innovations into business successes. Given their importance, how does an organization maximize the retention and development of these very good performers? During a November 19, 2007 HCI webcast, Career Systems International's Dr. Beverly Kaye, Stacey Cunningham, and Mike Stromes layed out a five-step process that organizations can use to develop and monitor learning solutions for all levels of talent. The critical steps are:

- o Diagnose and determine the business case for your organization.
- o Design and enable your talent development process.
- o Deliver the key messages about your organization and development to your employees.
- o Sustain your improved talent retention and development process.
- o Track the success of the process through targeted measurement mechanisms.

Optimizing the management of the great majority of talent on which all organizations depend requires attention to, and efforts from, three stakeholders. First, the employees will provide the necessary spark "if they are educated to find their own

job satisfaction," stresses Kaye. Good managers can support this by creating the positive work environment in which job satisfaction can be found. Finally, the organization is responsible for putting the systems into place that will allow employees and managers to achieve these ends. If all three stakeholders become actively involved in carrying out the five-step process, organizations will see an increased ROI for their human capital management - including increased employee and customer satisfaction, increased recruitment of potentially high performers, increased retention, and heightened productivity.

STEPS 1 AND 2 - DIAGNOSE AND DESIGN

Statisticians will tell you that the performance of any sizeable workforce will be "normally distributed" - or, in other words, measures of individual performance will fall somewhere on a bell-curve with the lowest 10% and highest 10% of performers being found on the two tails of the curve. The top 10% of performers are the organization's high performers or high potentials, depending on whether the metrics measure current or potential performance. The bottom 10% are the employees that are performing well below average and either need to be retrained, moved to another position, or moved out of the organization. This paper deals with the middle 80% - the great majority of employees who are at or near the average of performance. These are the people that do most of an organization's work. And, given their sheer numbers, optimizing the retention and development of these people is where HR can have the greatest impact on an organization's business performance.

Figure 1 shows the five steps that an organization's HR department, or consultants working with an organization, should use to develop and maintain a talent management process focused on improving the retention and performance of the "golden middle." The first step is to diagnose the organization's business needs and their relationship to performance. This requires "going where the leaders' mindset is," to both understand what they think the business needs and to "gain and maintain leadership support," for new talent management processes, explains Stacey Cunningham. And this last part is critical because, unfortunately, many business leaders see talent management processes as "niceties" until they learn how they can impact the financial bottom line. This means that HR must make the business case to senior leaders of how retention and development are business drivers - where investing in the program will result in a positive ROI.

After gaining the support of senior leaders and managers, it is important to review an organiza-

tion's exiting talent strategies in order to know, and show, what is already being done. Most organizations will have isolated strategies that are working. New processes should be linked to these already successful ones to better optimize both. For example, a compensation system that focuses only on salary or bonuses can be made more effective if other, non-monetary, types of rewards that are important to employees are included. This means tying improved performance to such things as recognition (employee of the month), making the work more interesting to the individual, or improving the work/life balance.

But how do you know what types of performance will improve a business' bottom line? "Data collection is the key," Mike Stromes stresses. Whether you access data that is already being collected for other purposes, or collect new data, the old adage applies - "you cannot improve anything that you are aren't willing to measure," says Stromes. The purposes of collecting baseline data before implementing or improving talent management programs are to:

Figure 1



- o Gauge employee engagement - how invested are employees with the success of their organization?
- o Gauge employee commitment - how likely are employees to stay with their organization?

Collecting this data requires asking employees for their views of their career development, manager, work environment, pay and benefits, and how well they like what they need to do for their job. In addition, the survey needs to elicit honest responses on employees' intention to stay with the organization. As part of researching employees' attitudes towards their managers, it is important to collect data on the range of managerial practices that are helping or hurting employee engagement.

