TM
talent management
August 2011
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MANAGING OR LEADING?

Talent leaders must help executives recognize the difference between the two and know what qualities to draw on to succeed.

HUMAN CAPITAL MEDIA

Hourglass Figures…

How to Reset Your Wage and Hour Practices to Avoid Litigation

Challenges about overtime pay are on the rise.
Despite the recent Supreme Court ruling which impacts employment class actions, it is anticipated that wage and hour litigation will continue to rise at an unprecedented level. Furthermore, the value of major employment discrimination class action settlements increased four-fold (over 2009) and the top ten settlements of wage and hour, ERISA, and governmental enforcement class actions increased to $1.16 billion, the highest amount ever.*

Why are wage-hour issues unique?
Wage-hour issues are unique because they don't fit cleanly into any one department or function in most organizations. These issues cross employment law, human resources and finance; in many organizations there's little coordination across these groups.

Join us for a free, one-hour Webinar entitled "Wage and Hour Law: Your Company's Not Exempt from Litigation" on Tuesday, September 13, at 2:00 p.m. EDT/11:00 a.m. PST. Presented by two of APT*Metrics*' industrial-organizational psychologists, Drs. Robert E. Lewis and Toni S. Locklear, this seminar will demonstrate how the use of job analysis can help you limit your company's risk of experiencing wage and hour issues and turn around those issues you may now face.

To register, visit www.talentmgt.com/webinars
by September 12, 2011.
For more information contact Kevin Tomczak,
Account Executive at KTomczak@APT*Metrics*.com
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*Seyfarth Shaw LLP's Seventh Annual Workplace Class Action Litigation Report (January, 2011).

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Compulsions, Creativity and Confusion

I have a compulsion, one with insidious consequences. My problem is news and information, and lots of it. I can't get enough.

I blame my mother. As far as mommy issues go, it's not a bad one. She's an inveterate news junkie. To compensate for her inability to read the newspaper every day, she'll stack up each edition of the Chicago Tribune, saving them for the weekend when she plows through every one in sequential order.

I've picked up her habit and amplified it. I read The Economist on my iPhone as I commute to and from work and during lunch breaks. A stack of novels teeters by my bedside and a mammoth pile of magazines trips me up in our living room. Right now, I'm caught up to the February 2010 issue of National Geographic and the December edition of The Atlantic, circa 2009.

Instead of newspapers, I browse my RSS and Twitter feeds for ideas and insights, zealously bookmarking and organizing stories using Evernote. At work, I have a stack of business books, every one of which looks fascinating in its own way. From Campbell Soup CEO Doug Conant's *TouchPoints* to *The Talent Masters* by Ram Charan and Bill Conaty, my bookshelf is overflowing, literally. Just ask my co-workers.

That physical overflow is paralleled by a mental overflow. As I write this column, I've already checked and responded to email five times, surfed to the New York Times Web page to check out the latest business news and browsed my Quora feed. This is a problem.

My habit is making me more informed, but also less focused and more distracted as I surf from story to story and jump from link to link. My ability to put together a cogent set of ideas under a deadline suffers, something longtime readers of this column might say is a bit of an ongoing problem.

How do we help employees get past information noise to generate the insight and innovation that are true long-term levers for organizational growth?

Nicholas Carr makes a compelling case for the negative impacts of this endless information buffet in his book *The Shallows: What the Internet Is Doing to Our Brains*. Human thought has been shaped for centuries by the tools and technologies we use, from ancient scrolls and early books to typewriters, personal computers and tablets, and griping about the aftereffects isn't new. Carr relates how German philosopher Friedrich Nietzsche cursed his typewriter because it inhibited his ability to think deeply and write fluidly.

What is new is the explosion of information coming from the Internet era, causing our minds, Carr argues, to become increasingly shallow and unable to read and think deeply. He's not the only one raising the alarm. Information overload and its close cousin, multitasking, are damaging productivity, impeding creativity and making us anxious and stressed.

Researchers from Harvard Business School examined the work patterns of more than 9,000 people and found that creative thinking — one of the exact qualities needed in rapid-fire, disruptive times — decreased significantly among people whose days were filled with fragmented activities like meetings and group discussions.

Unfortunately, corporate processes and systems are making the problem worse. Setting aside the issue of endless meetings, talent management tools may be a leading culprit. Take, for example, internal collaboration platforms like Yammer or the social features added to talent management suites in the last two or three years. Intended to connect employees, identify subject matter expertise and provide managers with a window into their talent pool, are they instead creating distractions that keep employees away from value-generating activities?

I hope most talent managers would agree that tools and processes should augment, not limit, our ability to work. But how do we help employees get past the noise to generate the kinds of insight and innovation that are the true long-term levers for organizational growth?

It's a step we often skip in our efforts to link up talent management functions, provide more and different forms of employee development and implement collaboration platforms to boost performance. Collaboration can lead to creativity, but it can just as easily lead to confusion. TM

Mike Prokopeak
Editorial Director
mikep@talentmgt.com


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GROUP PUBLISHER John R. Taggart jrtag@talentmgt.com

EDITOR IN CHIEF Norman B. Kamikow norm@talentmgt.com

SENIOR VICE PRESIDENT, OPERATIONS Gwen Connelly gwen@talentmgt.com

VICE PRESIDENT, EDITORIAL DIRECTOR Mike Prokopeak mikep@talentmgt.com

MANAGING EDITORS Daniel Margolis dmargolis@talentmgt.com
Kellye Whitney kwhitney@talentmgt.com

ASSOCIATE EDITORS Deanna Hartley dhartley@talentmgt.com
Natalie Morera nmorera@talentmgt.com
Ladan Nikravan lnikravan@talentmgt.com

COPY EDITOR Christopher Magee cmagee@talentmgt.com

VICE PRESIDENT, HCM ADVISORY GROUP
Stacey Boyle sboyle@talentmgt.com

DIRECTOR, HCM ADVISORY GROUP
Jerry Prochazka jerryp@talentmgt.com

VICE PRESIDENT, CREATIVE SERVICES Kendra Chaplin kendra@talentmgt.com

ART DIRECTOR Kasey Doshier kdoshier@talentmgt.com

PRODUCTION MANAGER Linda Dziwak linda@talentmgt.com

WEB MANAGER Spencer Thayer spencer@talentmgt.com

PROJECT MANAGER Jonathan Armsterd jarmsterd@talentmgt.com

ADVERTISING COORDINATOR Chatigny Imburgia cimburgia@talentmgt.com

DIRECTOR, EVENT DEVELOPMENT Trey Smith tsmith@talentmgt.com

EVENTS & MARKETING MANAGER Kara Shively kshively@talentmgt.com

NEW MEDIA COORDINATOR Kelly Asher kasher@talentmgt.com

SOCIAL MEDIA COORDINATOR Rose Michaels rmichaels@talentmgt.com

BUSINESS MANAGER Vince Czarnowski vince@talentmgt.com

MID-ATLANTIC & MIDWESTERN ADVERTISING MANAGER
Pegeen Prichard pprichard@talentmgt.com

WESTERN ADVERTISING MANAGER Cathy Sanassarian cathys@talentmgt.com

EASTERN ADVERTISING MANAGER
Kari Carlson kcarlson@talentmgt.com

DIGITAL ACCOUNT MANAGER Jerome Atendido rome@talentmgt.com

EVENTS SALES MANAGER David Taggart davidt@talentmgt.com

CIRCULATION DIRECTOR Cindy Cardinal ccardinal@talentmgt.com

LIST MANAGER Jay Schwedelson jschwedelson@worldata.com

ADVERTISING ADMINISTRATIVE ASSISTANT
Natasha Pozdniakova natasha@talentmgt.com

CONTRIBUTING WRITERS:

John Boudreau, Marc Effron, Philip Johnson, Narendra Patil, Mike Brennan, Jac Fitz-enz, David Makarsky, Kevin Sensenig, Nancy Dearman, Marshall Goldsmith, Vincent Milich, Patrick Sweeney, Christine Eberle, Herb Greenberg, Natalie Morera, Sandi Edwards, Deanna Hartley, Chris Musselwhite

