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Contingent workers offer a dynamic and flexible solution to meet changing market demands, quickly boost productivity and rein in costs.

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Success in 3-D

Talent management today is a rich mix of practices, processes and procedures. At the macro level, it includes collaboration, innovation, business integration and process alignment. At the micro level, it encompasses traditional HR practices like recruitment, diversity, engagement, employee development, performance management and assessment.

To lead into the future, talent managers need to actively create value in an additive process.

Bringing it all together is a significant challenge in the best of times. Today's high pressure environment makes it especially so. What's required is to be additive. What does it mean to be additive? It's a term that is rising in prominence in manufacturing.

Think about traditional manufacturing as subtractive. Creating a part, such as a piston for your car's engine, requires taking a hunk of metal and cutting and drilling and shaping it until it fits the purpose intended. It's a laborious, resource-intensive process that requires a sophisticated and expensive production line.

Being additive turns the production process around. Imagine you decide one day to try to build your own engine in your garage. Using software, you design and develop how you want your engine to look and perform. Do you want four or six cylinders? What kind of horsepower do you want to generate? When you're satisfied with the design, press print and a three-dimensional printer whirs into motion, creating your custom piston from scratch.

It's not a fantasy. In the near future, just like when you press print to print a hard copy of a file, you'll be able to do the same with products, watching as a printer creates your desired object by applying layer upon layer of solid material in three dimensions, much like your desktop printer does it in two dimensions on a piece of paper.

This process, long the province of designers and prototypers, is increasingly being used to manufacture things as simple as shoes and gloves to sophisticated mechanical devices. A basic 3-D printer costs less now than a laser printer did 30 years ago.

It's not just the realm of manufacturing that is taking notice. Medical researchers have devised a way to print skin. At last month's meeting of the American Association for the Advancement of Science, researchers from Wake Forest Institute for Regenerative Medicine unveiled a modified desktop printer that can print skin to replace damaged or burned skin in minutes for a small area or a couple of hours for larger areas.

The U.S. Department of Defense was so impressed that it plans to give researchers $50 million over the next few years to fund bio-printing processes that can help soldiers on the battlefield. Scientists from Cornell demonstrated the process can be used to print more sophisticated organs and could be widely available in the next 20 years.

In talent management, being additive means creating something, not just shaping it. It means applying practices methodically and scientifically, layer upon layer, to build a successful organization. It requires continuous experimentation and ongoing curiosity and innovation.

It involves taking all the disparate pieces of the HR process — from recruitment to retention, diversity to development, inclusion to engagement, assessment to succession — and applying them to create a high-performing organization, to manufacture it if you will. It's not just managing policies, initiatives and programs. It's a 3-D process, not a linear one, to meet the needs of our organizations.

The practice of talent management is not just hewing away at what we've got — shaping and cutting and melding it — but actively creating it. There is no shortage of challenges, starting with the perception that many have of people in human resources. But attracting and developing talent is the primary job of the organization. It's the foundation everything else is built upon.

Howard Schultz, CEO of Starbucks, told the New York Times late last year: "People ask me what's the most important function when you're starting an organization or setting up the kind of culture and values that are going to endure. The discipline I believe so strongly in is HR, and it's the last discipline that gets funded."

The opportunity is there. The conditions are right. Are we up to the challenge of talent management in 3-D? TM

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talent management

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COMING NEXT MONTH...

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- Handling Mistakes Productively
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Taking the Right Chances

Our profession must certainly reduce risk where it makes sense. Such areas of risk reduction include meeting legal requirements, honoring contractual obligations and ensuring basic processes like payroll and benefits are without mistakes.

Many organizations ask employees to complete an online course to make them more aware of how office actions can be interpreted and how to avoid harmful situations such as sexual harassment. Reducing the risk of inappropriate behaviors at work is an important role for HR to play, but it can go too far. It's the same problem as putting your money in the mattress. You reduce the risk of losing the cash but give up opportunities to invest for higher returns.

Reducing the risk of inappropriate behaviors at work is an important role for HR to play.

When it comes to financial and other uncertainties, I prefer to think about risk leverage, which means both avoiding and taking the risks that make sense. In HR, outcomes such as less-than-maximum performance, turnover and employee shortages or surpluses are treated as risks to be avoided. Yet some turnover can create benefits, extra employees or even an employee shortage that may optimize risk and return; you don't always need to guarantee maximum performance.

I'm teaching two MBA classes that deal with performance management, and I tell these future leaders they need to understand performance as risk leverage. I ask them, "Should organizations always avoid the risk of less-than-top performance?"

It's a case-by-case situation. The same behavior carries very different risks depending on the job. On Jan. 5, a United Airlines flight had to be diverted when it squawked the code indicating a hijacking. Fortunately, there was no hijacking. The squawk was caused by spilled coffee on the radio controls in the cockpit. Spilling coffee is a mistake for flight attendants and pilots, but airlines tolerate it for flight attendants and invest heavily to prevent it for pilots.

What about taking risks at the high end of performance, in customer service? Look up "preflight safety demonstration" online and you will find links to videos that include Cebu Pacific Air's flight attendants dancing to Lady Gaga and Air New Zealand's Bare Escentuals cosmetics demonstration featuring flight attendants wearing body-paint uniforms. The idea is to get passengers to pay attention.

Airlines often give the cabin crew great leeway in how they create a fun environment for passengers, expecting them to hold to essential safety standards while not being too rigid. Yet for the cockpit crew it is not vital that they spend time learning passengers' names, rehearsing their in-flight announcements or coming up with funny jokes. These may be enjoyable for passengers, but everything that improves performance is not equally valuable. The payoff of funny jokes for pilots is not the same as for flight attendants.

The airline scenario reminded me of the U.S. Navy's experience with the release of racy videos that led to the retirement of the commander of the U.S.S. Enterprise.

Several years ago, I had the privilege of teaching naval captains and commanders about talent management, and I showed an online video made by a carrier crew lip-synching a rock song. Most felt the video sent a positive image and might even be a good recruitment device to show that life at sea was not just boring and scary, and that the Navy was not stodgy.

Even then, the class could see the deeper implications for performance risk: A vital future element of "return on improved performance" for naval officers would be the growing influence of social media among those under their command. Ten years ago, it didn't matter that much whether naval officers understood social media. Today, leader's understanding of social media can be the difference between good decisions and career-ending ones. This is something to think about for all of an organization's leadership competencies.

How well do your talent management systems optimize risk leverage? How well do your leaders, supervisors and employees understand differences in return on improved performance? How do you balance the upside with the downside? TM

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 by Jac Fitz-enz

Nature Never Lies

Recently I was reminded that basic themes seem to run through all aspects of life. Whether we are talking about managing people, playing sports, investing in the stock market or fighting a war, these principles prevail. If we want to understand the dynamics of organizational behavior, it is useful to review them.

Human nature never changes. Therefore, in a given setting — business, a game, the stock market or a battlefield — only the players, strategies, resources and technologies change. How these work out is a function of the human nature of the participants.

Internally, the reasoning and emotions of the participants drive the "game." Most often, particularly under stress, the basic elements of humanity — fear, greed, ignorance and ego — come to the forefront. The other side of human nature is balanced through values, hope, insight and creativity. In the end, reasoning seldom is unaffected by these other powerful forces.

For example, there is no correlation at any level between financial success and happiness. As Fred Herzberg pointed out in his motivation theory almost 50 years ago, money is like food: You can eat the best meal of your life, but within a few hours you are hungry again. People can achieve material goals and career ambitions, but that does not guarantee happiness. Unless they are retiring, they'll always be striving to fulfill and maintain personal goals related to money, status and power.

Unfortunately, personal goals do not always correlate with organizational goals. Conversely, when you find a person who is satisfied with their position for the rest of their career, you have found a follower, not an innovator or a leader. It may be time to retire them.

Goal achievement is more a function of will than intellect. If your people have the will to work through adversity for the good of the organization, you have an irresistible force on your side. Call it what you will — engagement or commitment, if you like — but intelligence, skill and knowledge are not enough.

> **[What are the critical capabilities you truly depend on?]**

The indomitable will to serve the goals of the organization is the greatest competitive advantage you can obtain. Therein lies the challenge: In a parallel case, we talk about leadership; but as Peter Drucker asked, "Leadership for what purpose?" The same can be said for engagement. How are you measuring engagement? Is it just a number on a survey, or is it visibly connected to productivity?

All the great leaps forward throughout history have been the result of individual inspiration: One person who pulls together a support team of one or more believers leads to the great leaps in technology, medicine, sports, politics and business.

Despite what they say, management does not want these highly creative people; they want willing followers. If you find an unusually creative individual within your ranks, you have two choices. One is to isolate him or her in a position where he or she can work out their inspiration without organizational interference. Then, you have to reward him or her and restart the process. The other is to hope that his or her ambition does not correlate with his or her creativity because then he or she will leave to follow his or her dream. Most organizations have not been able to keep creative people long because organizations require and reward followership.

Strategy and, eventually, success are founded on objective analysis of purpose and goals. Know who you want to be as an organization.

What do you want to be in the marketplace? What should your signature be: innovation, like Apple; high quality, like Tiffany & Co.; low cost, like Amazon.com; or world-class service like Singapore Airlines? This will dictate your market strategy. For example, if you are in retail, do you aspire to be like Neiman Marcus or Walmart? This, in turn, dictates your hiring, salary, development and retention strategies.

Too often, I see companies hiring to fill jobs, not hiring for desired intangible capabilities. You can train to develop skills and knowledge, but what are the critical capabilities you truly depend on?

Think back to the above traits. For every responsibility or job, you want a specific set. You may want creativity in finance but not in accounting, right? Position by position, what do you absolutely need to be successful? TM

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The Science of 360s

As talent professionals, we faithfully believe that 360 feedback will help managers change their behaviors or at least increase their motivation to change. Unfortunately, those expectations are completely unrealistic. To actually get great results from 360s, we need to focus on what science says works and forget most of what we believe is true, including:

Feedback does not lead to change. Many HR professionals believe that simply receiving feedback causes sustained behavior change, but there is no science that supports it. Research says feedback often creates negative emotional reactions that inhibit change and, in one-third of cases, actually worsens performance.

Gaps between self-perceptions and others' perceptions do not motivate change. Many of us believe that when confronted with a gap between how we see ourselves and how others see us, we will try to close that gap. While this is an intuitive model of human behavior, it's not supported by science.

Research says that when confronted with that perception gap, we will diligently try to excuse it or explain its cause. We aren't resisting feedback; we're experiencing what's called cognitive dissonance. Our mind works hard to preserve our carefully developed self-image. When feedback conflicts with that image or could cast us in a negative light, the natural reaction is to reject it.

Most of us chronically overrate our capabilities, which means cognitive dissonance only increases when we see our self-ratings compared to others'.

Comparison to norms isn't helpful. Data comparing you to other 360 participants don't provide guidance or motivation for change. If you score below others, cognitive dissonance inhibits action. When our ratings compare favorably to norms, we don't experience any positive emotions; we simply don't experience any negative ones. The science is clear: We respond best when given information about only our behaviors, not when those behaviors are compared to others.

> [A 360 that overwhelms us with information creates a barrier to change ever occurring.]

More information is not more helpful. Typical 360 reports have more than 50 pages filled with charts, graphs, norms, bars, icons and comments. It's nearly impossible for someone to tell what they should do and how they should do it.

Research says that how we experience feedback predicts how much we'll change. A 360 that challenges us with negative feedback or overwhelms us with information creates a barrier to change.

To make 360s work, we need to find the simplest science-based way to help managers change their behaviors. And because processes alone don't ensure successful outcomes, we need to establish clear accountability for results and make the process transparent.

- **Focus on the vital few:** Help managers quickly understand their two or three priorities for change by clearly stating these in the report's first few pages.
- **Don't rate them; tell them how to change:** Telling a manager they scored 3.5 out of 5 on strategic thinking leaves them clueless about how to improve. Instead, include direct statements of exactly how to change that behavior.
- **Don't include normative data or self-ratings:** It sounds like heresy, but the science described above is clear. Don't let your curiosity about how you compare to others get in the way of actually changing your behaviors.
- **Use transparency to drive accountability:** A misguided orthodoxy in some HR circles says that we shouldn't consider 360 behavioral data when making personnel decisions, including promotions and assignments. But using that data is actually the most powerful way to drive accountability for change. While managers may ignore HR's requests to behave differently, knowing that their next promotion depends on it creates an entirely different level of commitment.