And, if the views of the participants of the November 19, 2007 HCI webcast are indicative, these surveys are likely to discover the importance that managers play in employee retention, development, and job satisfaction. When asked what factor has most impact on their employees' intention to stay, 56% of the participants identified managers. And, according to Career Systems International research, not all managers are fulfilling their critical role very well. "Fifty-seven Percent of employees are concerned about their mobility within an organization, but employees believe that only 50% of managers know how to help employees achieve

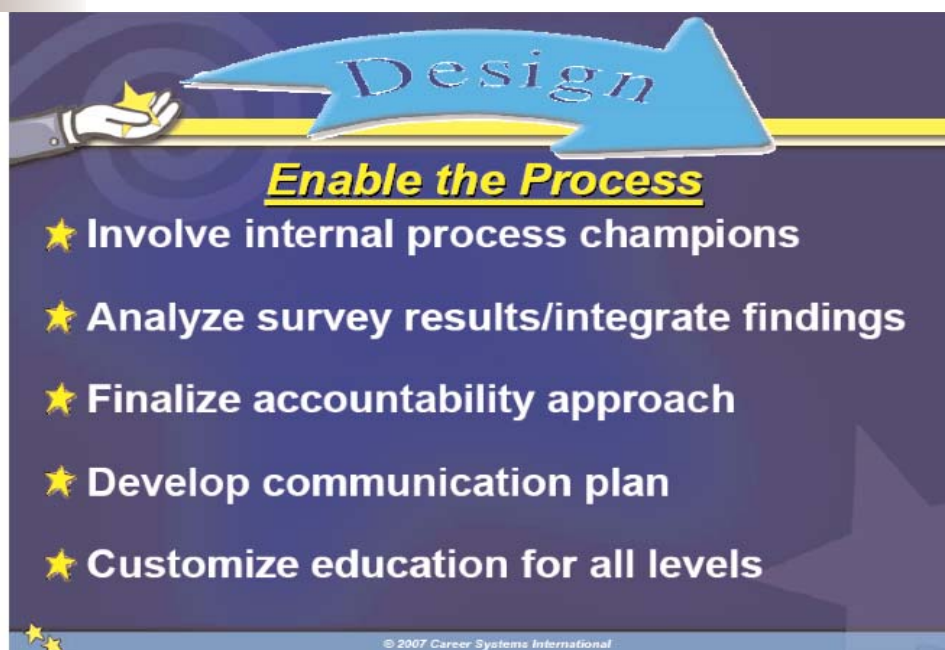
increased mobility," Stromes explains. In addition, 77% of employees surveyed by Stromes' company, believe that they have skills that their managers are not adequately using. Finally, the research also shows that only 54% of employees think their managers are helpful in establishing a good work/life balance.

The key is to find out from our employees what their "hot button" issues are - the things that most affect engagement and commitment. And collecting this data can be done through a combination of methods - including exit interviews, focus groups, and targeted engagement surveys. Only after collecting the data "can clear and measurable goals for talent management processes [for the middle group of employees] be crafted," Stromes stresses. These goals are built around a vision of what business success will look like in the future - a vision that can only be created by measuring where the organization is today. The data is also critical to the tailoring of the learning situations used to achieve these goals and for setting a positive climate of expectations and needed changes within the organization.

Finally, as we will see below, good baseline data allows an organization to track the success of any new process - by comparing it to similar data collected after the implementation of the process.

After diagnosis, comes the design step (see Figure 2). According to Cunningham, there are three aspects to this step that are most critical:

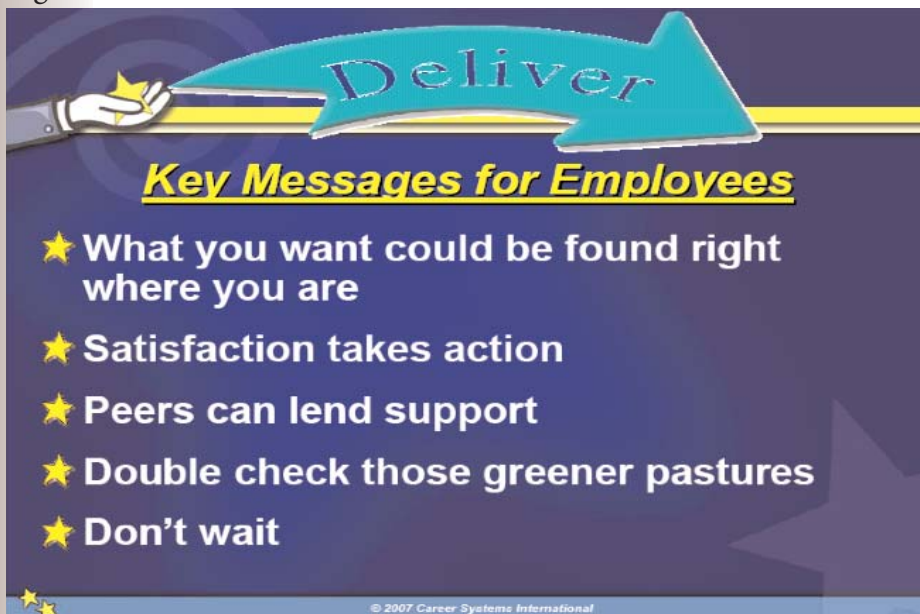
Figure 2



1. Integrating the results of the diagnosis step.
2. Determining how (and by whom) accountability will be achieved.
3. Developing a communication plan.

The design of a talent management plan relies on survey results to determine what is the best strategy for all talent within an organization - Hi-Pos, the lower 10%, and, most critically, the middle majority who needs to be kept engaged to get their work done. And the design must not only account for the performance level of the worker, but their various job types as well - changing the behavior of line workers versus senior leaders or managers requires different considerations. To address this, an optimal design will "build accountability measures into year end results" for all employees, Cunningham explains. Ultimately, however, the success of any design depends upon communication. Those responsible for the process must communicate to all employees why they need to do their work and explain how their work is linked to business success does this.

Figure 3



THE FINAL STEPS - DELIVER, SUSTAIN, AND TRACK

"The 'how to' message [of the design] needs to be delivered through many learning vehicle to deliver key messages to employees," Beverly Kaye explains. Figure 3 highlights some of the most critical messages that an organization's employees need to hear. Their underlying theme is the importance of employees changing their attitude from one of entitlement to one of empowerment. Employees need to help themselves (and each other) to create the work environment that will help them achieve optimal job satisfaction and performance.

Another important component to the message that employees should hear is the "four kinds of equities that they build into their job," stresses Kaye. Some, and often all, of these equities are lost when an employee leaves their job. Employees need to be told about them, as well as the fact that it takes time to build them up after moving to a new job. These four equities are:

1. Financial - both their compensation and benefits.
2. Influence - knowing who and how to influence takes time and needs to be restarted when moving to a new employer.
3. Social - the people they have learned to turn to for support.
4. Skill - the new job is unlikely to use exactly the skill set that the employee has spent years developing.

Of course, the other two major stakeholders, the managers and the organization, have an important role in this (see Figure 4). And, as a result, there are key messages that need to be delivered to managers and senior leaders as well.

Key Messages for Managers

- o Engaging and retaining talent is vital
- o People stay for more than pay
- o Development, relationships and environment matter most
- o Don't guess and don't assume - ask employees what matters to them and what they need
- o Individualize your actions - no two employees are the same
- o Deliver on your promises to employees.

Key Messages for Senior Leaders

- o Retention and engagement is everyone's job
- o We have a talented population that we want

to retain and develop

- o Our talent is not a commodity but is a true competitive advantage for us
- o New competition is coming into the market and actively recruiting our talent
- o People who are engaged are more productive.

Obviously, managers play a particularly critical role in the talent management process since they are the ones who, ultimately, "deliver" the messages and the process to their supervisees. However, as the results of the online poll and the Career Systems International research discussed above show, many managers are not doing a good job at fulfilling their role. According to Kaye, organizations can help their managers improve their own performance in several ways (see Figure 5).

