Reinventing Talent Management is an outstanding blend of research and practice. It reports compelling research on the value of investing in talent and offers specific recommendations . . . . and offers specific guidelines for those wanting to upgrade their people management skills.

Dave Ulrich
University of Michigan

Co-published by:
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

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Three Things You Will Take Away!

• Trends that are changing talent management

• Three powerful factors for optimizing People Equity and long term performance

• Implications and actions

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Trends That Will Change Your Life

1. Global competition
2. Insufficient talent in the right places
3. Technology—speed, transparency, connections
4. Managing diverse workforce in diverse places
5. Value and its measurement driving most decisions
Value Equals…

Quality of Relationship/Service

Cost of Relationship
Implications: Preparing for Recovery

- Perceived Value is making or breaking every organization
- Need to have a clear business strategy
  - What makes you different from your competitors?
- Supported by a clear people strategy
  - Why do you deserve to get and keep the best talent?
  - How will you optimize your talent?
- Enabled with good strategic metrics
  - How will you know if you are optimizing your talent?
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People Equity is Key Driver of Shareholder Equity

Shareholder Equity

Customer Equity
- Relationship Value
- Brand Equity
- Product/Service Value

Turnover
Internal Service
Quality
Productivity

People Equity

People Drivers
HR Drivers

People Investments, Initiatives

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The People Equity Model

People Equity

Alignment
- Brand
- Goals/Values/Policies
- Customer

Capabilities
- Information
- Talent
- Resources

Engagement
- Advocacy
- Satisfiers
- Motivation/Commitment

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Is People Equity Manageable?

Drivers & Enablers of People Equity

FACTORS
- Alignment with Organizational Strategy
- Capabilities
- Engagement

DRIVERS
- HR Systems
- Innovation
- Unique Strategy Elements
- Structure
- Technology Systems

ENABLERS
- Values/Operating Style
- Leadership
- Direction/Strategy

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Does PE Vary Across Organizations?

Hospital Scores: Life or Death?
Eight Major Profiles: Require Different Actions

<table>
<thead>
<tr>
<th>Alignment</th>
<th>Capabilities</th>
<th>Engagement</th>
<th>Profile</th>
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<td>Performance Laggard</td>
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</tbody>
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Does People Equity Vary Internally?

A - Alignment  C - Capabilities  E - Engagement
Red = Trouble  Yellow = OK  Green = Strength
Service-value Chain Extends Internally
Internal Service Lower than Expected

Percent Favorable Ratings

- Quality
- Mfg/Ops
- Customer Svc
- Comm/PA
- I.T.
- Security
- Finance
- R & D
- Legal
- Procurement
- Human Resources
- Marketing
- Sales

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Does People Equity Affect Internal Service?

Percent Favorable Ratings

- Quality
- Mfg/Ops
- Customer Service
- Comm/FA
- I.T.
- Security
- Finance
- R & D
- Legal
- Procurement
- Human Resources
- Marketing
- Sales

40% difference in most functions

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Does People Equity Makes a Difference?

Metrus Institute Research

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

Sources:
Kostman & Schiemann, People Equity: The Hidden Driver, Quality Progress, 2005
Does People Equity make a Difference?
ICS, Business Performance and ACE

Interaction with People Equity

Seibert & Lingle, Quality Progress, March 2007
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What we know about ACE

• Powerful factors in driving people and organizational performance
• Strong predictors of key outcomes: financial, quality, customer, retention, value
• Can be measured
• Lots of variance
• Can be managed and optimized
• Good indicator of success of people investments and processes—ROI
• Clear link to internal service

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A Few ACE Implications

- Can’t manage if it isn’t *measured* throughout talent lifecycle
  - Predictor, reflector & strategic indicator
- **Focus** actions & investments that increase ACE
- Similar HR processes *DO NOT guarantee* same ACE scores
- Stop “one-size-fit-all” programs
- Active analyses of *drivers & enablers* increases ROI
- Provides framework for *optimizing* talent investments

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ACE Thinking Strengthens TM Decisions

Optimizing

Training

Succession

On-Boarding

Retaining

Acquiring

Recovering

Employer Branding

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Building Function or Team Value: It's What You Do and How You Do it

Customer Equity
- Relationship Value
- Brand Equity
- Product/Service Value

HR Products & Services

HR Relationships

HR’s People Equity

HR Investments, Initiatives

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Relationship Assessment: HR Strengths and Weaknesses

- Responds in a supportive and helpful manner: 57% Very good/Good, 30% Average, 13% Poor/Very poor
- Possesses required knowledge and skills: 56% Very good/Good, 34% Average, 10% Poor/Very poor
- Responds to requests in a timely manner: 50% Very good/Good, 35% Average, 15% Poor/Very poor

Top 3:
- Do what they promise when they promise: 44% Very good/Good, 36% Average, 20% Poor/Very poor
- Understands your business needs: 38% Very good/Good, 41% Average, 22% Poor/Very poor
- Is proactive: anticipates your needs and requirements: 26% Very good/Good, 37% Average, 38% Poor/Very poor

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Acquiring Talent More Strategically

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

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

• Facts:
  – Acculturation as a goal is often missed
  – Most firms weak in practices or measures
  – Most weak on evaluating training impact

• Potential Actions:
  – Acculturation starts BEFORE hire
  – Track ACE/similar of progress/gaps
  – Training evaluation—measuring impact?
Typical High People Equity Profiles

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Typical Low People Equity Profiles

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Rethinking Performance Management

• Facts:
  – Performance Appraisals often cause more damage than value
    • Lack of discipline or desire
    • Too complex
    • Not helping development
    • Rarely tracked/evaluated for impact

• Potential Actions:
  – Define purpose clearly
  – Separate from development
  – Avoid annual event linked to pay
Retention During Recovery

• Facts:
  – Too many high performers escape
  – Turnover far more expensive than most realize
  – Real reasons for exit poorly identified

• Potential Actions:
  – Create sticky environments
  – Assess beyond the exit interview
  – Use better predictors & more conversation
  – Calculate ROI on retention interventions
A Call To Action Checklist—
Adopt a New Mindset

- Do we have a strong People Strategy, scorecard?
- Have we optimized People Equity (Alignment, Capabilities, Engagement)?
- Are we measuring the right strategic things? (e.g., ACE and its Drivers--not just Engagement or Satisfaction)?
- Are we learning from our customers?
- Have we linked ACE thinking to our internal stakeholders?
- Are we allocating resources strategically?
- Are we applying new thinking to overall talent lifecycle?
Great Sources for Additional Information

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

- **Internal Customer Service: Has it Improved?**

- **The Workforce Scorecard: Managing Human Capital to Execute Strategy**

- **People Equity: The Hidden Driver of Quality**
  - Kostman and Schiemann, *Quality Progress*, May 2005

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

- **The HR Value Proposition**

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