  In those situations, the organizations have known how those managers have behaved for many years. They've been talked about behind closed doors, around the water cooler and have likely already affected organization decisions, but now that they've been recorded on a few sheets of paper, they'll be part of a more fact-based discussion.

Realizing the true potential of 360 feedback requires doing less, not more. If we focus on the core science and make the process easy for managers to use, we'll finally get the return on investment that we know is possible.

About the Author

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ARE YOU HERE?

The Value of Green Recruiting

Lizz Pellet

Organizations can save money and attract top candidates by making their recruiting and talent practices more eco-friendly.

We've all heard that green is the new black. In the '90s, organizational culture was touted as essential for business success, and social responsibility seems to have taken its place. A lot of companies are finding it's good to be green as they integrate environmentalism and sustainability into their corporate cultures. Not only is corporate sustainability good for the community and the planet — it also can help employees reduce waste and operate more efficiently. Companies share their environmental initiatives in annual reports, core values and community activities. Yet many fail to leverage their environmental efforts in one key area, and that's recruiting. Many companies are missing a key opportunity here because a commitment to sustainability can be a factor the most desirable candidates consider when choosing an employer.

Green Is Red Hot

There are three main drivers for talent managers to consider as they determine if their organizations should increase sustainability efforts: importance, cost savings and congruence. First, determine whether social responsibility really matters to the organization and its potential employment candidates. Since green recruiting is such a new idea, there is conflicting information available. Talent leaders must determine whether social responsibility is important enough to the top talent they seek before making the effort to go green to attract and retain them.

The second driver for many organizations to create a green recruiting function is the significant cost savings associated with green solutions. Some talent leaders may disagree and say this should be the No. 1 driver, but as the economy regains strength and companies begin to hire at their pre-recession levels, the focus will be on finding the best qualified candidate and the right cultural fit.

The third driver is congruence. If the organizational culture boasts an environmentally friendly mission

or emphasizes sustainability in its consumer advertising, then that company should certainly have a sustainable HR function. Some companies may make a halfhearted attempt at "greenwashing," but today's savvy job seekers can detect incongruence in words and actions from a mile away.

Is there a business case for going green? Absolutely. A finding from i4cp's 2010 Major Issues Study revealed that more than three-quarters of responding business professionals projected there would be more green business initiatives in the coming year. Additional data suggested that professionals view the green issue as vital to business success. If an organization has not researched the business case for or evaluated its commitment to sustainability, it's time to broach the subject.

There are definitely benefits to this kind of activity. In April 2010, *U.S. Airways Magazine* was dedicated to going green and highlighted 10 businesses that bloomed and then boomed by leveraging sustainability. The list held an interesting mix of industries and supports the idea that talent leaders can get into

Organizations need to offer something their competitors don't in order to differentiate themselves and look more attractive to talent.

the green game, save money and increase profits. The 10 featured organizations were Amazon.com, New Belgium Brewing, Coca-Cola Enterprises, Starbucks, Patagonia, The Ritz-Carlton, the University of New Hampshire, Wynn Las Vegas, Dell and the city of Greensburg, Kan. A few months later, in November, Rob Bernard, chief environmental strategist at Microsoft, wrote an article for *Forbes* on how cloud computing can greatly reduce the net energy use of business computing. Apparently even the clouds are green these days.

The aforementioned organizations demonstrate their green commitment in many ways, but one thing they all have in common is how they have rolled sustainability into their values. This is where the third driver to go green — congruence — comes into play. If an organization sees the value of embracing sustainability, then it must become a value. Note: The "please consider the environment before printing" footer on e-mails is not enough to send the sustainability message to the marketplace. Commitment in actions and stated values is far more effective.

In a 2010 HRPS *People & Strategy* journal article, "Transitioning to the Green Economy," Jeana Wirtenberg, senior advisor at the Institute for Sustainable Enterprise, offered talent managers some sound advice. "Sustainability represents a huge opportunity for HR to play a more strategic role in their organizations, something HR had been aiming at for years," Wirtenberg said. "In many ways, it falls right in HR's sweet spot. Under the right circumstances, HR professionals can help infuse sustainability into talent management systems, but they have to build up their own competencies in this area." Over the years talent leaders have been asked to continue to build competencies and move from a tactical function to a more strategic business partner, so it comes as no surprise that, given its implications for talent and the bottom line, they will need to build knowledge around sustainability.

Planting Green Seeds

So where should organizations start? There are many opportunities to go green in every step of the employee life cycle, from candidate search to retirement benefits, but the largest area of impact may be right at the beginning: recruitment.

Let's start with social networking. Gone are the days of calling up the local newspaper and placing an ad. That was replaced by job boards, and now job boards are in trouble and losing market share to organizations that are doing their own candidate searches. We all know these mediums help talent leaders recruit better, but they are also a greener practice than what has been done in the past. Organizations are seeking and finding passive candidates on LinkedIn, posting jobs on LinkedIn subgroups, tweeting jobs on Twitter and building professional Facebook pages that work well to attract quality candidates. Additionally, these recruiting methods are free, so companies are saving real green.

In line with these next generation talent acquisition approaches will be the way talent managers look at career fairs. If an organization hosts or attends career fairs regularly, it should consider the materials it provides to prospective candidates. Are they double-sided and printed on recycled material? If not, they should be. This may seem like a minor detail, but discerning candidates are looking at things like this. Another way to get attention is to distribute company information on a USB thumb drive, or better yet, given the proliferation of smart phones, create an app. That move is the epitome of reduce, reuse, recycle and will surely leave a lasting impression on the most desirable talent. Much like employment branding, organizations need to offer something their competitors don't in order to

Organizations need to offer something their competitors don't in order to differentiate themselves and look more attractive to talent.

differentiate themselves and look more attractive to talent. Everyone offers benefits, so organizations must be bold and go down a different path to give candidates a different, memorable experience.

Next, talent leaders can evaluate their organization's interview process. Does it rely on the same old telephone screening process? That may have been the standard for years, but it's not anymore. Live virtual or video interviewing is becoming a popular approach. Futurist John Sullivan stated in an ERE.net blog post in June 2009 that the "interview from anywhere" would become the standard practice for all but the final interview.

Live virtual interviews not only cut candidate travel costs by up to 75 percent; they significantly reduce talent management's carbon footprint. Solution providers handle everything from webcam fulfillment and technology support to candidate coaching so companies can have successful virtual interviews. Companies using this approach are already making headlines. At the Global Onrec Expo in September 2010, Baptist Health System in San Antonio, Texas, won the Best Candidate Experience award in its physician recruitment function, and the Innovation in Recruitment award was presented to communications and engineering solutions provider ARINC. Both of these companies used the live virtual GreenJobInterview.com platform as an integral piece of their recruitment practice.

Some of the other companies that provide similar services include HireVue, Interview Studio and Interview Stream. Before choosing a provider, talent leaders should be sure to include IT and legal departments in the conversation. Some providers require organizations to purchase their software or store the recorded interviews for two years. Any provider chosen will depend on an organization's budget, internal bench strength, legal implications and ultimately its corporate culture and values.

Some companies are using platforms such as Skype to conduct virtual interviews. A word of caution here: There are certainly legal implications if an organization decides to go this route. Some interview candidates may not have access to the necessary equipment, and there can be no taint of discrimination without an organization opening itself to potential liability. Further, the quality of a Skype meeting may not be appropriate for a professional interview. As the saying goes, you get what you pay for, and Skype is free.

Using any of these solutions will significantly cut travel expenditures as well as support an organization's sustainability efforts. In an ERE.net blog, Gerry Crispin of Career Crossroads used CarbonFootprint.com to make some calculations based on a mythical firm of 1,000 employees that hired a mix of 240 applicants. He calculated that this company produced about 1.25 tons of carbon dioxide per hire. Imagine how much that could be reduced by implementing just one green solution into the talent management process, such as live virtual interviews.

What if an organization made a real commitment to sustainability and looked at every touchpoint along the employee life cycle? Think about the huge impact it could have, not just from a sustainability perspective, but also from a cost-savings perspective. Sometimes the bottom line is the bottom line, and by making talent management more eco-friendly, an organization can add meaningful value to its brand and its wallet. TM

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A Winning Combination

Morné Swart

Investing time, technology and training in contingent workers can deliver a dynamic labor pool.

Contingent workers, historically sought after for seasonal positions, high-turnover roles or to fill long-term absences for full-time staff members, are now a vital part of the labor pool. In fact, the role of contingent labor has evolved into a strategic workforce imperative for many industries around the globe. For talent leaders looking to leverage the right combination of employees, contingent workers create a dynamic labor pool to meet fluctuating business needs and customer demands.

Often referred to as freelancers, temporary employees or independent contractors, the contingent workforce has become the answer for organizations seeking to control costs and reach organizational objectives. According to an August 2009 Manpower Inc. survey of 41,000 employers across 35 countries and territories, more than one-third of respondents view contingent labor as a key element of workforce strategy. The surge in contingent labor is anticipated to continue its momentum, setting the stage for new trends, including more contingent workers in professional positions — administrative roles are more common — reliance on contingent labor for skills outside a company's core function and using this labor source as a permanent solution in the development of a dynamic labor pool.

To reap the benefits of contingent labor, talent leaders will need to adapt to new workforce challenges brought to bear by this talent pool. Successfully deploying a contingent workforce requires strategic labor processes, including sourcing and vendor management, optimized scheduling, time and attendance practices, accurate data capture and workforce compliance. Organizations that invest time, technology and training into these workforce best practices will be able to better align nontraditional workers with corporate goals and mitigate the inherent risks associated with this worker category. These risks include contractor compliance, worker misclassification, co-employment and wage and hour compliance risks, as well as the need to stay abreast of changes in legislation.

Drivers of the Contingent Workforce

From April through June 2010, staffing agencies in America employed an average of 2.4 million temporary and contract workers per day, an increase of 23.3 percent from the same quarter in 2009, according to a November 2010 American Staffing Association quarterly Employment and Sales Survey. Many forces are driving the focus on contingent workers, but most organizations credit globalization, economic issues and new workforce generations as prime motivators.

The global effect: The proliferation of global markets has expanded business opportunities significantly. Opening doors to new geographical regions promotes increased competition, broader markets and rapid periods of growth. These market changes place pressure on organizations to find the right mix of employees to staff offices or manufacturing facilities and meet local client needs outside corporate headquarters, essentially challenging them to maintain a corporate or local presence in many diverse locations. A contingent workforce can provide a flexible, low-cost solution whenever and wherever an organization is conducting business.

Economic pressures: Traditionally, contingent labor followed a pattern against economic fluctuations — rising during downturns and declining when economies were thriving. However, recent reports predict that contingent labor will maintain a permanent presence in the business world well past the economic recovery. Contingent labor allows businesses to flexibly meet


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market demands and drive increased productivity and improved cost control.

Generation gaps: Baby boomers, who once led the workforce in mass numbers, are slowly retiring, and more millennials are joining the labor pool. Millennials, or members of Generation Y, bring new expectations, roles and characteristics to the workplace. For instance, millennials work to live, not vice versa; are predicted to switch jobs multiple times throughout their careers; and have entered the workforce in one of the most unstable employment markets. Flexible, non-permanent positions have become a satisfying answer to their quest for learning and on-demand employment needs.

Managing the Contingent Labor Pool

Readily identifying when and where contingent labor is needed can help talent leaders manage organizational job demands, match position requirements and candidates to requests, and easily integrate contingent and nontraditional employees into business operations. To do this, real-time visibility into operations, customer demands and marketplace opportunities is necessary. The ability to be agile and make quick and effective decisions about market changes allows companies to maintain the best possible talent mix at all times.

To obtain the most effective and efficient contingent labor pool, talent leaders should have several resources, including freelancers, temporary help agency workers, independent contractors, seasonal workers and on-call personnel, to supply talent. To select the best staff to fulfill work requirements, companies also need to have vendor management capabilities to match open or pending requisitions with vendor-supplied talent pools. Companies should be aggressive, matching position requirements and candidates to requisitions by role, skills, cost and availability to put the right people in the right place whenever and wherever needed and at the most favorable cost.