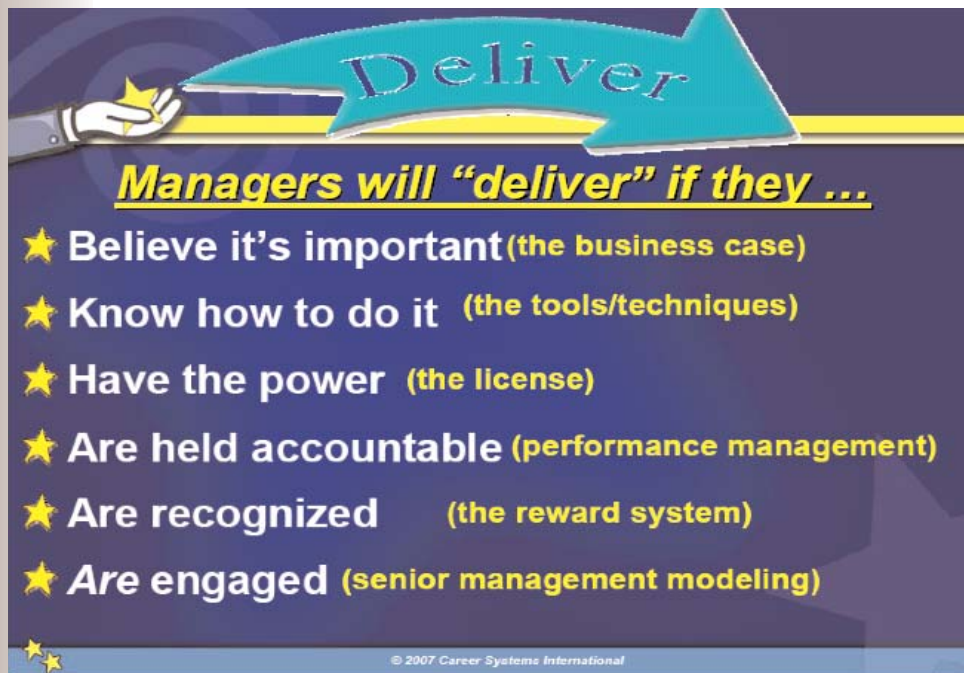
Once given the skills and knowledge to carry out their role, managers need to find those areas that they have the influence to change. For example, if an organization is concerned about losing valuable employees, but cannot pay more, it is the manager

who must find out from the employees "what else we can do to keep you," says Kaye. As Cunningham explains, managers can do this by asking employees "where they are in their life-cycle and, if they are focused on pay, telling them to dig deeper." In fact, most organizations benchmark salaries so, if employees are being paid fairly, there is often other troubles related to the work environment or

Figure 4



Figure 5



other aspect of the job that may be causing the job dissatisfaction. And it is the managers who are normally in the best position to discover and correct these causes.

However clear the messages and however well designed the retention and development programs, they will not be effective if they are not sustained. "Make it stick!" stresses Kaye through:

- o Coaching, mentoring, and reinforcement - peer coaching, expert coaching, etc
- o Dialogue commitments to ensure information exchange among employees, managers, and leaders.
- o E-communications for rapid exchange of encourage, advice, and information.
- o "Just in Time" portals for the long-term dissemination of results and information.

- o Webcasts and podcasts to teach and reinforce skills.

- o Pulse surveys to detect changes in attitudes and behaviors.

Finally, the success of the process in retaining and developing the organization's "golden middle" of employees must be tracked - to support and reward successes and to fix those

parts of the process that are not working as well as hoped. Much of this tracking will involve repeating the surveys and other measurement mechanisms used in the diagnostic step. Comparing survey results, from the same employees, conducted before and after the establishment of a talent management process, is a particularly powerful method. And exit interviews may be the best way to find out when and why the process did not work. Besides surveys and interviews, critical data can also be generated by "cost of loss reports" (the cost of losing and replacing employees), competency based evaluations, and other methods that will generate KPI (Key Performance Indicator Data). Finally, while the collected data is vital to "tweaking" the process, it is also critical for maintaining the support of managers and senior leaders for the process. Nothing will build support faster than a clear showing of the link between the talent management process and business success. Therefore, the best tracking methods will include quantifiable metrics for the ROI.

CONCLUSION

Many organizations focus their talent retention and development initiatives too much on the top 10% of performers. While this group of employees is obviously important, most of an organization's success will depend on the work of the middle 80% of employees - the vast majority of workers who are at or near the average of performance. Given their great numbers, nothing will increase a company's productivity more than increasing the "average performance" of this group. This paper highlights the five steps to creating a process that will increase retention, improve job performance, and create more satisfied employees within this "golden middle" - Diagnose, Design, Deliver, Sustain, and Track. These steps depend on creating a culture that promotes discussion among employees, managers, and senior leaders. It also depends on data collection. This includes data from employee surveys and interviews regarding what they are looking for in their work and how well they think their organizations are at providing it. It also includes data showing the link between talent performance and business success - just the type of data most likely to build support for any talent management process among managers and senior leaders.