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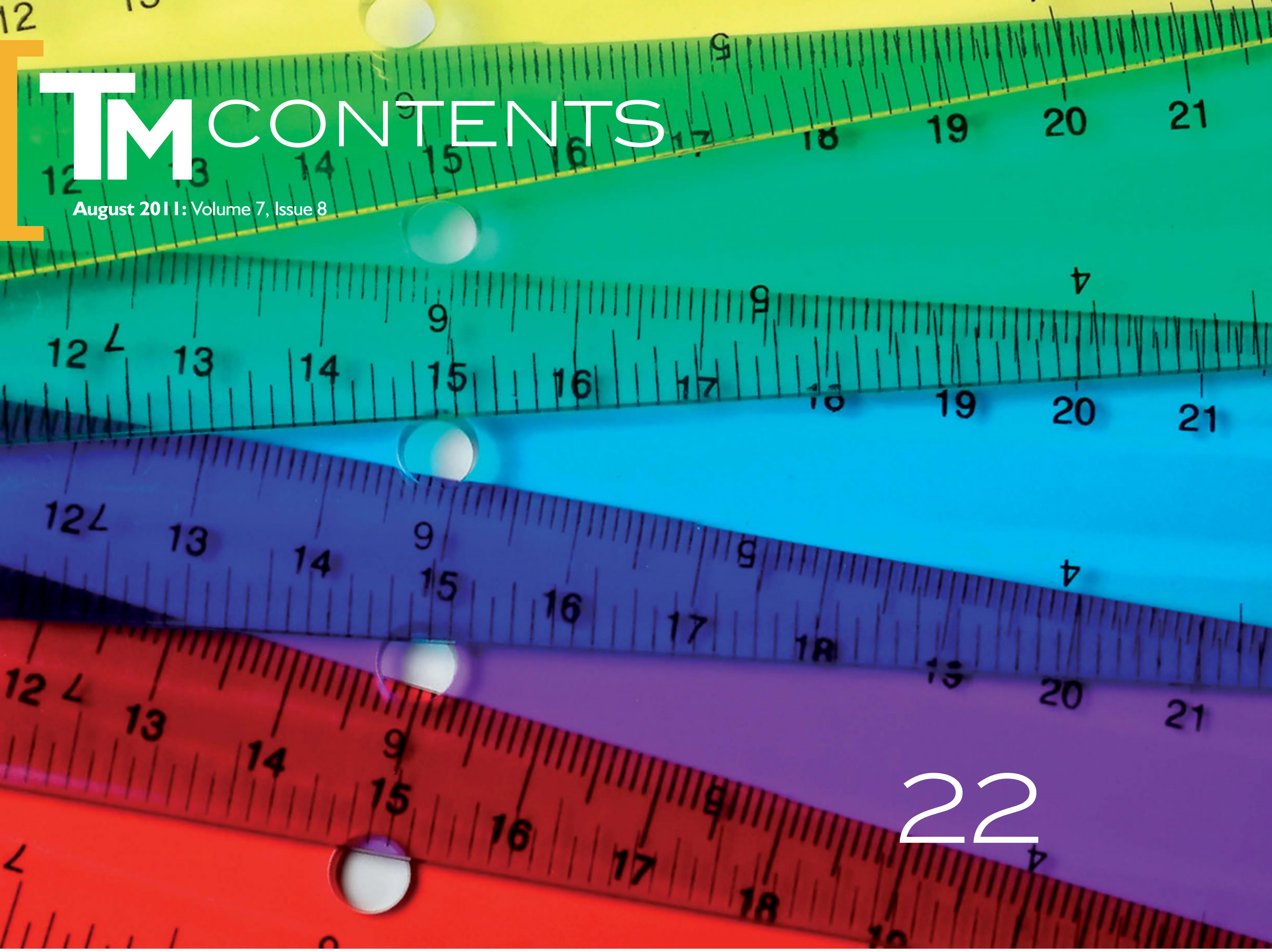

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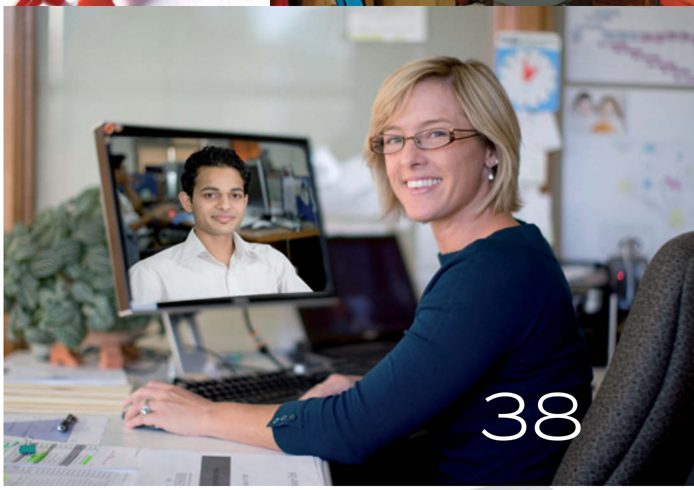

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The Fatigue Factor

We all experience the demands of the 24/7 workplace. The opportunity to work where and when we wish often evolves into the reality of being on all the time. Jeffrey Immelt, CEO of GE, said, "There are 24 hours in a day, and you can use all of them if you want." Technology creates massive productivity enhancements, but at what cost? Is fatigue just something each employee must deal with, or is it a legitimate focus for talent managers? Recent reports of air traffic controllers falling asleep on the job, for example, offer a vivid warning of the costs and risks that employee fatigue can cause.

So, we must ask ourselves, are work requirements that lead to stress and burnout a threat to organizational sustainability? At the Center for Effective Organizations, we are studying the factors that will shape the future of the HR profession. In our discussions with leaders across a wide array of organizations, they frequently point to the fatigue factor as one of the most important, yet most ignored, potential threats to talent management and organizational sustainability.

The answer likely isn't that organizations should strive for a stress-free workplace — that's impractical. Yet, it is not sufficient to just leave this issue to chance, or to continue to demand more and more from our employees. Talent managers have to find the balance.

I worked with a mining company on a project to improve its human capital planning and discovered the organization was facing a shortage of mining engineers and rising turnover among its existing engineers. The company was making do with the engineers it had, which meant giving every mine the necessary engineering attention, but nothing more. To do this, the company had to rotate engineers across the mines at a faster rate than if it were fully staffed. As a result, these engineers were constantly on the move. They were under more pressure, seeing their families less and traveling far more than if the company had a full complement of engineers available.

How could talent planning address this? We turned to another vital asset — the trucks that haul ore and other materials around the mine. Let's say a mine needs four trucks, which allows each truck to be driven at the optimal speed, keeps wear and tear at optimal levels, and allows optimal maintenance. Truck health is measured relentlessly, including real-time speeds, lubricant deterioration, tire pressure and running hours. A mine manager could make do with only three trucks if they are run a little faster, are allowed to depreciate more and if the manager delays maintenance. This would probably even save money — in the short run. Yet, all those aforementioned measures ensure mine managers never do this. They are held accountable for optimal truck usage, not short-run expedience.

So, why would a company tolerate a shortage of engineers, with the resulting pressure, stress, health issues and turnover, when it would never allow that for trucks? This is even more troubling because research in industrial psychology and human resource management has indicated measures of stress, engagement, satisfaction and intention can cause employees to leave their organizations. Such measures are seldom in the lexicon of an organization's leaders or talent management systems, yet they provide the same early warning about the deterioration of the mining engineer as the maintenance measures provided for trucks.

Yes, employees are tired, but hard work is not to be avoided. The key is neither to push employees beyond their limits nor to demand so little you can't compete. Equipment optimization means finding the level of usage and maintenance that is best for the truck and its role. Employee optimization means addressing the fatigue factor analytically with human capital planning and measures, not just opinions or hope.

> **Employees are tired, but hard work is not to be avoided. The key is neither to push employees beyond their limits nor to demand so little you can't compete.**

Human beings are not trucks, but doesn't talent deserve rigor on optimum health and productivity? Shouldn't employee fatigue be as much the focus of leader decisions as truck depreciation? TM

About the Author

John Boudreau is professor and research director at the University of Southern California's Marshall School of Business and Center for Effective Organizations, and author of Retooling HR: Using Proven Business Tools to Make Better Decisions about Talent. *He can be reached at editor@talentmgt.com.*

To Be and to Become

I was blessed with low blood pressure. This allows me, absent any sense of guilt, to sit in my backyard on a sunny afternoon with a good cigar and read *Bernard Darwin On Golf* while others flit anxiously in pursuit of some ephemeral goal even they cannot fully describe.

Although I expect one day soon I will be coerced into purchasing a Kindle or its kin, I thoroughly enjoy the heft and texture of a good old-fashioned book. But by the time my 2-year-old granddaughter enters elementary school, she may not have the pleasure of holding a communications medium made from a tree very often.

I pray I cannot yet be viewed as an elder statesman — though 80 is in sight — or worse, an old fuddy-duddy, but that impression may prevail as I attempt to make a connection between enjoying literature in the backyard and the purpose of talent management.

My passion for such literature comes from having known Abraham Maslow. In *Toward a Psychology of Being,* Abe, as I knew him, wrote of "being" versus "becoming." In short, he strove to show the health-promoting and soul-defining value of focusing not on eternally striving only to attain earthly goals, but rather on dedicating oneself also to being the best human being possible. He described this state as a mensch.