Beyond sourcing contingent labor, maximizing the value of nontraditional workers requires the right tools, technology and strategy. Any technology solutions implemented should help companies assess contingent labor resources, collect and analyze relevant data and provide comprehensive metrics for contingent labor utilization and deployment as part of an overall talent management approach. Specialty contingent labor workforce management solutions offer continuous payback and ROI by reducing the time and costs of administrative tasks and creating more productive and cost-effective workforce operations. As the demand for contingent labor increases, employers should stay abreast of new technology system capabilities as well as management best practices. One way to determine the right talent solution is for HR to work in concert with a vendor.

Deploying a contingent workforce can enable talent leaders to leverage the right mix of in-house and outsourced labor, whether the type of nontraditional employee is a freelance worker, on-call personnel, at-home worker or alternative work arrangement employee. But again, to provide a significant impact on performance and profitability, contingent labor must be a key component in a comprehensive workforce or talent management strategy.

Part of that strategy requires best practices for contingent labor deployment and reliable tools, such as a contingent labor workforce management system, to enable managers to see and control the entire contingent and full-time workforce in conjunction with labor practices, such as effective enforcement of compliance regulations and accurate worker classification, work schedules and productivity goals. For instance, when an organization implements an automated workforce management system that provides a dashboard view across the enterprise and allows for real-time visibility into metrics and movements, organizations become better equipped to respond to fluctuating demands.

> **{Today's regulatory environment enforces demands on companies that use contingent labor and independent contractors.**

Contingent Labor Management System Workflow

Using an automated workforce management solution also allows organizations to automate hardware such as time clocks, biometric devices, the Web and smart phones as well as processes that can aid in the capture of time, attendance and absence information to support contingent workers wherever they are needed. Further, as companies adapt to contingent workers and adopt specialized workforce management technologies, they can realize significant cost benefits.

Cost benefits: In order to realize the economic benefits associated with contingent labor sources, organizations must properly track the costs associated with these flexible employees. Standardizing and automating contingent labor management processes enables organizations to capture and allocate true contingent workforce costs, which increases visibility into actual labor spend. Companies will realize immediate benefits from automating contingent labor workforce processes to increase data accuracy and availability. Labor costs account for 35 to 70 percent of most organizations' spend, and having on-demand access to workforce metrics ensures the most consistent practices will be maintained.

Contingent labor sources also can be tapped to address fluctuating hiring or specialized knowledge and skill requirements. Since this labor pool does not typically add to benefit or retirement costs, the result can be a significant cost savings. Further, temporary and contract work can be used as a bridge to permanent positions for the employer and prospective employee, allowing companies to test-drive talent and avoid costly hiring mistakes.

Compliance: Maintaining timely and accurate contingent labor data helps not only in obtaining a lower, more flexible cost structure, but also in addressing issues related to regulatory compliance. Today's regulatory environment enforces demands on companies that use contingent labor and independent contractors. Organizations must develop and standardize contingent labor processes and accurately classify all worker types. The Internal Revenue Service has attempted to simplify its previous 20-Factor Test on Employment Status, consolidating the 20 factors into 11 main tests and three main categories: behavioral control, financial control and relationship type. Determining the level of control an organization has over its workers serves as the basis for whether a person is considered an employee or an independent contractor.

The recommended approach to mitigate contingent labor risks and drive higher rates of compliance with federal, regulatory and state labor policies requires standardized processing and classifications throughout the organization, shared information across business units and collecting and maintaining timely, accurate and detailed records.

In a constantly changing business world, successful organizations must be proactive and flexible. Contingent labor can help organizations control talent costs without compromising business performance, contend with unstable markets and meet myriad challenges, ranging from increased competition and fluctuating demand to an ever-changing regulatory environment.

Further, companies see the benefits of contingent labor when automating any or all steps in the contingent labor process cycle, from forecasting, sourcing and procurement to scheduling, tracking and analyzing performance and bottom-line contribution.

Flexible work options have progressed into a permanent strategic option across various industries for organizations that understand how to effectively leverage the right combination of traditional and nontraditional workforce management strategies. TM

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Next Generation Leaders: Small, Medium and Large

Daniel R. Tobin

Size doesn't matter. Every company can invest in leadership development for future leaders.

With the pending retirement of the baby boomer generation, companies of all sizes are rightly concerned with who will fill senior executive positions and how they can develop their next generation of company leaders.

Half a century ago, Lawrence J. Peter wrote *The Peter Principle*, which stated: "In a hierarchy, every employee tends to rise to his level of incompetence." That is almost universally true — if we have an employee who is doing a great job, we tend to promote him or her into management. If that employee does a great job as a first-level manager, we promote him or her to become a manager of managers. We keep promoting that employee until he or she reaches a level where he or she isn't doing such a great job, and then we leave that employee there doing a fair to poor job, or we fire him or her. The antidote to the Peter Principle is to prepare employees for the next level of jobs, rather than bemoan the fact that they aren't ready.

Leadership development comes in all shapes and sizes, however. Associated literature is full of program examples from large organizations. General Electric stands out as a company with an excellent reputation for growing its own leaders, as well as growing leaders who then leave and become CEOs at other large companies. But few midmarket companies — with 1,000 to 5,000 employees — have the equivalent staff or monetary resources to invest in a GE-style leadership development program. Fortunately, the size of a company doesn't really matter; every company can and must invest in developing its next generation of leaders if it is to prosper, or even survive, in the near- and long-term future.

Imitated and Duplicated

Here is a proven model for a leadership development program (LDP) that midmarket companies can use to prepare the next generation of leaders. The model has four components:

1. **Formal education sessions of two to three days each:** These can be held once a quarter over a period of one to two years. Topics are chosen by company executives from three basic categories: leadership skills, business acumen and execution skills. Many companies have sent high potentials to solid leadership development programs at well-known business schools or other leadership education vendors only to find leadership skills alone do not make a leader.

   Along with leadership skills, companies must build business acumen in high-potential future leaders to broaden their focus from functional or technical specialties to a holistic understanding of the company's business. They also need to develop high potentials' execution skills because even the greatest vision will not benefit the company unless the company's leaders can execute on that vision.

2. **Action learning projects:** Assigned to individual participants or teams of participants, these should follow each education session to help reinforce learning. These projects also allow companies to test participants' skills before promoting them.

3. **Individual development plans:** These focus on the unique development needs for each LDP participant beyond what will be covered in the formal education sessions. Plans should be based on a 360-degree assessment of each participant and written in con-

10 Commandments for Leadership Development

Daniel R. Tobin

Talent leaders can use this set of expectations to evaluate the success of a leadership development program (LDP).

1. LDP participants will develop the leadership skills, business acumen and execution skills they need for future leadership roles in the company. The entire budget for the LDP typically will be less than the cost of one poor promotional decision.
2. A well-designed internal LDP will expand the company's talent pool for succession planning. The organization will have a ready supply of well prepared candidates to fill slots for retirees or other senior executive attrition.
3. The company will retain some top talent that it might otherwise have lost. Employees who see the company is investing in their future are more likely to stay.
4. Action learning projects used in the LDP will solve long-standing company challenges because they will focus on issues that never became so urgent that resources were assigned to solve them.
5. Top talent will be more visible to company executives. Most executives have a limited view of the company's talent — typically a line of sight that extends no more than two levels below them in their own lines of business. Through the LDP, executives will get to view talent from all business units, functional areas and geographies.
6. LDP participants will improve their on-the-job performance. The skills that are taught in the LDP education sessions can be applied immediately to participants' current roles.
7. Leaders will weed out high potentials who fail to perform in the LDP. It is much better to discover fatal flaws in high potentials before rather than after they are promoted.
8. Through the many roles they will play while teaching, endorsing and otherwise participating in the LDP, company executives will feel more connected to the front lines of the business.
9. LDP participants will start building their personal networks and will learn to trust their fellow participants, resulting in better communications and working relationships across business unit and functional borders, and they will have these networks established when they get promoted in the future.
10. The final test of the LDP's success will be whether senior executives, having participated in and seen the results from the first LDP, want to run the program again for another group of high potentials. TM

sultation with the participant, his or her manager and an assigned human resources staff member.

4. **Mentoring and coaching:** These programs complete the model. Mentoring is a way to transfer knowledge from current executives to the next generation. It also allows mentors to develop a more complete picture of each LDP participant's capabilities. Coaching, using internal or external coaches, can fill developmental gaps in the individual that aren't being addressed in the LDP agenda.

Not every company will be ready to invest in the full model. Due to budget constraints, some companies may not be able to hire external coaches, others may lack staff to support individual development planning, and others may lack executive support for mentoring programs. While the third and fourth elements can be valuable, the combination of education sessions and action learning projects will get companies off to an excellent start. Other elements can be added when funds become available or when current executives start recognizing the value of the LDP.

Alternative Leadership Development Models

There are other LDP models. Some companies contract with a university business school to put selected employees through an intense week of training that covers a number of topics ranging from marketing and finance to strategic planning and leadership skills. These programs are taught by professors and typically include team projects that are presented to a panel of professors and company executives at the end of a weeklong program.

There are several disadvantages to this model:

- **Information overload:** There is simply too much information being transmitted in too short a period of time. While the topics of instruction are all worthy, there is no opportunity to start using what is learned before being swamped by more information on another topic. Education sessions that focus on a single topic and are followed by an action learning project can help participants use and retain the knowledge they receive.

- **Non-company-specific material:** Many business school professors use material from their regular classes and do not take the time to learn about an individual company or to customize the material for specific challenges the company faces. Further, faculty may have no particular expertise or experience in the participants' industry, and when case studies and examples in these programs come from companies in different industries that have no relevance for participants, interest can be low.

  When learning tools are relevant to the industry, participants can more easily identify with the examples and start thinking immediately about how they apply them to their own company and situations. In the LDP model, learning leaders select faculty — business school professors, consultants, training vendors or even a company's own executives — and can work with each faculty member to customize material to the company's specific challenges.

- **Limited visibility:** If company executives are involved in the business school program, they typically fly in to hear team presentations on the last day. They will not have the time or opportunity to really get to know participants or to see them in action. With the LDP model, company executives will have many opportunities to interact with participants by acting as instructors, speaking at education sessions and reviewing action learning projects. This level of executive involvement with LDP participants provides greater visibility and motivation for the participants and gives executives more personal knowledge of the company's high potentials, which will yield benefits when it comes time to do talent reviews and succession planning.

- **Fewer opportunities to build networks:** Because the participants are working so hard during this week, they will have few opportunities, outside of team assignments, to get to know each other and build internal networks. These networking opportunities are valuable for participants in their current positions, and they can prove even more valuable when they are promoted and already have cross-functional networks in place. It takes more than a week to build relationships. With the LDP model, participants get to know each other, work together and build trust over a longer period of time.

- **Expense:** A one-week business school program can be expensive. Learning organizations pay for a professor's time as well as the business school's overhead. Often fees charged for a one-day session at a school can be three times what it would cost to directly hire the professor to teach in a company's LDP.

A second common alterative to the LDP model is to send a few selected individuals to a leadership development workshop at a business school or at a leadership education provider. This is most common in smaller companies where the pool of high potentials is too small to justify investment in the full LDP model.

Compared with the LDP model, there are several disadvantages to this approach:

- No matter how good the program, one week of training does not make a leader. Participants must use what they learn in the program to improve their current job performance and demonstrate that they are ready for larger leadership positions. The LDP model covers multiple topics over a period of one to two years. The external program typically focuses on leadership skills, while the LDP model develops business acumen and execution skills as well as leadership skills.
- The external program typically has no follow up or follow through. Using the LDP model, participants start using what they learn immediately through action learning projects.
- The external program is likely to be generic in nature. Because the program will include participants from many companies and industries, it cannot be tailored to any one company's needs. With the LDP model, all content can be focused on specific industry knowledge and company challenges. Further, because the participant likely is attending alone, there is no opportunity to discuss company-related ideas with fellow employees or to build internal relationships.