Based on the Human Capital Institute webcast, *Beyond Hi-Pos: Getting the Most from the Supporting Cast*, November 19, 2007

PRESENTERS

Beverly Kaye

Founder & CEO

Career Systems International

Beverly Kaye, Founder & Chief Executive Officer started Beverly Kaye & Associates, Inc. (BKA) as a

management consulting company specializing in the creation, delivery and strategic management of talent in organizations in 1979. Career Systems, which later evolved into CSI, was subsequently added (1982) to create and supply state-of-the-art instruments for use in our workshops. Today, the product and service operations have been integrated into a single international enterprise under the marketplace banner (dba) of CSI; BKA remains as the parent company and corporate umbrella of CSI. Cutting edge thinking and continuous improvement efforts have kept the award-winning Dr. Kaye a leader in the career development field for 25 years. She is the author of the classic career development book, *Up is Not the Only Way*, and the co-author (with Sharon Jordan-Evans) of the international bestseller on retaining talent, *Love 'Em or Lose 'Em: Getting Good People to Stay*, and the workplace satisfaction sequel, *Love It, Don't Leave It: 26 Ways to Get What You Want at Work*.

Stacey Cunningham

Director of Talent Solutions

Career Systems International

Stacey C. Cunningham holds the responsibilities of senior consultant, solutions developer, and keynote speaker in her role as the Director of Talent Solutions for Career Systems International, a Beverly Kaye company.

An expert in employee engagement and leading management practices, Stacey has extensive experience guiding leaders and their teams in improving employee productivity and reducing voluntary attrition through employee engagement and retention initiatives. Utilizing her candor, descriptive insights, and passion, Stacey consults and coaches senior executives and their leaders on how to increase their organizational effectiveness and sub-

sequent profitability through their talent management and leadership practices.

Stacey's exemplary work has impacted the lives and careers of thousands of professionals in leading organizations in the healthcare, information technology, financial services, manufacturing, and pharmaceutical industries. A number of her clients, including Merck, ADM, Fifth Third Bank, Xerox, Goodwill, Genesis Health Care, Bronson Health Systems, Wyeth, have acknowledged Stacey as a major contributor to improving the levels of employee engagement and retention within their organizations.

Mike Stromes

Director of Client Assessments and R&D

Career Systems

Mike Stromes, Director of Client Assessments and R&D, is a specialist in the field of Career and Organization Development and is highly regarded by his peers and corporate clients for his diverse ability as a consultant, trainer, presenter, analyst and coach. The focus of this work is directed towards building developmental cultures that enhance organizational capability and resilience. As an expert in this field he has been an invited speaker at the American Society for Training and Development (ASTD), the International Association of Career Management Professionals (IACMP) and other regional seminars.

He has consulted, designed and conducted programs for employees and managers in the United States and abroad. Bayer, Ciba Specialty Chemicals, Guidant, Mott's International, Sharp Electronics,

SONY Electronics, Novartis, Pfizer, Prudential Insurance, New York Life and Unilever are among those organizations utilizing these services.

Mike completed post-graduate work in Career Counseling and Assessment at the New School for Social Research, preceded by an M.S. in Human Resources Development at the American University, and a B.A. in Mathematics and Computer Science at Queens College, CUNY.

Mike is a member of the American Society for Training and Development, the Association for Psychological Type, the American Counseling Association and the National Career Development Association

MODERATOR

Bill Craib

Vice President, HCI Communities

Human Capital Institute

Prior to joining the Human Capital Institute, Bill was the Founding Director of AIRS Human Capital Solutions, and served as Director of Training and Curriculum Development from 1997 to 2003. An early Internet adopter and advocate of its far-reaching potential, Bill developed his practical experience by establishing an Internet-centric executive search practice focused on telecommunications. This endeavor helped lay the groundwork for the significant contributions he has made to the core curriculum of AIRS. Bill earned a BS Degree from the Newhouse School of Public Communications at Syracuse University and spent 10 years as a journalist working for several media organizations, including ESPN and the Rocky Mountain News, before entering the recruiting industry.

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