Mensch is a Yiddish word meaning a person of integrity and honor. According to Leo Rosten, author of *The Joys of Yiddish,* a mensch is someone to admire and emulate, someone of noble character. Before you rebut this ideal with the practical facts of survival in an organization, note that being a mensch does not preclude achievement. To become something grand without being someone admirable is a tragedy. The challenge and goal is to do both.

We've all met accomplished people, and we admire them. Conversely, we see many who view life as being solely about extrinsic rewards at the expense of being about people. This may begin to sound like the quasi-philosophical rambling of the aforementioned fuddy-duddy, but let me share what I have learned about leading people from nearly four score years of triumphs and tragedies.

[To become something grand without being someone admirable is a tragedy.]

Peter Koestenbaum, a retired philosophy professor and executive counselor who wrote on leadership, has a model with two parts: "self" and "others" — or internal and external. The "self" is the "being" part. It is authenticity, which includes vision, reality, ethics and courage. This is the foundation of greatness. With regard to the self Koestenbaum said, "Unless the distant goals of meaning, greatness and destiny are addressed we cannot make an intelligent decision about what to do tomorrow morning, much less set strategy for a company."

Koestenbaum's others cover the skills of dealing with and leading people. These are some of the "becoming" traits. The truly great leader is first an authentic human being. Without that his or her efforts will be perceived as false and self-serving — think of Michael Douglas in the movie "Wall Street." Today, I am forced to believe the real Wall Street is bereft of mensches.

I've known only a few people who exhibit both the "being" and the "becoming." One is Bob Noyce, co-founder and visionary of Intel. Bob was a brilliant physicist and businessman. The people fortunate enough to have known him would also attest to his having been an exemplary human being. He proved you can be a millionaire and still be a mensch, although it is a struggle.

I had the good fortune of having an authentic man as a mentor when in my 30s. His name was Bill Howell. You've never heard of Bill, but he was an accomplished and admired Bay Area businessman who taught me the ultimate lesson in leadership. One day he called me to his office shortly after I had achieved a great success for the company. He said, "Jac, when we are successful, there is glory enough for everyone. But when we fail there are no heroes."

His point — be a team player. Whether one has low or high blood pressure — you are worried or carefree — the goal in life is to be as well as to become. TM

About the Author

Jac Fitz-enz is founder and CEO of the Human Capital Source and Workforce Intelligence Institute. He can be reached at editor@talentmgt.com.

Refuting the Experts

The past decade brought many new ideas to the forefront of talent management, including the advice in Jim Collins' book *Good to Great* about the framework of strengths-based leadership and the construct of emotional intelligence. These ideas' proponents argue that their concepts are backed by thorough research. But when we test their claims, we find the science is either inconclusive, controversial or contradicts their assertions.

> **Talent management practitioners should serve as the voice of reason.**

Let's start with *Good to Great* — one of the most popular management books in history. Collins' premise is that his research has discovered a six-step process that allows good companies to become great companies. His advice has inspired companies worldwide to follow steps such as getting the right people on the bus and discovering their Hedgehog Concept.

However, only one of the 11 companies he cites as great has delivered above-market returns since the book was published in 2001. This suggests these six steps can't sustain greatness even if they can create it. Some scientists also argue that firms included in his original definition of great only met those standards when their performance was measured in a favorable way.

The fact that Collins' ideas can't be guaranteed to work doesn't mean they lack value. In fact, many are consistent with the advice offered by other researchers and consultants. Still, talent managers should serve as the voice of reason when executives decide to uncritically follow *Good to Great* strategies when the jury's still out on their effectiveness.

Emotional intelligence is another attractive concept with inconclusive science. Popularized by Daniel Goleman in *Emotional Intelligence,* the theory proposes that emotional intelligence (EI) is a unique construct — different from general intelligence (IQ) or personality. One of its definitions is that EI measures one's ability to perceive, use, understand and manage emotions.

The fact that EI has multiple definitions hints at the larger controversy. Since its introduction, personality psychologists have hotly debated its very existence. Their criticisms include that there's no agreed-upon definition for EI or consistent way to measure it. They also argue there's no proof EI is actually different from IQ or personality. Further complicating the debate is the question of whether EI, if it exists, is a trait — personality based — or a state — a changeable behavior.

Most important for talent managers is that little evidence exists that EI has any unique impact on individual performance or leadership effectiveness. While it seems intuitive that one's ability to recognize and regulate emotion must contribute to effective leadership, where research has tested that assertion, it has proved it false.

Lastly, the concept of strength-based development was originally proposed in *First, Break All The Rules* by Marcus Buckingham and Curt Coffman. It suggests an exclusive focus on one's strengths — knowing them, building them and finding places to apply them is the key to sustained career success. Leading personality scientists argue there are three barriers to the correctness of the strengths-only approach. First, most people have fewer strengths than we might think. Only 39 percent are stronger than their peers in more than five management competencies, and those typically aren't the competencies that differentiate great performers or fit with a company's needs. So, assuming strengths alone will carry a person doesn't work for most of us.

Second, science is clear that many management derailers are overdone strengths. This means too much focus on our strengths can create a weakness. Third, ignoring weaknesses is often the primary cause of career failure. In fact, it's challenging to identify CEOs or senior leaders who failed because they had not focused enough on their strengths.

Again, because an idea isn't proven doesn't necessarily make it the wrong tactic for a talent manager to embrace. It's fair to experiment with emerging ideas or to decide that the body of proof for a concept, while not reaching scientific standards, is sufficient.

As practitioners, our challenge is to make these decisions critically, not to blindly accept the claims of those commercially tied to a specific concept. Our companies look to us for advice on investing the scarce resources available for development. We owe it to them to be thoughtful, science-based consumers. TM

About the Author

Marc Effron is president of The Talent Strategy Group and author of One Page Talent Management. *He can be reached at editor@talentmgt.com.*

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Tell Me About Me

Narendra Patil

Talent managers should emphasize the importance of employees receiving social feedback from co-workers, coaches, mentors and others to uncover hidden talents.

Employees ping, tweet, post, "like," chat and share every day. Although they can pick their social media outlet, be it Twitter, Facebook, LinkedIn or the like, they are part of a culture in which social networking sites are ubiquitous. Because of this trend, organizations spanning all industries are examining how these tools can be used to solve real business problems. Specifically, the idea of social business is spilling into HR departments, opening the door for a more collaborative approach to the way talent managers work. To illustrate how a social networking mindset can be effective in talent management, consider the following example.

In 2002, the Oakland Athletics (A's), with an approximate payroll of $40 million, were competitive in the American League with larger market teams such as the New York Yankees, who spent more than $126 million in payroll that season. Despite the A's lower budget, they were able to grab key players who helped the team finish first in the American League with 103 wins.

How the A's pulled this off highlights a valuable lesson for the HR industry. The team was able to spot players undervalued by the market and unleash their skills for the team's benefit, a skill missing from many HR departments. More often than not, professional sports scouts have clear visibility and insights into their organizational talent as well as the development trajectory of key players. This has much to do with the fact that those within professional sports constantly receive social feedback through coaching and mentoring, and actively network within the baseball ecosystem.

Corporate talent managers can learn from their professional sports counterparts and take steps to gain visibility, uncover hidden talent and develop undervalued assets by developing the organization's information brokers and key talent, and give business executives a sustainable competitive advantage. Relying solely on traditional talent metrics and performance management data is not sufficient to promote employee success. Instead, talent leaders should emphasize the importance of receiving social feedback from co-workers, coaches, mentors and others to uncover unique characteristics and hidden talents. Managers can then gather additional information about the employee, and combine performance management data with word-of-mouth information. For instance, talent managers can start looking at social feedback such as how connected, respected and influential an employee is in the business network to identify additional strengths or areas that require development or correction.

Social feedback from an individual's network benefits both employees and their managers. The HR team's ability to uncover and refine undervalued and hidden talent, create a high-performance culture, fast-track high potentials and develop leaders in line with a company's growth agenda has a direct impact on competitive agility and the success of their businesses.

All information can be used to make important talent decisions about an employee related to areas such as hiring, firing and promotions. For example, instead of relying solely on annual or biannual performance reviews, organizations should look to implement a social networking infrastructure that enables them to gather social feedback about an individual's performance year-round. Having each piece of information add a different nuance to the evaluation process can help teams develop more effective employees. As talent managers examine their increasingly global, connected, mobile and multi-generational workforce, considering different sources of social data can help them identify how

social networking might play a greater role in aligning, nurturing and engaging top talent.

Social Capability and HR Process

Social feedback is just one example of how social networking is transforming the way we work. Many of the core HR processes, including performance reviews, goal alignment, succession planning and compensation management, can be transformed to achieve greater business results.