While there are many excellent programs available, a company should expend the effort to plan an appropriate LDP experience and follow up with the participants to ensure the experience has value for both them and the company. If leaders choose to follow this route, there are some basic steps that can help ensure both the individuals and the company get the best value from these programs:

1. Meet with the participants before the program to review the company's expectations for participant learning and what changes in knowledge, skills and behavior are expected following completion of the program.
2. Debrief the participants immediately following the program to match expectations with the actual experience. Set up an action plan to identify what is expected of participants now that they have completed the program.
3. Follow through on the action plan with regular reports and feedback. TM

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The Big Shift

Mark Bennett

A wave of technology and public policy changes are reordering the way people work. Prepare your organization for this shift so employees can operate with passion, purpose and strength.

There is a big shift happening that will change the way companies get the maximum value from their talent. Companies that adapt to the changes will be stronger, more productive, more committed and more engaged than ever before. The companies that are not preparing for this future may struggle to stay alive.

What Is the Big Shift?

The big shift is what *The Power of Pull* authors John Hagel, John Seely Brown and Lang Davison call a "reordering of life, learning, socializing, playing and working." It's driven by new technology, social media and increased performance and digital storage capacity, as well as public policy changes such as trade liberalization, immigration and deregulation. The authors said these drivers have created three overlapping waves.

The first wave is evident: The evolution of a new digital infrastructure has given unprecedented access to and distribution capabilities for information. Simultaneously, shifts in public policy have made the movement of people, products, money and ideas across national boundaries easier than ever. The second wave is a movement from putting primary value on knowledge stocks, such as intellectual property and trade secrets, to knowledge flows, where valuable knowledge is being continuously created. We see examples of this in the ways social networks and other collaboration tools help people find each other, share knowledge more effectively and develop long-lasting relationships that create even more knowledge.

Finally, organizations are beginning to develop the third wave, what the authors describe as institutional innovations. Here, organizations foster and participate in creation spaces, platforms people access to attract the resources they need to improve their performance and achieve a purpose for which they share a passion.

Most companies have created wealth the classic way, by developing a formula to repeat a solution to a problem. This formula allows the company to efficiently address greater and greater numbers of the problem — for example, through manufacturing processes such as an assembly line. That in turn enables "ne plus ultra" of profitability: economies of scale, which usually result in lower costs due to the effect of the experience curve, and hopefully increased barriers to entry.

How Are Companies Vulnerable?

Hagel, Brown and Davison point out a twofold problem. First, the experience curve is one of diminishing returns on performance; it offers less value the more organizations produce, plus it has a lower limit of zero cost. Second, global competition and greater information available to consumers undercut barriers to entry, making it harder for companies to push larger numbers of their products to the market. It is becoming increasingly difficult to remain competitive simply by becoming larger because consumers can find what they want in ever-increasing numbers of alternative choices.

Finally, much of the push-based business thinking also was based on accuracy in demand forecasts. The better organizations could predict demand for a product or service, the better they could control costs and increase profits. But the waves of the big shift are making forecasting demand harder thanks to the increasing rate of change in technological developments, consumer tastes and product innovations from competitors, which can alter demand more quickly than organizations can react.

Consider how push-based principles of business were worked out during the height of the Industrial Age, when labor was viewed primarily as a component of an assembly line. Much was done to create efficiencies of scale to further reduce costs and variance in labor. Jobs were broken down into specialized tasks to remove the inefficiencies of task switching from the production equation. Individual performance could be measured easily and rewarded through extrinsic means such as bonuses and pay. As Dan Ariely discusses in *The Upside of Irrationality*, performance of routine tasks has been shown to respond positively to extrinsic rewards.

This also made for a fairly predictable model upon which to plan hiring and training programs. Further, training could be more efficient by having each training event focused on a specialized task for as great a number of employees as could be handled. Breaking down work into component tasks and applying external rewards for performance served business quite well for some time.

However, knowledge workers gradually became more important to creating corporate wealth. Knowledge workers typically do not perform routine tasks primarily; instead they are often called upon to apply research, analysis and critical thinking to solve problems. To management, it was logical to continue using the carrot-and-stick approach of extrinsic reward systems as the main motivation for performance. But Ariely cites research that indicates extrinsic rewards can have a negative impact on the performance of tasks requiring more cognitive effort, with distortive rewards being dangerous to the organization as well as society. Intrinsic rewards improve knowledge worker performance more often. In *Drive*, Dan Pink describes these as autonomy — the ability to choose how to work; mastery — personal growth and fulfilling potential; and purpose — finding meaning and relevance in work.

Ariely also said that breaking jobs into their component tasks can have negative consequences that can outweigh efficiency gains. Many knowledge worker jobs have been engineered to become more efficient by breaking them down into specialized tasks. But often once this happens the worker no longer sees his or her contribution as purposeful because the task is an anonymous piece connected to some unseen output. Ariely shows that this destruction of meaning greatly reduces the worker's motivation to do more of the task. Autonomy is also reduced, since the job has become tightly defined in order to be more efficient, with strict procedures to be followed. Opportunities for mastery also are reduced when a job is limited in scope.

In short, current approaches to managing talent are not helping companies get the most value from talent, and in some cases actually damage its value. The push-oriented mindset of management, which is primarily focused on cost, efficiency and scale, is apt to find itself running just to stay in place because those advantages are no longer sufficient in a rapidly changing world. There is a severe shortage of engagement, commitment and passion in talent that could be a tremendous resource to bring new solutions to customers' needs and companies' challenges.

To reverse this trend, *The Power of Pull* authors propose that the best way for companies to survive and even thrive in the big shift is to find, attract and participate in high-value knowledge flows. In these flows, knowledge is not just being shared, it's being continuously created. In other words, if the waves of the big shift are driving change, it may be best to learn how to ride those waves.

Uncovering Passion and Purpose

To succeed at riding the waves, a company can transform from a machine whose formula pushes training to employees to a platform that pulls resources and then connects both talent and knowledge to achieve a particular purpose. That shared purpose should be an initiative or difficult problem the organization is wrestling with, which will further attract more talent that shares the same passion for that initiative or solving that problem.

This is a different way of solving problems from the push model, which focused on creating a repeatable process. The network effect of connecting more, focused talent on an initiative or problem provides increasing returns on performance — something the authors refer to as capability leverage. The question then is: How can we ignite engagement, commitment and passion in talent?

People sometimes have trouble determining what they are passionate about. One place to start is with the individual's sense of identity. In *The Why of Work*, Dave and Wendy Ulrich focus on employees' strengths rather than gaps. When employees ask, "What am I known for?" they are essentially trying to find their identity in the organization and how it provides meaning to their work. The answer to their question often lies in discovering an employee's signature strengths, things that make that person stand out from the rest. Passion is not always about a particular strength; sometimes it's about the positive sense of self-worth and meaning that exercising that strength gives. The challenges that interest a person also can help to identify their passions.

Just as individuals have an identity, so do organizations. Each organization has capabilities that distinguish it from others. With this information, talent leaders can blend employees' personal strengths with organizational capabilities and help employees know how — or even if — they fit into a company.

To evaluate talent and determine whether an organization is ready for the big shift:

1. **Think about capability leverage:** How does the company measure performance? Is it only about results, or does it include a "contributes to others" component? Are the right people connected to one another and to the right knowledge flows?
2. **Think about motivation:** How does the company reward performance? Are there only extrinsic rewards, or are there individualized, intrinsic rewards? Do employees have a clear communication of purpose, support for autonomy and opportunities for mastery?
3. **Think about aligning purpose:** How does the organization develop talent? Does development start from the top down and focus solely on talent gaps, or do talent managers evaluate where talent strengths can be better utilized?

These questions are just a start, but with them and a willingness to rethink how organizations view talent in light of the big shift, talent leaders will be able to better prepare their companies to compete. TM

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The Legalities of Employee Wellness

Katie Loehrke

A successful wellness strategy can mitigate health care costs and boost employee engagement and health, but there are a few legalities to get right.

Many employers have had the displeasure of watching their health care premiums climb year after year, and this trend likely will continue. A recent analysis by Hewitt Associates reports average premium increases for 2009 and 2010 at 6 and 6.9 percent, respectively, and projects an 8.8 percent average premium increase for 2011.

While there's not much employers can do to stop costs from rising, wellness programs continue to be a major strategy to control premiums. It makes sense to try to influence employees' behaviors. The Centers for Disease Control and Prevention reported in December 2009 that more than 75 percent of employers' health care costs and productivity losses are related to employee lifestyle choices and are therefore preventable. In addition to helping to control health care costs, successful wellness programs can lower an employer's injury and illness rates, worker compensation claims, turnover and absenteeism. They also can be a catalyst to improve employee morale.

Wellness in Practice

Global hygiene and paper manufacturer SCA saw firsthand the difference a wellness program can make. John O'Rourke, vice president of human resources for SCA, Americas, said 2011 will be the organization's fourth year of active support of workforce wellness. The current program, "SCA, Your Life, Your Health" works from the top down to encourage a healthy culture.

A wellness focus has helped the organization see slower-than-market increases in premiums in the past two years as well as slow health care spend. O'Rourke said monetary savings is one indication of the program's success, but it's not the only aim. "It will be a meaningful success when we see the health risk factors of employees brought under control," he said.

Miles Kimball Company, a direct marketer of consumer gifts and household products, also has found success with a program called "The Wellness Connection," first introduced in 2001. Human resources manager Susan Boettcher said by emphasizing preventive care, fitness, nutrition and education, Miles Kimball's program has decreased its moderate-risk employee population – those with three or four major health risks – from 58 percent to 28 percent over the past 10 years. The company also has decreased its high-risk population – employees with five or more major health risks – from 18 percent to less than 3 percent over the same period of time.

The Legal Lowdown

O'Rourke said the success of SCA's program is not without regard for the laws, but "the legal landscape should really not be an impediment to conducting an effective wellness program." Further, it doesn't have to be, providing talent managers have a firm grasp on relevant laws as they implement different parts of their programs. These include the Americans with Disabilities Act (ADA), the Genetic Information Nondiscrimination Act (GINA) and the nondiscrimination provisions of the Health Insurance Portability and Accountability Act (HIPAA).

A health-risk assessment (HRA) to identify common risk factors among employees is the foundation of most wellness programs. O'Rourke said HRAs "enable a physician to assess the company, or a specific location, as a patient," to identify the health issues among the employee population that require the most attention. Some of the most common issues include stress, obe-

sity and tobacco use, and all can come at great cost to an employer.

At Miles Kimball, Boettcher said aggregate HRA data is used to determine the wellness focus for future programming. In 2010, HRAs identified weight as one issue that needed more emphasis. The company responded with the LiveLean program, and at the end of the third quarter, 65 percent of participants had successfully lost or maintained their weight. This year, Miles Kimball's program is LiveBalanced, which focuses on helping employees get more out of life by reducing stress.

The more employees that participate in HRAs, the more thorough and accurate the picture of the patient should be. This may tempt some employers to mandate employee participation. However, the ADA states that health- and disability-related inquiries and employee medical examinations must be completely voluntary, unless they are specifically job-related and consistent with business necessity. Employers can require medical information only if they reasonably believe that employees will be unable to perform an essential function of a job because of a medical condition, or will pose a direct threat to themselves or others because of their condition.

Because HRAs typically assess employees' general health and aren't based on specific job duties, they aren't likely to be both job-related and consistent with business necessity. As such, it's clear that participation in most HRAs must be voluntary.

What's considered voluntary? It's not always clear to what extent an employer can encourage employee participation in risk assessments. In a discussion letter dated March 6, 2009, the Equal Employment Opportunity Commission (EEOC) indicated that employers may not use HRA participation as a prerequisite for obtaining health insurance. That enticement is considered so valuable to obtain that participation would no longer be voluntary.

In an earlier draft of the same letter, the EEOC indicated an employer could reward employees for participating in an HRA as long as the reward was worth no more than 20 percent of the cost of employee-only health care coverage under the employer's plan. However, this portion of the letter was retracted, and no further guidance has been issued.

Risk Assessment and Rewards

There's another layer of complication with risk assessments: the type of information an employer solicits from employees. Employers must be careful about the circumstances under which they collect genetic information, including family medical history. While they may gather genetic information as part of an HRA, employers may not tie any rewards to the collection of such information.

However, regulations under GINA clarify this does not mean an HRA that contains questions soliciting genetic information cannot have rewards tied to it. If a risk assessment solicits genetic information alongside other health information that is not considered genetic, the employer must simply make it clear the incentive will be available even if the employee does not provide answers to the questions which solicit genetic information.

An employer also could conduct two separate HRAs: one offering a reward that didn't solicit genetic information, and one collecting genetic information that was completely voluntary. Some employers use one of these options to collect at least some genetic information. They might find it valuable to find out how many employees have a family history of heart disease or cancer, for example, to help determine the health issues that employees might face. However, other organizations, such as SCA and Miles Kimball, avoid possible complications entirely by refraining from asking for any genetic information at all in connection with an HRA.

Once the HRA is conducted, employers should have enough information to determine what types of health issues they want to address with their wellness program. But how individual initiatives are administered determines whether HIPAA's nondiscrimination rules come into play. Specifically, HIPAA's rules will apply for standards-based programs but not for programs that are strictly participation-based.

A participation-based program is relatively straightforward: Employees need only participate in an initiative to be eligible for a reward. Conversely, a standards-based program requires an employee to achieve a particular standard related to a health factor to receive a reward. For example, a program that encourages weight loss might be participation-based if eligibility for a reward is determined only by whether or not employees engage in the program, not by whether they lose weight. On the other hand, if employees must achieve a certain body mass index or lose a certain percentage of weight over time to qualify for a reward, the program would be standards-based.

O'Rourke said SCA offers a combination of standards- and participation-based programs. Where standards-based programs are used, SCA adheres to HIPAA's nondiscrimination rules, which means a standards-based program must:

1. Be designed to promote health and prevent disease. This requirement helps ensure employers aren't discriminating based on health.
2. Allow individuals to qualify for the reward at least once per year.
3. Limit rewards to 20 percent of the total cost of employee-only coverage. This provision does not refer to the employee contribution, but to the total cost of the employee's coverage. While 20 percent is the current limit, the Patient Protection and Affordable Care Act changes that limit to 30 percent for plan years beginning on or after Jan. 1, 2014.
4. Allow a reasonable alternative for individuals who cannot achieve the original standard for a medical reason. A reasonable alternative need not be identified before the program begins. Employers may determine alternatives as employees reveal a need for them.
5. Disclose the availability of a reasonable alternative standard where necessary.

All five of these requirements must be met for a standards-based program to be compliant under HIPAA. When a wellness program is run correctly and conforms to applicable laws, it's less likely to be the source of a discrimination claim. Careful consideration of the law from the programs' inception has allowed SCA and Miles Kimball to successfully focus on controlling health care costs.

O'Rourke said there is another positive outcome of their program: happy employees. "Employees have been enthusiastic and appreciate the investment SCA has made for them and their health." Laws that apply to wellness programs are in place to ensure that employees receive fair treatment while participating, so compliant programs naturally have a better chance of positively affecting employee morale.

Having developed successful, compliant programs that keep employees healthier and happier, and keep health care costs under control, both SCA and Miles Kimball Company plan to continue on their current paths to create health-conscious cultures. TM

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Deloitte Moves, Eats, Chills and Learns

Sarah Slattery

It's 10 a.m. and in a downtown San Francisco hotel conference room, Jed Dow, senior manager of Deloitte Services, LP and head of Deloitte's National Health and Fitness program, is leading a group of the company's partners, principals and directors through a wellness break. Dow is demonstrating a series of basic stretches that can be done almost anywhere and highlighting a handful of practical stress reduction techniques. The group members, decked out in traditional business attire, stretch their hamstrings and draw deep breaths, and a sense of cohesive clarity envelops the group.

There are approximately 35 participants, and more than half of them began their day at 6 a.m. in downward-dog pose, in an early morning yoga class. The wellness breaks – bite-sized health education segments, yoga classes and a flagging of smart menu items during meals – are all part of the recently launched Deloitte wellness curriculum, "Move Eat Chill Learn!"

"We have taken something that has traditionally been offered as a benefit and are finding unique ways to integrate it into the Deloitte culture," Dow said. "This is important enough that we want it to be front and center rather than an adjunct piece of the puzzle. Our clients expect us to help them add value to their businesses every day; to do that, we need to integrate 'Move Eat Chill Learn!' into our professionals' daily routine."

Deloitte has designated 12 full-time employees, all of whom hold health-related degrees, to help the organization drive this cultural shift. "Fostering an environment of healthy professionals is key for us," said Stephanie Aeder, director of talent specialties for Deloitte Services, LP. "Our curriculum and suite of wellness tools under the 'Move Eat Chill Learn!' umbrella combine to create an easily understandable and unifying way for employees to connect all that is available to them at Deloitte. It doesn't hurt that the national health and fitness program is part of the same team as total rewards, which creates opportunities for synergies between the health and fitness program and benefits."

The initiative and similar innovations will reach Deloitte University, Deloitte's 107-acre campus in the Dallas-Fort Worth area, where a 14,000-square foot fitness center is being constructed. Both a registered dietitian and nurse practitioner have been earmarked for the campus.

Executives who travel from far and wide for conferences have said they are impressed by Deloitte's commitment to healthy behavior and the integration of wellness into their meetings.

"I was pleasantly surprised by the focus on wellness – quite honestly, I didn't expect it to make such a positive difference," said Brian Fugere, principal for Deloitte Consulting LLP. "This is exactly the kind of result we are looking for at Deloitte University: including little things into the program that have an inordinately large impact on the user experience."

Those little things are just what the health and fitness team is after; successful efforts to lose weight, reduce stress and eat well are often about making and sustaining small daily changes.

Social media also has helped promote better health at Deloitte. The company's national health and fitness team leveraged social media to launch Deloitte's first-ever national weight loss competition, the 20-Ton Challenge. Through an internal Facebook-like portal, the 20-Ton Community came to life. It is now the most widely used community within Deloitte, offering everything from recipes and trail maps to tips for staying healthy on the road. In addition to the exchange of information from colleagues around the world, the health and fitness team provides weekly tips and tools to help participants stay focused and motivated.

There are 50,000 U.S.- and India-based personnel who have access to wellness offerings, including a monthly newsletter, bimonthly web casts on topics like the science of weight loss and diabetes education, a wellness blog and a fitness subsidy. The program is so robust that the American Heart Association has recognized Deloitte as a "Fit Friendly Company" for the past three years, including the recent Platinum distinction. TM

Sarah Slattery is health promotion manager for Deloitte Services, LP. She can be reached at editor@talentmgt.com.

How to Avoid 'We Need to Talk'

Charles Sujansky

By nature, disciplinary interviews are stressful for both manager and employee, but with a little planning, the process need not be as traumatic.

Imagine the following scenario: Marc settles behind his desk and feels a small knot forming in the pit of his stomach. It is the beginning of the 3-to-11 shift he supervises at a call center for a large Internet retailer. Marc's crew of 25 customer service representatives fields phone calls from customers with problems ordering or receiving merchandise. The work can be intense at times; Marc's shift handles the highest daily call volume. But his employees are all well-trained and can resolve problems quickly. All, that is, except for one representative.

Debbie had recently come to Marc's department after a long career in retail. With her experience in retail sales and customer service, Debbie seemed like a natural fit for the call center. But despite company training and two coaching attempts by Marc, Debbie still has one of the worst records among his employees. Her callers' time spent on hold is among the worst in the company. Her call-abandonment rate – the rate at which callers hang up after a long period on hold – is also unacceptably high. Marc knows if Debbie doesn't change her behavior soon, he will have little choice but to fire her. As he contemplates the upcoming discussion, the knot in his stomach grows larger.

Decreasing Dread

Few phrases carry a greater feeling of dread than the words, "we have to talk." After all, that's usually shorthand for "you're in trouble." Talent managers dread these discussions as much as employees do. Most people don't like receiving criticism, no matter how constructively it's intended. Employees' biggest fear is losing job security. For supervisors, the biggest fear is that the employee will become defensive, hostile or possibly violent.

Jennifer Ciccone, vice president of human resources for Matthews International Corporation, said there are several factors that prevent supervisors from holding constructive discussions about job performance with their employees.

"Many managers are not equipped to give high-impact feedback, so they may lack confidence in taking on this responsibility," she said. "Other managers rarely give positive feedback, so whenever an employee is called into a one-on-one discussion, both brace for the worst. Giving positive and constructive feedback in a balanced fashion predisposes an employee to give the manager a fair hearing. But there are managers that have trouble setting aside their frustration with the employee's behavior so the meeting either doesn't happen at all or it is not constructive."

Here are some steps supervisors can take to ensure a disciplinary interview proceeds in a positive and constructive manner:

Set the stage: The first and most important step is to make sure the discussion is carefully planned. Talent managers need to do their research. If the employee's performance is falling short, it needs to be supported with as many tangible examples as possible. Supervisors need to be concrete and avoid generalizing and making absolute statements such as "you always" or "you never." Finally, the supervisor and employee need to consider outcomes both can agree with, including the timeframe for improvement and progress review dates that will occur after the meeting.

An organization's human resources department should be consulted so that supervisors remain up to date on necessary guidelines or procedures for conducting disciplinary interviews. There are times when an HR representative may need to be present when the interview is conducted, but probably only in the most extreme cases such as dealing with a historically combative employee or during a termination interview when a witness is required to be present.

Next, it is important to set the stage for the discussion itself. Privacy is critical, as is planning nondisruptive time for the discussion. Talent managers must give employees full attention if they expect employees to do the same. It is important to schedule an adequate amount of time to conduct a thorough discussion. The discussion should not appear to be too casual because the environment may lessen the impact. Meetings should not be held in a cubicle, over lunch or during a coffee break, for example.

Get to the point: Beating around the bush is not the way to begin a disciplinary interview. This is not the time to chat about football or family. When conducting a disciplinary discussion, supervisors should get to the point and explain that the purpose of the meeting is to discuss specific aspects of job performance, either because the behavior is causing problems or holding the employee back from achieving important goals. It is unproductive to say things like "everybody is upset with your behavior" or "no one is happy with your performance."

Address concerns up front and be specific. Then say something like, "I wish to discuss steps we can take to get you back on track." By stressing concerns, supervisors are expressing shared investment in the outcome. Sometimes supervisors in situations like this fall back on the old "voice of authority," which can make them sound cold and unsupportive when it comes to finding a solution to a behavioral problem.

Describe the problem: After describing the purpose of the meeting the supervisor needs to tell the employee as directly as possible what aspect of job performance is falling short of expectations. In the prior scenario, Debbie failed to meet the performance standards of 12 calls per hour with a quality rating of at least 95 percent. After discussing this issue, Marc discovered Debbie was not proficient using the software that helped her research customer inquiries. Marc and Debbie agreed on a training plan and set a date three months out to review training results. Marc also said if her performance was still below standards, disciplinary action, up to and including termination, would result. This illustrates the importance of clarifying performance standards required for the job and making sure the employee understands the consequences of failing to meet expectations.

Once again, this is a time for specifics, not generalities. Give examples with dates, times and other details so the employee can gain a clear picture of how the behavior is falling short. However, at this point the employee is likely to be feeling some strong emotions. Once the problem has been presented thoroughly supervisors are wise to take a breath, sit back and ask for the employee's reaction.

Listening to the employee's response is probably the most challenging part of the discussion, but it's the most critical. There actually may be perfectly good reasons why the employee is not following procedure or meeting goals. At this stage, supervisors need to learn what barriers may be holding the employee back, and they may be in for a few surprises.

Make the course correction: Once the supervisor and employee have a mutual understanding of the problem their next task is to explore potential solutions. Many supervisors have a natural tendency to tell employees exactly what they need to do to improve performance. And that may be effective at times. However, behavioral change is far more likely if the employee gets to say what he or she can do to correct the problem first.

After the Talk

Talent managers need psychological buy-in from the employee to make the necessary changes. Supervisors also need to give constant feedback and check in regularly to ensure the employee sustains behavior change. We have all experienced the marvelous turnaround right after the discussion only to see the behavior slide back soon after to previous levels. To avoid this, schedule review discussions as well as spontaneous observations and conversations to keep the employee on track, show support and focus on the anticipated improvement.

> **Beating around the bush is not the way to begin a disciplinary interview. This is not the time to chat about football or family.**

In Marc's case, Debbie suggested additional training and Marc agreed. He also reiterated the company's goals for average contact time with customers, set specific, incremental goals for Debbie going forward, and put review dates on their calendars.