For example, most companies are still stuck in the habit of using traditional annual report cards. UCLA professor Samuel Culbert wrote in The Wall Street Journal that organizations should "Get rid of the performance review! It destroys morale, kills teamwork and hurts the bottom line." Culbert goes on to say the traditional performance review is "a one-side-accountable, boss-administered review [that] is little more than a dysfunctional pretense."

Many employees agree. They feel a once-a-year performance feedback comes too late and doesn't serve a purpose in correcting behavior or aiding in development. Further, employees often think appraisals rely too much on a manager's memory, thus ratings are often based on only the most recent events. Since the review feedback comes directly from senior managers within the organization, the review does not fully capture all the work employees have performed with cross-functional teams, for instance. This can lead employees to view the annual performance review in the same way they did annual report cards from their grade school years — as something to be dreaded. As a result, the organization is left with disengaged, possibly disgruntled employees and a costly misalignment of resources and business objectives.

Social performance management can eliminate many of these pain points by leveraging social networking to increase user adoption and frequency of use to help deliver the ROI from the solutions. In this approach, an organization uses social performance tools to examine employees and their connections to the internal social networking community. For example, by looking at how much an employee comments, rates and tags items,

Compensation and Talent Strategies That Minimize Turnover

Given recent economic indicators, most economists are now cautiously optimistic that we are on a solid, albeit slow, road to recovery. While this is good news for the economy overall and for individual businesses, a recovery also carries some hidden risk, notably turnover, particularly among your most talented employees. Now is the time to mitigate that possibility with attention to specific talent management strategies. Taleo Corp. believes talent management professionals should pursue three related strategies:

A talent audit is a critical first step in understanding your risk profile and where you need to invest time, energy and capital to limit your turnover risks. Recent research shows most companies do not have this data today.

- **Perform** a talent audit to identify critical roles and skills, flight risk, bench strength, top performers and high potentials.
- **Invest** in employee engagement strategies, including compensation, to improve retention of your existing team.
- **Eliminate** financial incentives as a reason for employees to leave, and "sweeten the pot" in terms of job activities and development opportunities.

TALENT AUDIT FOR TALENT INTELLIGENCE

A talent audit is a critical first step in understanding your risk profile and where you need to invest time, energy and capital to limit your turnover risks. Recent research shows most companies do not have this data today. Research conducted in 2010 by Taleo and the Human Capital Institute shows that just 22 percent of companies captured and surfaced flight risk potential, and only 35 percent had a clear picture of bench strength. Most companies don't include pre-hire employee data in an employee profile — if they have an employee profile at all. Your first step to mitigate turnover risk, therefore, should be to get a clear and detailed picture of your talent ecosystem.

DOES COMPENSATION DRIVE ENGAGEMENT?

While it might be counterintuitive, multiple studies have shown that improving compensation does not always improve performance or engagement. For professions requiring manual work, like manufacturing, pay-for-performance has been shown to motivate higher levels of engagement and performance. By contrast, for areas driven by knowledge work, like software engineering, pay-for-performance can actually decrease engagement by turning intrinsic motivation into external expectation.

Volumes of research support this odd dynamic where tying pay to performance will create different, and unanticipated, results depending on the role.

WHAT REALLY DRIVES ENGAGEMENT?

While engagement is very personal, there are some universal drivers and some demographic drivers. Universal drivers of engagement include

By Matthew Rice

As director of product marketing for Taleo, Matthew Rice is responsible for evangelizing the capabilities and benefits of Taleo's performance management, goals management and compensation management solutions. Prior to Taleo, Rice led the product management, professional services and customer support functions for Emportal, an SaaS HRMS company focused on small and medium-sized businesses. Rice's previous professional experience includes a stint as vice president of emerging products for Risk Management Solutions, a company that offers products and services for the management of catastrophe risk. Prior to that, he served as senior director of marketing and product management at ADP Claims Services Group, a provider of insurance claims software and services. Rice has held product management, sales, marketing and consulting positions at Injury Sciences, Alta Analytics, and Computer Sciences Corporation. He holds a B.S. in management from the Georgia Institute of Technology.

autonomy, self-direction and the opportunity to develop mastery. In a workplace setting, other key factors include manager investment in employee development, the opportunity to learn new skills and take on new roles, and relationship with peers.

In addition to the universal drivers, there are some specific drivers within the baby boomer/Gen X/Gen Y continuum. For baby boomers, key engagement drivers are money, title, seniority and office location. Contrast that with the Gen X crowd, where the levers are understanding of how their work is aligned with the company's mission, self-managed career directions and more flexible types of rewards. For the Gen Y folks, research shows that recognition is one of the biggest drivers of engagement, along with continuous development of skills and aligning company and personal goals.

GETTING COMP RIGHT

There are two areas you should consider when thinking about compensation strategies for employee retention. The first is taking the financial element of compensation "off the table" as an employee concern. Simply put, make sure your compensation strategies, especially for knowledge workers or anyone who does "thinking" work, are crafted so employees aren't fixated on perceived inequities. One basic step is to ensure your strategies are comparable to the broader financial compensation landscape of your industry. This reduces the tendency for employees to jump ship when they see that the grass isn't always greener regarding compensation.

Once you've nailed the financial piece, it's on to the really exciting part of the compensation picture, where you can focus on designing the work so that the work itself is the comp — that people are rewarded through challenging work assignments, stretch activities, job rotation, training and development, opportunities to contribute their ideas, opportunities to pursue their own mastery, self-direction, etc. This is ideal to appeal to the newer generations of workers who are focused on the "me" aspect of a job.

This sounds easy, but execution can be challenging, especially without technology enablers to support the strategy. As shown by the different suggestions above, an integrated technology strategy — one where processes and data are seamless between the different facets of talent management — is essential. When your technology partner is best-in-class in every talent management area, you'll reap the benefits of the work you've put in to craft your strategies and processes.

Make sure your compensation strategies, especially for knowledge workers or anyone who does "thinking" work, are crafted so employees aren't fixated on perceived inequities.

These strategies and investments are not just short-term fixes to help you avoid the risk of loss today; they are the ones that will drive higher engagement and minimize turnover in your organization. ❖

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Taleo™

Organizing Around Social Media

Christine Eberle

Companies often need to change their organizational design to accommodate adoption of social media. For example, a company with a regional human resources model — with an HR representative resident in every location — could centralize its HR organization and create a shared services group and use social media tools to make this happen. Instead of having employees wander down the hall to talk to an HR manager, employees could make a phone call or schedule a chat via social networking with a person from the shared HR group.

Making a change like this requires not only a shift in the way people work, but a cultural shift to get people comfortable with the concept of collaborating in ways other than meeting face to face. Talent leaders will need to break down barriers between departments and functions, and get people to reach across the organization for information and decisions rather than staying within their own comfort zones.

Whenever there is change afoot, employees will invariably ask: What's in it for me? They will be more willing to collaborate and accept social media initiatives when they understand the benefits. Further, traditional reward and incentive models may no longer work for employees interacting through social media channels. For instance, to be effective incentives need not be strictly monetary; some individuals respond well to opportunities to obtain mentoring, coaching and recognition.

There are three major challenges facing companies attempting to deal with the rapid acceleration of social media from a talent management perspective:

Scaling talent needs: Since social media is a relatively new phenomenon and has grown so rapidly, there is a shortage of talent with the requisite capabilities — including customer service, data management and analytics — to work effectively in a social media environment. Organizations may find it easy to structure and staff a social media pilot but difficult to manage at scale. It is important to recognize the difficulty of staffing social media channels from existing talent. A good talent management strategy, encompassing new job definitions, hiring profiles, revamped training, rewards and incentives is necessary to grow the capability successfully.

Knowledge management capabilities: As social media and networking channels grow, knowledge management content tools must be updated with external sources of content. Employees need reliable information. Companies that use online forums, for instance, may see one customer counseling another on how to solve a problem. It is difficult to capture this type of information, since the sources are always changing and the data is typically unstructured. Therefore, companies must create policies and methods for workers to access and use such content, while also teaching employees how to use judgment regarding the quality and appropriateness of the information they find.

Flexibility and anticipation: Social media channel preferences are always changing. Employees must adapt to these changes as well. Talent managers should encourage those who work with social media to stay on top of a dynamic environment and to adapt the work they do to reflect changes in social media usage and patterns.

Many of these challenges can be addressed through a comprehensive human capital strategy. Talent managers should recognize the need for changes to recruiting, organizational design, learning, technology, and rewards and incentives. To accomplish this, leadership must commit to a strategy to adopt social media and convey its benefits throughout the organization.

Social media savvy should be identified as a necessary skill for professional development and incorporated into the company's overall talent strategy. The strategy must celebrate, rather than discourage, different approaches to gather and communicate information. TM

Christine Eberle is a senior executive for the Accenture talent and organization performance practice and a contributor to *The Social Media Management Handbook.* She can be reached at editor@talentmgt.com.

how many people "follow" that employee, and how active the employee is in the community, managers can find the key information brokers within an organization. These information brokers can then be placed in coaching and mentoring roles, allowing the organization to benefit from their natural skill. As coaches or mentors, these individuals can lend commentary and feedback to employees within the organization through a social layer as well in a traditional, in-person fashion.