Another critical step at this stage is to plan for follow-up. The goal is to give the employee at least a few weeks or even a few months to correct the behavior and begin achieving acceptable results. Setting a review date is another good tool to ensure employee motivation. Given a reasonable amount of time, the employee should be able to demonstrate that he or she has made the course corrections necessary to get back on track. Conversely, not scheduling a follow-up meeting is a great way to ensure unacceptable behaviors continue without correction.

Most supervisors will need to conduct a disciplinary interview with an employee at some point in their careers. It's unlikely that holding disciplinary discussions

How to Be Just Assertive Enough

Kellye Whitney

In order to be a good boss, it's important for managers to learn to be assertive, but not so assertive that one becomes unbearable or unapproachable. Adapted from Robert Sutton's *Good Boss, Bad Boss*, here are a few tricks managers can use to help them take charge of their direct reports or gain influence in a crowd without crossing the line into bad boss territory.

1. Talk more than others – but not all the time. This is sometimes called the blabbermouth theory of leadership where people who talk first and most often are viewed as influential. A manager should not dominate all conversations or risk being viewed as a bully.
2. Interrupt people occasionally. People gain power by winning interruption wars, interjecting and battling back when others try to interrupt. Managers should interrupt occasionally if needed to keep a group on task or to remind employees who holds the final word, but avoid being interrupted themselves.
3. Be cognizant of physical presence. For instance, when people cross their arms, they often persist in an argument longer and generate more solutions. Crossing the arms boosts confidence, but over doing it can come off as uptight or unapproachable.
4. Flash anger now and then. Studies by Stanford professor Larissa Tiedens showed using anger strategically gives the impression that the expresser is competent. But constant anger can undermine a manager's authority and likely will earn that individual a reputation as a jerk.
5. Not sure whether to sit down or stand up? Stand up. This is especially important for a new boss. Standing up signals to the group who is in charge and encourages others to accept that individuals' authority. A manager should position himself or herself at the head of the table to cement that authority.
6. Ask direct reports what they need to succeed, then give it to them. This may seem like an obvious management tactic, but it's rarely done. If it's not possible to meet all of an employee's requests, meet some of them. Make an effort.
7. Share pet peeves and quirks. New bosses should write a "Managerial User's Manual" for a team identifying his or her preferences, work and communication style, anger triggers and things that may otherwise be mysterious or unclear.
8. Give away power or status sometimes, but be sure everyone knows it was a deliberate choice. A manager can show that he or she is powerful by accepting or even bargaining for some status symbol and then giving it away. TM

will ever be fun or easy. But with the right approach, these interviews can be positive and constructive.

Effective feedback offers advantages to everyone involved: Certainly, the company benefits if an employee's corrected, improved behavior results in higher employee retention, stronger team engagement and improved productivity. The manager's life also becomes much easier as he builds trust in his ability to lead and create a safer, more pleasant work environment.

If managers would conduct more developmental conversations than corrective actions, performance conversations would become less frequent and less contentious. Properly executed, disciplinary conversations lead not only to better performance but also to an increase in the employee's self-esteem, and greater commitment to the manager and the company. TM

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by Ladan Nikravan

Just Enough Process

eBay Inc.'s growth is as fast-paced as the bidding on its auction-style listings. Managing such a large employee base requires the right mix of freedom and structure.

Over the past three years, eBay has been on an aggressive push to grow by focusing on customer needs and creating new shopping and payment experiences to solve their problems. The company's efforts to revamp the core eBay shopping experience, take a leadership position in mobile commerce and deliver value to sellers and merchants are paying off. EBay has grown to a global business, earning $9 billion in revenue in 2010, with more than 16,000 employees and offices in 35 countries. Currently there are 94.5 million active users on eBay and another 94.4 million active registered accounts on PayPal.

As the company's brand portfolio expands, its talent management strategy provides just the right amount of process to control but not suffocate employees. Lou Sanchez, vice president of global talent acquisition, management and development at eBay, told *Talent Management* what it takes to manage such a fast-growing company.

TM: What's eBay's approach to talent management?

SANCHEZ: Our philosophy around talent is tied to the company's purpose and values. We try to use those to guide the work we do internally just as we use them to guide our work with customers. We have three core areas, things you have to believe as part of eBay, PayPal or any other division of our portfolio. They're simple, and they date back to the earliest concepts of our company about 15 years ago. One is that we create opportunity for people. Another is we care because people depend on us. Third is that we make a difference in the world. We don't necessarily talk about talent management for the company; we talk about building strong, capable organizations and a pipeline of leaders who are going to have the ability to influence the incredible growth we have as a company as well as keep us very competitive in the marketplace.

TM: What processes or programs have you established to improve workforce performance?

SANCHEZ: What we have found [that] works in our environment is the notion of just enough process. When we talk about talent management and talent acquisition processes, we're constantly looking for the sweet spot between getting consistent and replicable results and enough freedom, creativity and innovation opportunities to play out so that we're not stifling the way we do things. We try to be simple. Process- and program-wise that means being clear on company goals and how the employee's work relates to executing those goals, delivering [the] value proposition to customers, and really getting focused and providing context that leads to an employee finding meaning in the work he or she is doing.

We have traditional and somewhat light-touch performance management. We have yearly talent reviews with the CEO, and in the next couple of layers down, where we go deep into the organization, we assess talent and provide coaching and feedback. We're always striving for this notion of just enough, not too much. Let's not be form-heavy or template-happy or try to get everybody to do the procedures exactly the same. We know that's not relevant because our businesses are different, our people are different, and we want to make sure we're having a very robust conversation about the talent needs of the organization and what it takes to make sure we've got good quality work being done.

TM: What challenges impact talent management for eBay?

SANCHEZ: One is the notion of spending the right amount of time in dialogue so that we really get to know our talent and really understand what motivates the people that are critical to our future. That requires a lot of time. We think it's well worth it, but time is the most precious resource that we have. One of the big challenges we deal with across our portfolio is a tremendous amount of growth in a relatively short amount of time and then aligning our talent needs to both keep up with that growth and get ahead of it. Our jobs have grown exponentially in terms of size, scale and complexity, and having the talent management approach and processes to help us get in front of that ever-increasing challenge is a big thing that we strive for all the time.

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"We're constantly looking for the sweet spot between getting consistent and replicable results and enough freedom, creativity and innovation opportunities that we're not stifling the way we do things."

— Lou Sanchez, Vice President, Global Talent Acquisition, Management and Development, eBay dashboard

by Catherine Farley and David Gartside

Talent That Fuels Growth

The road back to recovery and growth begins with companies aligning their business strategy with a human capital strategy that puts the right talent in the right roles with the right skills.

For most of the world's companies, growth appears to have regained its place at the top of strategic agenda, displacing the cost-control mentality that has dominated boardrooms and executive suites for the past three years. That's good news, but are companies prepared for the economic recovery? Do they have the talent they need to grow?

According to the most recent Accenture High Performance Workforce Study, which is based on a survey of 674 C-level executives around the world, the answer for many companies is not hopeful.

The study, conducted between January and May 2010, found that persistent challenges in improving enterprise skill levels, workforce performance, HR organization productivity and effectiveness can substantially impede a company's ability to capitalize on emerging growth opportunities as economic prospects brighten in most parts of the world.

Workforce Actions During the Downturn

There's no doubt the recession had an impact on workforces around the globe, and that impact has been most visible in job eliminations: 62 percent of executives in the survey reported their organization had reduced the number of full-time employees during the downturn. Layoffs were much more prevalent in developed markets than in emerging economies.

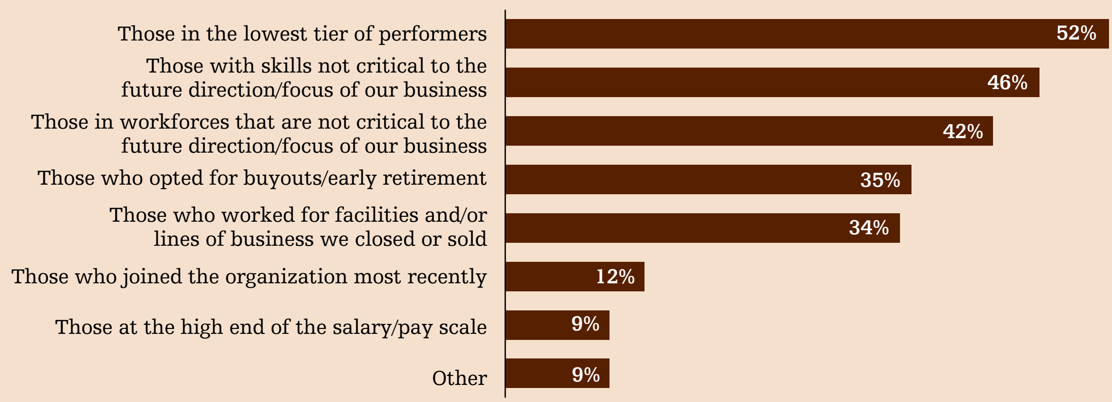
When determining which employees to let go, 52 percent of companies claimed to eliminate employees in the lowest tier of performance (Figure 1). Future competitiveness also played a role in the decisions of many companies, with approximately four in 10 executives saying eliminated employees either had skills that were not critical to the organization's future business or were in workforces that were not deemed important to the organization's focus areas going forward.

But at the same time companies were laying off employees, about eight in 10 also were adding staff, mostly for strategic reasons such as strengthening workforces critical to the success of the business or addressing specific people needs related to a launch of a new product or business.

The study also revealed that the use of analytics is not pervasive. Only about one in 10 respondents strongly agreed they have a formal analytics capability that can help them make fact-based decisions about the skills needed to drive growth and the changes necessary to improve HR and training performance and effectiveness.

The net result of companies' workforce actions during the downturn was a smaller workforce for 47

Figure 1: Criteria used in Laying Off Employees



Source: Accenture, 2010.

percent of organizations, a larger workforce for 34 percent and workforce of about the same size for 19 percent (Figure 2).

Workforce Skills and Performance

Such workforce actions notwithstanding, Accenture's research revealed many companies will likely encounter major skills challenges that could make it difficult for them to achieve their growth objectives.

For instance, although sales and customer support and service were cited as the two most important functions by survey participants in the previous three editions of the study, many executives expressed concern about the performance of these workforces.

Just 21 percent of executives who named sales as a top-three workforce described that workforce as high performing, down from 25 percent in the previous edition of this study. Only 30 percent of respondents said the same about the customer service and support organization, an increase of 5 percent from the previous edition. There's a similar pattern across all other functions.

A major reason for this lack of high performance is that most organizations don't have the skills necessary for these functions to excel. A majority of executives who cited sales as their company's most important function said they either lack the needed skills in the sales function (29 percent) or significant proportions of the skills they do have in sales are out of date (24 percent).

The study found the same situation regarding customer service and support, although in this function, executives mentioned the additional challenge of having a difficult time attracting skills because their companies cannot afford to pay what the market demands.

Overall, only 16 percent of respondents considered the current skill level of their entire workforce as industry leading. Worse, 30 percent said it would take a year or longer for their organization's workforce skills to return to the appropriate level.

Workforce Ability to Handle Change

In addition to facing skills challenges, executives said their workforces lack the ability to deal with change, a critical trait in today's business climate. In other words, many companies lack organizational agility, the adaptability and speed that enable them to execute innovations faster and move their organizations forward more nimbly.

For example, 8 percent of participating executives said their workforce is extremely well prepared to adapt to and manage change through periods of economic uncertainty. Only 23 percent strongly agreed they have the leadership necessary to help the enterprise navigate periods of economic uncertainty and the leadership development programs to prepare the organization's future leaders.