Too often, an employee only receives direct feedback from a handful of people. The mentoring and coaching available through the social performance approach builds a high-performance culture where everyone's feedback counts, not only that from a direct manager. Continuous and honest feedback from the entire business network allows managers to immediately recognize valuable contributions to the organization and coach the team members to improve performance and achieve rapid alignment. This helps managers foster ongoing, constructive feedback and timely actionable coaching so employees can improve their performance more quickly.

Essentially, social performance management captures the 360-degree feedback that happens every day instead of completing a random, formal process with a few chosen co-workers. With this constant feedback, management can more easily ascertain whether employee performance is aligned with business goals and can more swiftly make necessary changes to ensure business objectives are being achieved.

The mentoring and coaching available through the social performance approach builds a high-performance culture where everyone's feedback counts, not only that of a direct manager.

Gaining Talent Insight

Talent managers know ongoing dialogue between a manager and an employee helps the employee understand the direction for his or her work, which can drive engagement. The continuous feedback fostered in the social performance approach eliminates any surprises from the annual review. It could even eliminate the annual review or change its format to something more valuable. Continuous reviews and feedback are fairer and more actionable. Employees feel empowered since managers are not just communicating bad news, but instead are demonstrating a clear interest in improving performance by offering actionable coaching and connections to experts and mentors.

To create bench strength for critical positions, talent managers must gain insight into their organization's talent. It's critical to identify gaps in the talent pool. By leveraging the enterprise social network, managers can uncover talent within the company that is not apparent on a resume or in a job description and gain visibility into the capabilities missing from their organization that must be filled.

Apart from domain knowledge and functional expertise, the know-how and connections from key stakeholders play a critical role in new employees' success. Forming support networks of employees who can attend new-hire training programs together, and lean on each other to help navigate within the organization, is playing an increasingly more critical role in faster on-boarding. Further, social networking allows new hires to connect with the right stakeholders, experts and mentors to leverage the power of community and rapidly build competencies and tacit knowledge needed for success in their new jobs.

These connections not only help new employees, they also act as great tools for a company's current employee base. We know that in a world where knowledge is constantly becoming outdated, people learn best from each other. This is critical for all employees' success, from entry level to executive. With social networking capabilities such as tagging, sharing, feedback and bookmarks, learners rely on user-generated experiential insights to keep content relevant. Both new and incumbent employees can informally access experts and mentors within the organization, allowing employees to unlock and transfer tacit knowledge through mentoring, coaching and social learning vehicles such as virtual classes.

Beyond social feedback, social performance management fosters both collaborative and performance processes to help companies rapidly align corporate goals, engage employees and drive better business outcomes. It helps uncover hidden talent within the organization, create employee retention plans and reward key information brokers for their contributions, which encourages them to engage with the organization and their peers further.

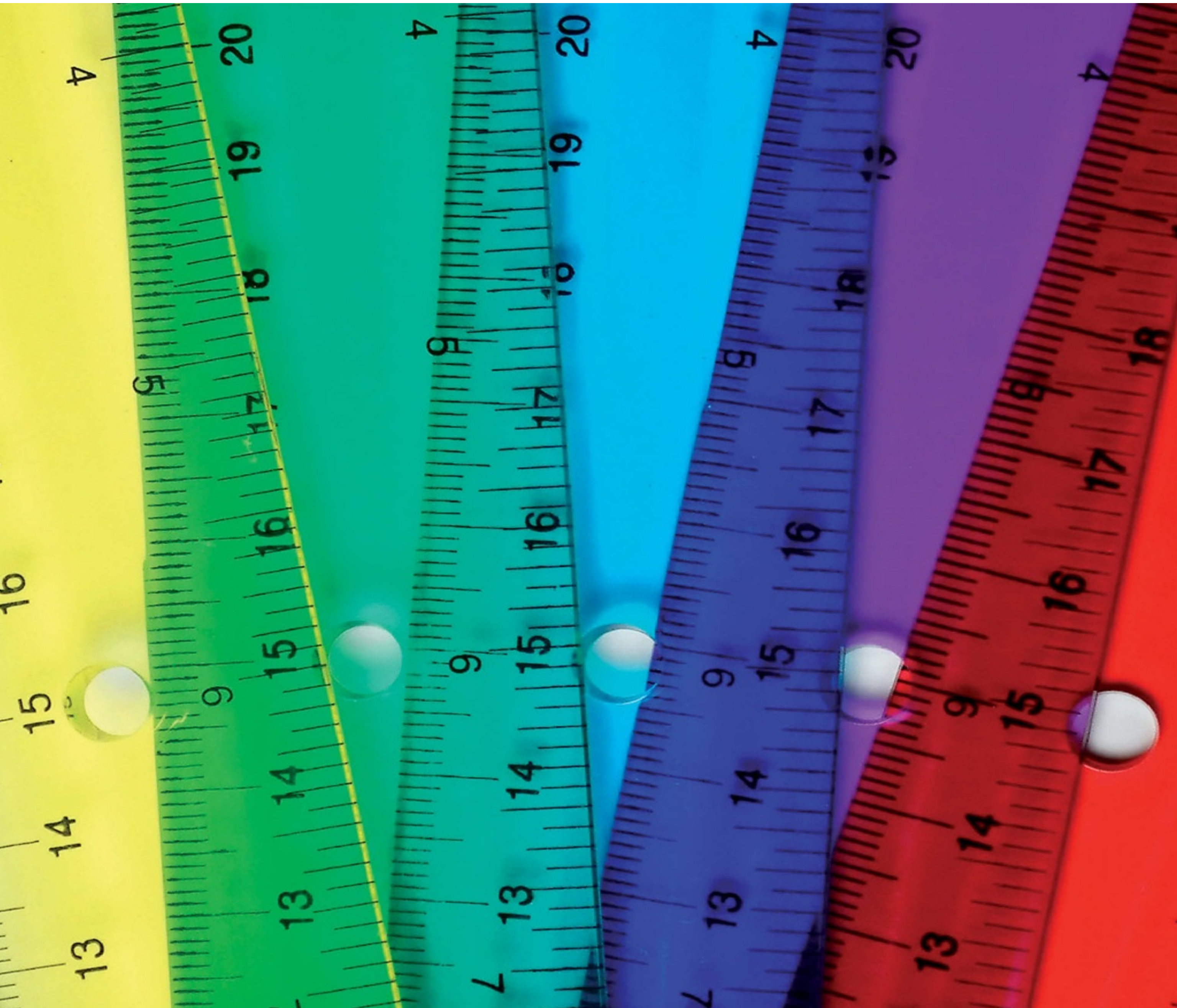
A change can happen within talent organizations just as it did with the A's in 2002, when the team was able to accelerate development of its rookie players and turn undervalued hitters into run-producing powerhouses. Corporate talent organizations can knock one out of the park by bringing these values into their companies. All it takes is a shift in the way companies think about mixing "social" with talent. TM

Narendra Patil is senior director at Saba Software. He can be reached at editor@talentmgt.com.

The Measuring Stick

Mike Brennan

To increase competitive advantage, talent managers must build and measure a diverse workforce that can execute across various functions, business units and geographies.



As the saying goes, you can only manage what you measure — and that is no different with diversity. Leaders at high-performing organizations are expected to have a firm understanding of their company's position on talent management generally, and diversity specifically, not just from a legal perspective, but as a means to move the business forward. To assess a company's performance in this area, however, talent leaders must be able to effectively capture, report, analyze and share diversity data.

While most large enterprises have paid some attention to diversity in terms of compliance, many struggle to get an accurate picture of their workforce's diversity. However, this has begun to change in recent years as companies' ability to collect and manage employee data as part of their talent management practices has matured.

A Broader Definition of Diversity

Diversity centers on a belief that every person, regardless of factors such as race, gender or age, is entitled to the same privileges and opportunities. While that belief continues to be important, workplace diversity has evolved to include more than just demographic concerns.

In talent management, diversity also must encompass the perspectives that come from employees' different skills, personality traits, education, work experience, geographic background, social networks and career aspirations. Many companies started their diversity programs because it was the right thing to do legally and socially, but they have found that diversity also promotes business success, especially in a global marketplace.

Take Fairmont Hotels & Resorts, a hotel brand that boasts landmark locations such as London's The Savoy, New York's The Plaza and Shanghai's Fairmont Peace Hotel. Owned by FRHI Holdings Ltd., a global hotel company with more than 40,000 colleagues and more than 100 hotels under the Fairmont, Raffles and Swissôtel brands, Fairmont has established a reputation for delivering warm, personalized service.

"As a global hospitality company with properties all over the world, we have to be a diverse organization," said Kim Van Pelt, executive director of talent management for Fairmont Hotels & Resorts. "For instance, with new hotel openings like the Fairmont Jaipur in India and Fairmont Makati in the Philippines, we must ensure these hotels are staffed with an optimal mix of local talent who know the culture as well as experienced expatriates who know Fairmont's positioning, practices and brand story."

At office supplies company Staples, diversity's impact also goes beyond traditional demographic tracking and legal compliance efforts to drive business results. "We use a broader set of diversity data to better develop and manage our associates, so they in turn can deliver a better experience for our customers," said Joy Errico, director of diversity and inclusion at Staples. "We also incorporate diversity into our succession planning, particularly for leadership positions, to ensure we retain the right mix of skills, knowledge and experience required to grow the company."

Key Organizational Drivers and Benefits

As both Van Pelt and Errico indicate, the importance of workplace diversity is multi-faceted. In addition to ensuring compliance with regulations enforced by bodies such as the Equal Employment Opportunity Commission, talent leaders looking to validate diversity initiatives within their companies can point to several organizational drivers and benefits:

- **A larger talent pool:** Access to a larger talent pool is one of the biggest advantages of having an employment culture that supports diversity. Individuals can be recruited and developed based on competencies required to perform in a specific job, whether that job exists today or will be deployed in the future to capitalize on a growth opportunity.
- **The Medici effect:** In the words of author and innovation thought leader Frans Johansson, "Diversity drives innovation." Groups of employees working on projects or initiatives across functional and geographic boundaries can draw on the varied backgrounds, experiences and skills of their colleagues to increase learning and execute tasks more effectively — not to mention gain a greater understanding and appreciation for different parts of the company.
- **Corporate citizenship:** Diversity programs can enhance a company's brand in the communities in which it operates for customers as well as prospective employees.

Staples' Errico emphasizes the importance of diversity as an organizational asset, pointing to the benefits it can have in talent attraction and retention. "Staples' size, business mix and geographic breadth are all assets to us as an employer. We leverage those assets through diversity and inclusion by mobilizing people — across functions, business units, even geographies — not only to meet our business demands, but also to support our associates' career development and aspirations," she said. "We believe every one of our associates can have a lifelong career at Staples doing many different things if they wish."

At Fairmont, the company implemented its talent management strategy with supporting technology in part to better manage diversity. According to Van Pelt, beyond tracking standard demographics across the organization, the company believes its diversity initiatives will lead to increased colleague engagement and guest satisfaction, which the company tracks through its performance management system.

"Those are two key business metrics we'll include in our diversity measurement," Van Pelt said. "Leveraging our diverse workforce by placing the right people in the right opportunities is a competitive advantage that we'll continue to drive across our business globally."

The Challenges of Measuring Diversity

Managing diversity often is easier said than done. Many organizations do not have the data required to understand their diversity position, which hampers their ability to make decisions and take action. For instance, a company may not capture information on gender or ethnicity in its talent management systems because its talent managers have not been trained to do so.

Enabling this kind of diversity-centric talent decision making requires that organizations be able to effectively capture and maintain diversity data across the enterprise. Consider some of the issues organizations face related to diversity data management.

- **Accurate entry of diversity data:** Like most data, the most accurate source is typically the subject — in this case the employee. Organizations should leverage self-service technology as much as possible.
- **Gathering demographic data that prospective and existing employees are not legally required to provide:** HR people should be trained to capture this data through a visual analysis.
- **Generating the reports needed:** This should not be too difficult. Even if a system does not generate the reports needed, an analyst should be able to dump the data into a spreadsheet or specialized business intelligence tool where it can be manipulated and visualized.
- **Defining appropriate access to diversity data and reports:** Any data that is reported is also discoverable. Therefore, it should be displayed to select members of the company. This may include HR representatives who wish to ensure the workforce makeup matches the makeup of the customer base. The select members also may include legal representatives who need the information to pre-empt or defend against litigation.

"Having comprehensive data and, more importantly, secure access to the data, gives us a broader view of the organization when looking at succession planning, building our bench and considering employees for movement across the company," Errico said.

As with most talent management initiatives, technology is a key enabler to manage diversity. Any talent management infrastructure should include business intelligence capabilities to address both compliance requirements and the complex management reporting required to successfully implement and monitor diversity objectives. Many large and mid-sized companies already have these technologies in place. They include:

- HR management systems (HRMS), which are typically the system of record for demographic and other basic employee information, such as supervisory relationships.
- Performance and succession management systems, which organizations use to capture talent-related data, such as education, competencies, potential or mobility.
- Business intelligence tools, which may combine data from multiple systems for secure, role-based data mining and reporting. This includes the ability to visualize data in reports, scorecards and dashboards.

Flexible reports and dashboards can help reinforce diversity objectives and quickly identify diversity as well as risks and issues throughout the organization, giving talent and business leaders actionable information and decision support. Common metrics used as indicators of diversity management when a diversity filter is applied to compare different populations include the following:

- Staffing by level.
- Employee engagement indices.
- Turnover.
- Number of hires.
- Average total compensation.

Other metrics commonly used to examine diversity in demographic and non-demographic traits typically fall under bench strength or mobility monikers and include the following:

- Performance rating distribution.
- Potential — to take on next role — rating distribution.
- Readiness — to take on next role — distribution as measured in months or years.
- Promotion rates.
- Internal transfer rate — both across functions and locations.
- Number of years of experience — both inside and outside the organization's field.

To roll up metrics like these into dashboards and reports that provide organizational views into talent and diversity and inclusion, many organizations have implemented employee talent profiles or online resumes to provide a single view of who an employee is. Talent managers need only reference LinkedIn's recent $4.3 billion IPO to get a sense of the value of profiles like this. Some have implemented profiles as part of their investment in integrated talent management systems. Others have built this functionality on top of their core HRMS.

Organizations that have implemented these profiles over the past few years are now managing them in databases that are both searchable and secure, meaning parts of the profile are visible or editable by only some people based on permissions associated with their role. These talent profiles are based on data collected in talent management processes throughout the employee lifecycle — from pre-hire and on-boarding to development and deployment to succession planning and termination. For many, these searchable profiles have become a representation of the organization's talent supply.

"One of our biggest diversity challenges has been identifying opportunities for our [employees] to support our growth and sourcing for external talent when necessary," Van Pelt said. "Providing greater insight into our workforce's diversity in terms of potential, previous experience and information such as geographic preferences has been a business driver of our investments in talent management technology."

Most HR and business leaders agree that leveraging employees' backgrounds, skills, experiences and knowledge can support overall company productivity and growth. Further, many companies have recognized that diversity and inclusion contribute to their bottom line by driving innovation, increasing retention, reducing hiring and training costs, and building a reputation or brand that attracts new employees.

In today's competitive global business environment, managing a diverse workforce is a requirement for success. It extends beyond legal compliance and must be built into organizational planning and strategy, in alignment with corporate goals. Diversity should be woven into all talent management activities so organizations can reap the benefits of a broader talent pool.

Any mid- to large-sized company that wants to implement diversity programs should leverage talent management technology to help measure and manage its diversity information. Talent leaders can start by capturing basic demographic information. Then, they should define what other dimensions of diversity matter, and start capturing that information. By doing so, an organization can more easily achieve or maintain its industry leadership position and drive shareholder returns through access to larger talent pools, sources of innovation and corporate citizenship. TM

Mike Brennan runs the KI OnDemand business for Knowledge Infusion, an HR consulting organization. He can be reached at editor@talentmgt.com.

MANAGING OR LEADING?

Leading and managing require executives to tap into different strengths. Talent managers can help them reconcile these strengths, maximize their performance and engage those around them.

Herb Greenberg and Patrick Sweeney

Leaders who moved their organizations successfully through fall 2008 into 2009 were challenged like never before. Many of their difficult decisions left painful memories. The world was changing, and leadership had to change as well. Strengths many leaders and managers didn't know they had came to the surface. Likewise, limitations became more apparent as many leaders found themselves with their backs against the wall.

As senior leaders and executives start to move away from that wall and reflect on all that has happened, it is important for them to not only consider the business lessons learned, but to ask what they have learned about themselves as leaders. How did they prevail through the uncertainty of the Great Recession? When were they managing? When were they leading? What is the difference?

When considering the answers to these questions, it often can be easier to pinpoint management tendencies. There is a list of activities such as analyzing profit margins, creating a marketing plan or selecting an insurance broker that executives do when they manage. When they are leading, it's more about being. Leading is creating and sharing a vision for what can be. It's creating an environment where new achievements can be realized.

In 1989, Warren Bennis, author of *On Becoming a Leader,* said: "Managers do things right, while leaders do the right things." When executives are managing, they are implementing. When they are leading, they are initiating.