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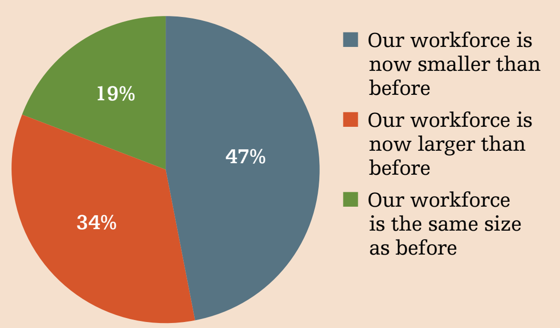
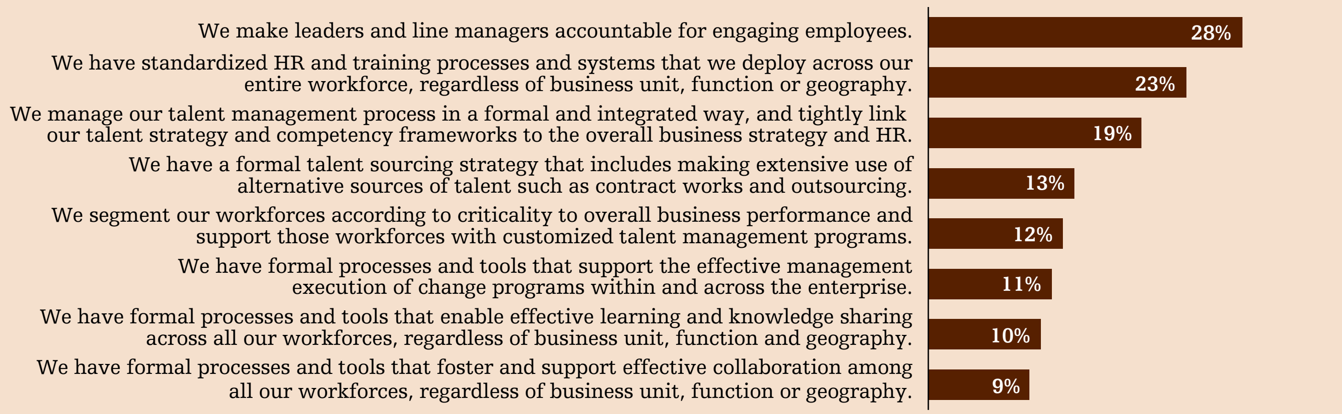
Figure 2: Net Result of Workforce Actions



Source: Accenture, 2010.

Figure 3: Capabilities and Characteristics of Companies' HR/Training Organizations



Source: Accenture, 2010.

by Carlos S. Echalar

In Support of Veterans

ManTech targeted veterans transitioning from active duty to the civilian workplace and built a talent strategy to capitalize on their unique skill set.

Today, many U.S. servicemen and women are ending their tours of duty and preparing to adjust to civilian life again. Consequently, veterans are entering the job market in greater numbers. Many are unsure how their active-duty skills will translate into successful employment with civilian companies. This uncertainty, along with recent unemployment trends, can make it difficult for those who served to make the transition from military to civilian work.

In response to the influx of veterans in the employment pool, the federal government established the Veterans Employment Initiative in 2009. The executive order seeks to increase veteran employment within the executive branch by actively recruiting veterans and helping them adjust to civilian service after they're hired. The order establishes a Veterans Employment Program office in most federal agencies to help veterans identify and apply for open positions, and lays the foundation for a strategic plan that focuses on leadership commitment and continued skills development for veteran hires.

In her September 2010 address to attendees of the Clinton Global Initiative Annual Meeting, Michelle Obama underscored the importance of hiring veterans due to the highly marketable skill set many learn while serving the United States. She cited a survey indicating that "more than three-quarters of veterans reported having difficulty translating the expertise they gained in the military into a resume that makes sense to civilians." In that same survey, "61 percent of employers admitted that they didn't fully understand the skills veterans have to offer," leading to the underuse of many former military personnel in jobs they find after leaving active duty. She challenged employers to provide opportunities for the thousands of military personnel who are separating from the armed forces each year, emphasizing that veterans have "highly valuable, highly transferable, highly marketable skills" – spanning technology, logistics and leadership – that many employers are seeking.

Many companies realize the value military service can bring to their organizations. But even with established practices, disconnects still exist between veterans and the civilian organizations looking to hire them. For instance, veterans often struggle to communicate their military experience in terms employers can understand. As a result, military personnel may settle for jobs that are well below their skill and pay level as they seek to make sense of benefits, corporate cultures and career development choices that vary from those offered during active duty. To bridge this gap, companies such as ManTech International Corp. must have a strong understanding of the leadership and technical skills veterans bring to the workplace, and use recruitment and assimilation practices that provide the foundation for a successful transition.

The Benefits of Active Duty

ManTech, a technology and solution provider for the intelligence community and federal government, maintains a high percentage of veteran employees, thanks in large part to its recruitment and assimilation practices. The company employs more than 10,000 professionals in nearly 40 countries, half of whom are military veterans or active reservists. More than 87 percent of ManTech's overseas staff works side by side with U.S. forces in Afghanistan and Iraq, providing insight on the correlation between the skills of active-duty soldiers and those required to be successful in today's civilian workforce.

Understanding of the responsibilities involved in active duty is ingrained in ManTech's culture. For more than 40 years, the company has worked with a number of defense organizations, establishing relationships and providing the expertise needed to ensure it remains well-versed in today's military culture. ManTech's services, including systems engineering and integration, cyber security and information operations, and global logistics and supply chain management, are easily relatable to active duty personnel.

"Many of today's military are trained to use advanced technology and work as a team to accomplish goals – highly valuable and marketable skills for today's work environment," said Nancy Cavanaugh, corporate vice president of staffing and workforce planning for ManTech. "However, there is a disconnect when each party does not realize the benefits they can offer one another. Educating the veteran workforce and potential employers is the key to overcoming this miscommunication."

Left: ManTech recruiter Leigh Penn talks with a candidate at a job fair. All ManTech recruiters are ready to assist former military members, and several recruiters are veterans themselves.

Bottom: ManTech employees, stationed side by side with U.S. soldiers overseas, observe "Red Shirt Fridays" to show their support of U.S. troops. From left: Larry Beckner, Mike Manaois, Arturo Sanchez, Thomas Parnell, Eliot Houser, Carlos Vazquez and Gerald Azul (kneeling).

Ties with the defense industry play an integral role in ManTech's recruitment activities. The company is aware of the roles modern service members take on. Today, soldiers' responsibilities center on hands-on application of technologies, logistics, communications, analysis and leadership. Veterans who possess skills that closely match ManTech's client base and have a thorough understanding of customers' infrastructure, culture and customs help to eliminate the learning curve many organizations face when establishing new partnerships.

"Our connection with veteran employees is simple: The nature of our work affords us unique insight into the type of work veterans of all levels can bring to ManTech," Cavanaugh said.

This understanding has helped shape ManTech's military recruitment strategies, which include outreach at job fairs, tradeshows, industry events and community/charitable events and organizations. The company has a special employer partnership with the Army Reserve that allows both organizations to recruit, train and employ people interested in serving the nation and pursuing careers in information technology.

ManTech also has established relationships with command centers through the Transition Assistance Program (TAP). Similar to a university career center, TAP is a required program offered by each branch of the military where service members can get information and assistance about transitioning from active duty. TAP and related programs enable ManTech to identify potential employees as early as six months before they leave the military to begin the education process regarding post-military employment. This helps veterans reach a better understanding of the options available and helps the company hire employees with highly specialized skills.

The Military-to-Civilian Transition

Getting the job is only the first in a long list of obstacles military personnel face when beginning a civilian career. To address these challenges, ManTech offers programs to ease veterans' transition into the civilian workforce, including networking opportunities and frequent orientation programs held in small-group settings tailored to fit individual members' needs. This format enables the company to answer questions specific to veterans. The company also helps with resume preparation, career development, financial planning and relocation.

Many of ManTech's employees with military experience work overseas supporting active military in missions of national importance. The company's ConstantCare program gives employees and their families direct contact with ManTech human resources staff who can help them manage work-related questions or concerns such as their new location, benefits, pay or work responsibilities. Through ConstantCare, ManTech also can connect employees and their families to other resources, including an employee assistance program that provides advice, support and resources 24/7 on a variety of issues affecting deployed individuals.

Veterans often struggle to communicate their military experience in terms employers can understand.

ManTech also encourages employees to take advantage of the company's in-house university, ManTech University (MTU), for educational and training opportunities in technical, certification, supervisory, business and leadership disciplines through online and facilitated courses. The university also helps employees map out a career trajectory through coaching and mentoring for supervisory, management and executive competencies. Employees can earn professional development units through MTU, which is a registered education provider for Project Management Institute.

All ManTech employees participate in MTU courses each year to complete required training in ManTech's ethics and standards, as well as time and expense report training. In 2010, MTU offered more than 5,000 hours of instructor-led coursework and nearly 33,000 hours of online courses. In total, MTU had about 50,000 total enrollments that year, showing that employees use MTU for professional development training above and beyond the required coursework.

"We strive to provide veterans with more than just a job," Cavanaugh said. "We want them to consider working with ManTech their new career, complete with endless upward mobility opportunities."

Community Outreach for Veterans' Causes

ManTech's commitment to servicemen and women extends beyond the workplace. The company supports veteran- and military-focused causes including the Injured Marine Semper Fi Fund, which supports Marines, sailors and their families, as well as members of the Army, Air Force and Coast Guard who have become injured in post-9/11 combat or training in support of Marine forces; the Marine Corps Scholarship Foundation, the nation's oldest and largest need-based scholarship organization supporting U.S. military families; and The Armed Forces Foundation, an organization that provides direct support to injured service members and their families through financial and housing assistance, bereavement counseling, injured support services, career counseling and care packages for children.

The company has been recognized for its commitment to military veterans with the 2009 Patriot Award from the Employer Support of the Guard and Reserve and was named a 2010 top 10 "Best Employer for Veterans" by *Military Times Edge* magazine. ManTech also placed second out of 100 on G.I. Jobs' 2011 Military Friendly Employers List, its fifth straight year in the top 10.

In the months ahead, ManTech will rely on its veteran hiring initiatives to fill nearly 800 open positions. The company plans to increase efforts across the board — from military-friendly marketing to social and community outreach among veterans — to ensure that veterans are aware that companies do exist that recognize the benefits their military experience brings to the workforce.

"Since our beginning more than 40 years ago, we have maintained strong ties with the military community, and that sense of patriotism is a large part of our corporate identity," said George J. Pedersen, ManTech chairman and CEO.

"While serving our country, veterans develop skills that translate well to the services ManTech provides our government and military customers, and we actively assist military veterans and reservists in making their transition into the workplace." Pedersen said. "It is our privilege to offer career opportunities to those who have dedicated themselves to keeping our nation safe." TM

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TM: How does eBay create leadership and management behaviors that lead to optimal workforce performance?

SANCHEZ: We are very clear here that in order to create leadership and management behaviors, it has to be sponsored by the people who can buy in to it. This starts with John Donahoe, our CEO, being very clear on the values he expects the people in this company to demonstrate. He has a set of expectations for leaders, and we're very focused in our performance management and development conversations and approach around this notion of setting expectations, setting a high bar, and being focused on the expectations [and] the outcomes and then layering in competencies and behaviors to achieve or exceed the expectations. We'll have regular dialogue from the CEO with groups of employees; we'll have communications that go out by different types of technologies. Across the portfolio, there is a notion of the leader having a responsibility and accountability to set the tone and set the expectations that we would like people to live up to.

TM: How does eBay develop organizational culture and employee attitudes to optimize workforce performance?

SANCHEZ: We use a real simple definition of culture: It's the way we do things around here. More specifically, it's the way every individual chooses to do things around here. The notion of top-down sponsor change is very important. At any given time, we will pick one theme that makes a lot of personal sense to people but ties back to the mission of the company. For example, over the last 18 months, we have been very focused on reigniting customer focus and tying customer focus and customer insights to innovation and what that innovation means to us as a technology company. That becomes a win-win for our customers, employees and business. That kind of change and the work that goes with executing things around customer focus and innovation get orchestrated at the most senior levels of the company with a tremendous amount of engagement down through the different organizations. Personalizing the change that needs to go on, personalizing the organizational culture that we would like to see in order to deliver on those outcomes, is very important. In those scenarios, we set specific company goals around customer focus and innovation; this way people can mark progress.

TM: What processes or programs have you established to attract, recruit and retain top talent?

SANCHEZ: At the company level, we do a program called Leadership eBay that's targeted at our top 700 to 800 folks. It's geared to uncover the values of the company and make them real for that individual, but it also focuses on a simple notion that ties directly to our company's brand promise: trust and being a trustworthy marketplace. We take that notion of trust that's at the heart of some of our brands and play it into our senior development program. That program is all about values and being a trustworthy leader and how to operationalize that.