That raises the fundamental question of how time is spent. How much time are executives spending leading, and how much do they spend managing? Most executives spend their time in both worlds. Success requires a balance of managing and leading. What is most important is to recognize the difference between the two and to know the qualities executives draw on to succeed in each situation.

Managing as a Leader

Leaders who succeed often share many of the same qualities, and talent managers often recognize these same qualities in top-performing managers destined to rise through the ranks into leadership. But the qualities that distinguish the best managers from the best leaders do have some critical differences.

First, the similarities: The best managers and leaders are often bright, empathic, assertive and persistent. They are open to new ideas, intrigued by analyzing situations, solving problems, thinking strategically and creating new solutions. They also like to work quickly and multi-task.

Now the differences: Leaders are less willing to follow the status quo than managers. Leaders are also less willing to accommodate others, less concerned with being liked and are more interested in motivating others than in pleasing them. Those qualities allow them to make tough decisions and to communicate in a clear and straightforward manner.

It is important to understand that when executives are managing, and when they are leading, they are tapping into different aspects of their core personality. The more executives understand the different strengths they are using when they are managing and the unique qualities they call upon when they are leading, the more flexible, versatile and effective they will be.

For example, top-performing leaders may draw on their creativity and risk-taking when they come up with a novel idea for a product or service. Or, they might tap into their assertiveness and drive to gain buy-in or to convince others to follow a vision. Then, when leaders are mapping out how to turn a vision into a reality the necessary management strengths kick into high gear. Organizational skills, the ability to identify the right

Winning Hearts and Minds

Nancy Dearman

"To succeed," professional football legend Tony Dorsett said, "you need to find something to hold on to, something to motivate you, something to inspire you."

Truer words have rarely been spoken. People often change when they are shown a truth that influences their feelings, not because they are told to or given volumes of data in favor of a switch. Yet all too often, as leaders map out a path to transform their organizations, they leave emotions behind, turning instead to spreadsheets and statistics to convince employees to start doing things differently. Talent managers must remind leaders to appeal to people's hearts as well as their minds to motivate change.

The point is not that careful, data-driven analysis — a memo outlining the financial benefits of a merger, for instance, or a workplace productivity survey — is not important; it certainly is, and it can set thinking in motion. But seldom does it unleash the kind of enthusiasm and excitement essential for significant, sustainable changes in behavior. That sort of radical shift can only come from an appeal to both the head and the heart, when people think and feel positively about the opportunities that lie ahead.

One way to tug the heartstrings is to craft a compelling, positive vision. In an email sent to staff members in January, Andrew Mason, CEO of online retailer Groupon, challenged his employees to build "one of the great technology brands that define our generation." A lofty charge, but certainly inspiring.

However, inspiration alone does not spur action. Leaders also must connect with their people on a human level to understand their feelings and communicate to every employee the integral role they play in achieving the organization's goals.

In 2006, Ford Motor Co. — hemorrhaging some $17 billion a year — tapped Alan Mulally to resuscitate the storied automaker. Mulally visited countless assembly lines and vehicle plants, introducing himself to workers, listening to their aspirations and their frustrations, and explaining how each of them, as individuals, fit into his new vision for the company.

By creating that human connection, Mulally demonstrated that he would not dictate change from above, but work toward it alongside his employees. Five years later that collective effort helped launch Ford's profits to its highest levels in more than a decade.

The most effective leaders do not check their personal engagement at the door, either: Captivating drivers for change also come from outside an organization. As Bill Gates said in his book *Business @ the Speed of Thought,* "Your most unhappy customers are your greatest source of learning." Encouraging employees to connect with their customers — particularly those with strong feelings about the firm's offerings — and engaging with them on a personal level, can be a powerful catalyst for change. For example, an IT executive who sits down with customers may learn of their dissatisfaction with aspects of his company's electronic billing system — issues that weren't reported on any feedback form — inspiring him to look for ways to make billing practices more manageable for users.

Still, human behavior is hard to change, and without a change in individual behavior, organizational change is impossible. Leaders can help create sustained organizational change by ensuring individual behavior changes are internalized, celebrated and continuously shown to yield to positive results. They can create short-term goals for different teams that are lauded by senior leaders at company meetings or rewarded with a personal note of appreciation from the CEO to each team member. They could use video to make a visual connection between internal changes and external results by filming a key customer talking about how much happier they are with the firm's services now than in the past.

Leaders must be enthusiastic and persistent to connect employees emotionally to the big opportunity. "You've got to talk about change every second of the day," Jack Welch, the former GE chief, told Fortune in 2001.

With repeated, consistent appeals to both head and heart, transformation, innovation and inspiration become the lifeblood of an organization. And, in time, so will success. TM

Nancy Dearman is the chief executive officer of Kotter International, a change company. She can be reached at editor@talentmgt.com.

people to work on a project and a drive for results will come to the forefront. When that happens executives are running on all cylinders.

The more executives know about themselves in each of these situations, the more readily they can connect with their inner strengths. The more they connect with their inner strengths, the easier it is for them to connect with the strengths of others.

Consider the following example. Skip Cimino, CEO of Robert Wood Johnson University Hospital, explored management and leadership roles in various capacities before coming to Robert Wood Johnson. Being at the helm of the hospital is his first foray into health care, and he said what he has learned about himself by examining how he manages and leads has prepared him to perform effectively as the chief executive.

"All of those opportunities as a leader, quite frankly, gave me the benefit as well as the experience coming into this role as to how to shape, lead, nurture, guide and direct the management team here to seek the input as well of the employees," he said.

Cimino said he knows what leading is and what it isn't.

"It's not about the leader standing in front of the pack," Cimino said. "Yes, your responsibility is to help lead, shape, guide and direct, but you can't do that as an individual to move any organization, particularly an organization of size. It takes lots of people working together in a harmonious fashion to make it happen.

"I've found that leadership is not something you can designate or anoint. Leadership is about the willingness of individuals to want to step up, take responsibility, become accountable, accept risk and move forward."

That is not to say leaders have to have all the answers, but they do have to continually ask and come up with the right questions for themselves and others. Those questions are different from the ones asked in school. As students, many people are taught they are supposed to have the right answers. When people move into leadership, that is not necessarily the case. In fact, one of the biggest derailers for leaders is thinking they need to have all the answers. The concern is that they will be tempted to stick with their own ideas, whether they work or not. Leaders have to make sure they don't get caught up in defending their own ideas just because they want to be right and have people look up to them.

The Difference Between Leading and Managing

To be more effective executives need to ask themselves: Can I recognize the difference in myself when I'm managing and when I'm leading?

Each leader has different strengths and attributes that make him or her unique. These different qualities come through when executives are managing and when they are leading. It is important for them to be able to recognize those differences so they can shift gears and tap into the different strengths they possess as they move from managing a team to creating a strategic vision.

Depending on the challenge or opportunity they are facing, leaders may find themselves switching in an almost chameleon-like way between leading and managing, and there are times when the two sets of attributes will mix. For instance, when overseeing a project and working closely with a team, leaders draw on the characteristics of a manager. They work closely alongside team members developing relationships, tackling details and accommodating the team in ways that leverage their strengths and motivations most effectively.

On the other hand, when leaders participate in an executive committee meeting engaging in a discussion about an innovative approach, they channel their leadership characteristics. Difficult decisions arise, disagreements may swirl around the table, and they need to be able to navigate those waters, collaborate with their team, keep energy flowing and ultimately drive the company's vision forward, likely all at the same time.

What the best executives do, whether they are managing a project or leading an organization, is engage those around them to act as part of the solution identification or development process. Then it's often easier to see their impact on organizational success. Including employees in this way also can aid retention because it increases feelings of loyalty and devotion to the organization. When leaders seek out their input, employees know they can have a real, meaningful effect on the company's success. Tapping direct reports to help solve problems also can help managers and leaders identify and develop potential, which is critical to expand individual and organizational capabilities. Everything else grows from there.

Executives' abilities to lead and manage are actually just two sides of the same coin. However, talent managers should not be fooled by the simplicity of the coin metaphor. Managing the two sides of this coin is challenging. Further, it's a challenge with which many organizations have not come to terms.

If an organization believes managing and leading draw on different strengths, how can potential leaders rise through management ranks? If an organization is structured so that managers succeed by maintaining the status quo, they'll be encouraged to blend into the woodwork, and their leadership skills will be squelched. Conversely, managers who have real leadership potential and try to demonstrate it will be viewed as disruptive employees who rock the boat. Other managers may even feel threatened and try to subvert them.

Managing and leading are part of a continuum. If an organization doesn't recognize the challenge executives face while straddling these two parts of themselves, and provide ways for them to meet that challenge, they could suffocate potential leaders. Executives need to be able to recognize and develop their own leadership potential and the potential of their teams. Otherwise employees will leave and may end up leading for the competition. TM

Patrick Sweeney is the president and Herb Greenberg is the CEO of Caliper, an international management consulting firm. They can be reached at editor@talentmgt.com.