We do other programs tailored for specific businesses with specific challenges. For example, our PayPal business has 30 percent year-to-year growth; you've got to keep up with the incredible growth that's going on. We put in place an emerging leaders program that is tied to what it takes to rapidly grow a business, what are the management challenges associated with that and how to really put those into practice. There we use a lot of simulation and a lot of coaching; it's very different from Leadership eBay. These are our high-potential senior managers. We need to help them think of themselves as stewards of the brand and value — be those customer things, technology things, process things or operation things. We also have a structured rotational program that we do in finance. Our finance organization is at the heart of the matrix infrastructure. There we select very specific high potentials, and we move through the business providing structured learning and structured experiences for them.

"We aspire for this company to be a place where people will come and want to have lasting careers, to be the best place you've ever worked in your life."

TM: What's next for eBay in terms of talent management and workforce performance development?

SANCHEZ: It's continued focus, and it's being driven by the CEO, almost a doubling down on the notion of development. We aspire for this company to be a place where people will come and want to have lasting careers, to be the best place you've ever worked in your life. We're articulating more of what that looks like under a framework of development and making sure that our leaders at all levels have it in their bones that we're creating something bigger than just today. We're building leaders from inside this company that are going to be this generation, next generation and the next generation's people who are changing the world. TM

DASHBOARD continued from page 43

Given the preceding, it's not surprising that only 33 percent of survey participants strongly agreed they can quickly mobilize their enterprise to execute new strategies, serve new markets and new customers, and deliver new products and services, or that just 17 percent strongly agreed their organization's culture is highly adaptive and responds quickly and positively to change. This puts many companies in a precarious competitive position as capturing growth opportunities requires quick, decisive action in a recovering economy.

Human Resource Function Capabilities

Critical to supporting the increased focus on growth reported by companies is a strong talent management function that can help build and sustain the workforce necessary to achieve performance objectives. But most companies said their HR functions are not fully prepared to answer this challenge. Indeed, the Accenture study found serious shortcomings continue to impede the ability of the HR and training functions to drive continuous improvement in the overall enterprise's operations and performance.

Serious shortcomings continue to impede the ability of HR to drive continuous improvement in operations and performance.

Perception of the HR function is not favorable. As reported in previous editions of this study, satisfaction with the HR function remains low. Only 8 percent of respondents said the performance of their human resource function in supporting the larger enterprise's pursuit of its business goals was industry leading.

Furthermore, just 13 percent of respondents rating HR as a top-three workforce described the function as high performing; and only 10 percent said their HR and training organizations are extremely well prepared to adapt to and manage change through periods of economic uncertainty. Perhaps most troubling of all, just 19 percent strongly agreed that HR and training are seen by their company as critical functions and act as true strategic partners in the enterprise's C-suite.

With a growing focus on talent and human capital as a key component of companies' growth strategies, HR needs to earn its place at the table. One tool that could help HR executives in that quest is analytics that enable HR and talent leaders to gauge how well their function performs. Such analytics can help identify areas where improvements can be made in cost and performance, to increase the business value the HR function generates for the larger enterprise and ultimately build greater credibility for the function and its leader.

The HR function is in need of a skills upgrade. More than half of respondents who cited HR as their company's most important function said they either lack the needed skills in the HR function (29 percent) or significant proportions of the skills they do have in HR are out of date (28 percent).

Some of the skills that should be more prevalent in today's HR function are financial acumen, including developing strong business cases for HR initiatives; stakeholder management; program management, ensuring the effective execution of initiatives; and communications, interacting with and inspiring stakeholders involved in change efforts.

Key HR and training capabilities in a large majority of companies are lacking in maturity. Only a small percentage of companies strongly agreed with statements that would indicate the presence of mature or robust HR and talent management practices (Figure 3, page 43). For example, only 10 percent of companies indicated that they have formal processes and tools that enable effective learning and knowledge sharing across the workforce, and only 13 percent claim to have a formal talent sourcing strategy that includes making use of alternative sources of talent.

Moving Forward

In the wake of the most severe economic downturn in decades, companies face myriad challenges, but none more important — or difficult — than creating a workforce that can implement an enterprise's strategies and respond to new competitive challenges.

The road back to recovery and growth begins with companies aligning their business strategy with a human capital strategy that puts in place the right talent in the right roles performing in the right ways to bring the business strategy to life and execute it optimally. It also includes a more flexible business design that can help increase the pace and certainty of successful organizational change and accommodate the ready use of other sources of talent, including outsourced talent and contingent labor, as needs dictate.

Most companies experienced some disruption to their workforces because of the recession, and many face a long road ahead. To spur growth, companies should leverage new techniques and tools to rapidly re-skill existing employees to perform new jobs and roles, and take on new hires in a way that gets them to competent performance levels faster.

What appears to be a monumental challenge also provides rare opportunities for companies to revisit their human capital strategies and capabilities and ensure the actions they take now and in the foreseeable future result in a new workforce that embodies the skills and capabilities needed for the organization to excel in the post-recession world. TM

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What Is Your Reputation?

I'm in a position in my career where I can do a lot to shape my reputation. I write books, articles and blogs (for *Harvard Business*, *BusinessWeek* and The Huffington Post) and give speeches and interviews, all of which allow me to deliver a thoughtful message about the reputation I want for myself. I'm also clear about what I want my reputation to be. I want people to think of me as someone who's extremely effective in helping successful leaders achieve positive, lasting change in behavior. I don't want to be just good in my field. I want to be one of the best. There's nothing wrong with that. It's no different than an athlete training for an Olympic gold medal. It's ambitious but not unrealistic.

Of course, I can't claim that reputation for myself. That would be meaningless, because anyone can score high on a self-assessment. I can suggest it as my goal but at the end of the day, I have to earn it through the results I deliver. To be considered one of the best, I don't have a high margin for error.

Partly because of this goal, many decisions in my career boil down to this question: Will it make me look smarter, or will it make me more effective? I always choose what makes me more effective. I'm not looking to be known as the smartest person with the most sophisticated theory about helping people change. I want to be known as the guy who is actually effective at helping people change.

For example, many years ago, I was asked to work one on one with a senior executive at one of the largest, most admired companies in the world. I had worked at fairly big companies before, but this was far and away the biggest, most prestigious assignment of my life. The people I'd be working with could position me on a whole new level. The fact that this benchmark company called me instead of another executive coach was not only flattering but proof that I was nearing my target reputation.

[I want to be known as the guy who is actually effective at helping people change.]

The executive in question was a smart, motivated, high-performing, deliver-the-numbers, arrogant know-it-all who got near the top of the corporate pyramid despite some pretty serious interpersonal flaws. He also was in charge of the company's most profitable division, which should have made him a corporate MVP and first in line to succeed the CEO. My job was to see if I could smooth out some of his rough behavioral edges, which in turn might provide him with a smoother glide in the CEO succession derby.

I conducted my usual 360-degree feedback interviews with the executive's colleagues. Then I discussed the results with him, which were met with a brusque brush-off. No matter what I said, this man would never accept that he needed to change. He just didn't care.

That's when I had a choice to make: Accept the assignment or walk away? A part of me — the part that wanted the top people at the company to think I was smart enough to run with their crowd — was tempted to take it on. Success would be a long shot. But hey, I told myself, no risk, no reward.

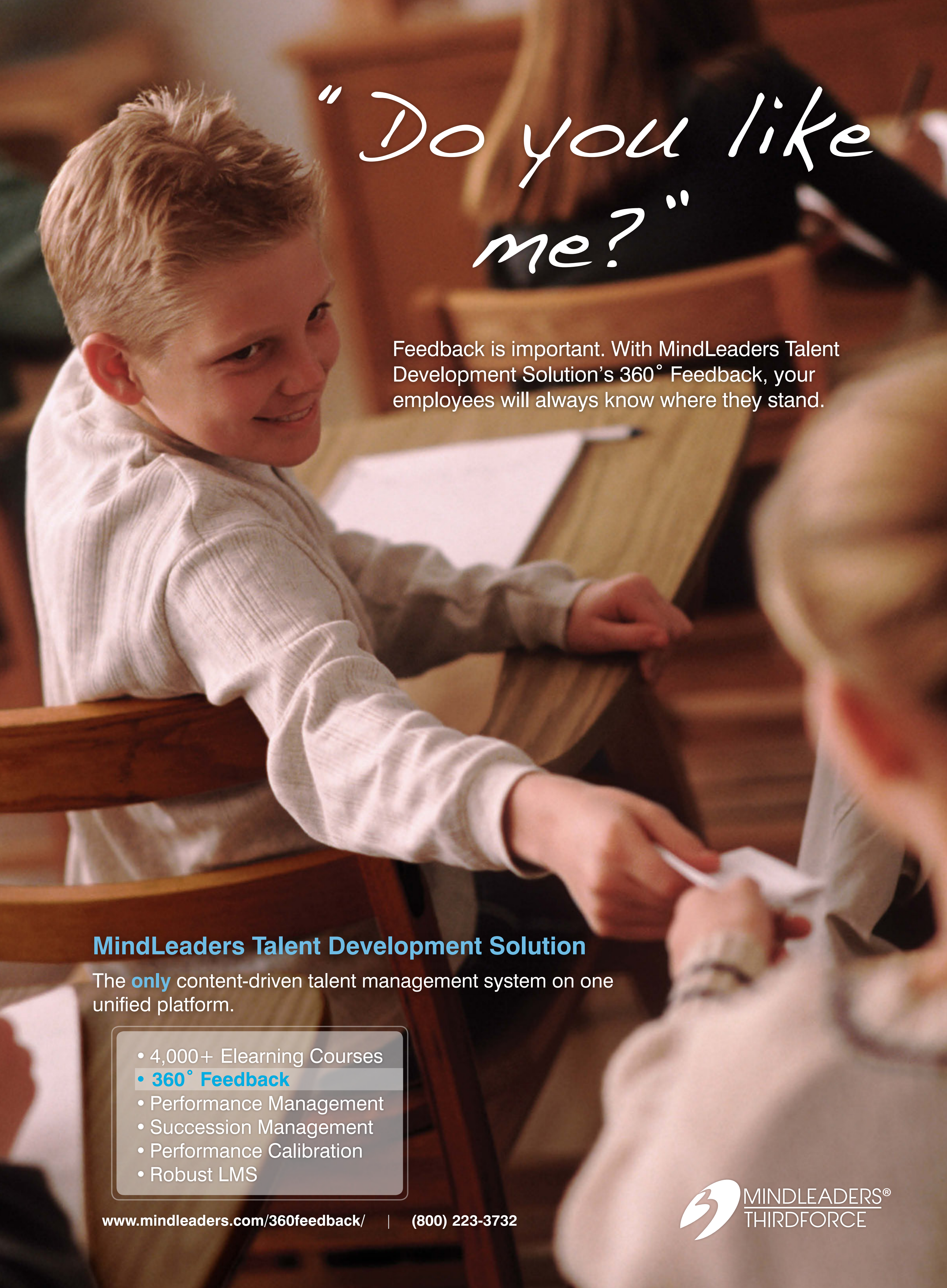
Another part of me — the part with an eye to my reputational objectives — knew I would be jumping into an empty grave if I worked with this impossible executive. If I couldn't actually help him change, I would fail the assignment, which could brand me as ineffective and might harm my reputation. I realized that this client did not really want change, and there was nothing that I was going to do about it.

In the end, I walked away, but not before telling the CEO my reasons. I don't think my reputation was harmed by any of this. And irony wasn't lost on me: On its surface, walking away might have been admission that I wasn't up to the task, but in fact, in terms of advancing my career and maintaining my mojo, it was the smartest thing I could have done. As it turned out, this executive was later dismissed by the company, and the CEO commended me for having the courage to walk away from that potentially lucrative coaching assignment.

Smart or effective? When you have to choose and your reputation is on the line, opting for the latter may actually cement the former. TM

About the Author

Marshall Goldsmith is a world authority in helping successful leaders achieve positive, lasting change in behavior. He is the author or co-editor of 27 books, including Mojo. *He can be reached at editor@talentmgt.com.*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