Adept at Adapting

Deanna Hartley

In a business environment where the only constant is change, organizations that aren't skilled at adapting risk being left behind.

"The only constant is change."

Never has this widely cited quote — often attributed to the ancient Greek philosopher Heraclitus — been more pertinent than in today's business environment. The rate of change has grown exponentially, increasing the need for leaders to develop agility as a core competency so they can respond more nimbly to change.

"Over the last 10 years — especially the last few years — most businesses have seen a massive rate of change," said Tom Capizzi, executive vice president, global human resources, CHRO, for DJO Global, a global orthopedic device company. "Given the market situation and the economics that we've been dealing with, many companies have had to reinvent themselves [and] to really think about constant change."

Capizzi said most companies are being hit from all sides by many different types of internal and external variables. They have to react to these changes or risk their businesses suffering. In fact, today's business leaders are grappling with the reality that change in the business world is inevitable, and it may be good to adopt agility as a philosophy.

"That means you inevitably know that business is going to change and you accept change in your business environment," said Corinne Sklar, a vice president at Bluewolf, a consulting and remote managed service provider.

Why Agile Companies Win

Today, there's a fundamental need for organizations to be agile, Sklar said, because innovation isn't going to wait for their business.

"That's a theme everywhere in the world right now," she said. "There are all these new business models and it's being brought on by technology, like mobile and cloud solutions, like Amazon Web services; new business models are popping up and the competition is jumping in, so if you're not [ready], you're going to be left behind."

The need for adeptness at adaptability probably has never been more striking, and the business implications are far reaching. If a company sells one type of widget and one only, and something happens in the market that affects that widget's value, that company's business will be dramatically impacted. "If you have a situation where you can build in some agility, some flexibility in capability where you're building that widget, but you're also building a couple of modifications to it or couple of ways of delivering it, then you may have an opportunity to be able to sustain a market condition change that ultimately could cripple you if you couldn't react to it," Capizzi said.

In addition to its ability to adapt to sudden market changes, an agile organization has an easier time maintaining a competitive edge. Companies can not only recover more quickly in the event of setbacks or unexpected challenges, they can react to customer needs more quickly, gaining a leg up over their competition.

"When Medicare, for example, turns around and says, 'We're not going to pay for reimbursement any more for that soft brace that we used to,' [DJO Global] can react and say, 'Fine, we can focus more attention on the knee bracing or on electrotherapy or on surgical implants,'" he said. "So, our ability to react, our ability to be agile at that point, and to re-think the business model without really slowing down has been very [beneficial]."

One agile organization Sklar can cite is Facebook. Her company works with the popular social networking organization to meet its projects' specific IT staffing needs. Facebook has tapped into the idea of using outsourcing as a competitive differentiator. "They're not focused on hiring full-time resources all the time," she said. "They focus on what are the strengths of the projects they're working on, which is very agile as a methodology, and [they] plug in what we call elastic resources — the idea that you turn on resources when you need them and you turn them off when you don't."

This is particularly valuable since projects vary in duration — ranging from 60 to 90 days in some cases — as well as the specific skills they require. With those types of parameters, hiring full-time staff isn't the ideal solution. Sklar said that ability to turn resources on and off as needed becomes a hallmark for an agile enterprise.

Change Presents Challenges

One of the fundamental challenges for leaders in this type of rapid adoption, turn on a dime environment is harnessing the ability to be flexible.

"An organization has to let go if it wants to be more responsive," Capizzi said. "[If] it wants to be able to react more quickly and be more flexible, it can't live in the black and white; it has to live in the gray, and a lot of leaders have difficulty living in the gray because they'd rather be told, 'This is how it is, and that's the standard I follow.' So, without losing the values of the standards of performance, you've got to come up with a model that allows you to play in the gray and be more agile."

Further, leaders must acknowledge the process of becoming agile doesn't happen overnight. Talent leaders must be willing to invest the appropriate resources needed to enhance organizational agility if it is not already a mainstay of their company's cultures.

"You can't just say, 'OK, we're going to be agile today,'" Capizzi said. "You've got to start developing people skills around change management, around the ability to accept change, the ability to accept the fact that our business is not really black and white, and that it's OK to live in the gray area."

The Dual Face of Change

According to research by McKinsey and Co., a company is agile if it fulfills two prerequisites: "It has the ability to, when needed, make a significant step change in per-

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formance happen — performance transformation over a multi-year period of time to dramatically influence the performance and the behaviors of the organization," said Scott Keller, a director at McKinsey & Co. and co-author of *Beyond Performance*. "[Secondly, it must] drive continuous improvement — incremental, year-on-year, relentless, continuous improvement — in their performance and in their health."

Doing both is what Keller refers to as the holy grail for companies to sustain excellence over the long term. Building agility with a long-term view of organizational sustainability and success in mind is necessary. He said external shocks will happen in the world at large — the Great Recession is a notable example — and there will be changes in consumer trends, in government regulations and new competitors leveraging technology in clever ways.

All of these changes are equally significant. Further, it isn't enough to merely keep up with incremental year-over-year improvements following the onslaught of these types of shocks. On the other hand, organizations risk burnout if they try to drive transformational change all the time.

In *Beyond Performance*, Keller offers five practical steps leaders can take to create organizations capable of making transformational changes.

"We lay out a framework called the five A's, [which] stand for setting an aspiration; assessing the change readiness of the organization; architecting a program of initiative to get you from the starting point to where you want to go; taking action — how do you actually manage that journey; and how do you transition from step change to the continuous improvement phase, or the advance stage," he said.

Organizations that drive continuous improvement tend to share five key ingredients.

1. **They have systems for sharing knowledge across the organization.** "[For example,] Volkswagen has a model factory in Germany where they bring all of their leaders and engineers to share the knowledge of what best practice looks like in terms of manufacturing automobiles," Keller said.
2. **They must have a process to identify and capture opportunities for improvement.** "Companies that improve in a continuous way tend to have processes or systems [that] help them gather ideas and turn them into value," he said. "These are processes that enable good ideas in the heads of employees to get in front of leaders who can make decisions, and [they] have some infrastructure around them to help them get executed."
3. **They have methods to facilitate continuous learning.** "If they're implementing and improving ideas or sharing knowledge, they'll do what the U.S. Army calls after-action reviews — they'll take stock: What have we just learned from doing this, and how can we do it better next time?"
4. **They generally have dedicated expertise.** "Take Motorola, which has what they call kaizen teams that do simple improvements, Six Sigma teams that do deeper analytics, lean teams that do cross-functional continuous improvement [work]."
5. **They tend to have the right leadership mindset.** Keller refers to this mindset as centered leadership. "Centered leaders are able to tap into people's deeper motivations, connect people together, perceive problems as opportunities, take appropriate risks, and manage personal and organizational energy levels over time."

The Stakes Are High

Change or die — that's the reality for businesses and the message for today's leaders, Keller said. In an environment where the rate of change is so rapid, organizations without the ability to be adaptable risk not being around much longer. They're forced to either keep up or be left behind.

"Smart business leaders have figured out that there's never going to be a lull. There's not going to be an opportunity where there'll be no change. Things may slow down a little bit, but change is going to be constant," Capizzi said. "So, getting into a rhythm, getting into a cadence that allows dealing with change so it's not, 'Oh, I'm going to have to go deal with that now.' Instead, dealing with change and reacting to it is a part of our reality, and it becomes part of our business life." TM

How to Be Change Ready

Chris Musselwhite

In boxing, agility is often associated with the graceful moves of a world-class athlete — dodging punches while landing devastating blows. This grace under fire is the illustration of agility, and it earns these world-class athletes the opportunity to compete for higher stakes.

Likewise, agile organizations such as Apple, Microsoft and Google earn the opportunity to compete in larger, more profitable markets, deftly fending off their competition while introducing first-to-market products and services.

Just like their athletic counterparts, agility seems to be in the DNA of these companies. In reality, their agility is the result of lots of preparation. For the athlete, we call this training. For the organization doing business in the face of unprecedented rates of change, we call it change readiness.

Change readiness is defined as the ability to initiate and respond to change in ways that create advantage, minimize risk and sustain performance. Agility refers to the ability to do all three equally well. Like athletes, with preparation an organization can increase its change readiness and build agility.

An agile organization can change position efficiently by integrating isolated skills. This means integrating multiple factors including policies, roles, behaviors, systems and culture. To help organizations learn how to integrate these factors and increase change readiness, an organizational change readiness framework is emerging. This framework provides a method through which organizations can assess and begin to develop change readiness in four key capacities: change agility, change mechanisms, change reaction and change awareness.

Change agility: Change agility is an organization's capacity to effectively and efficiently engage its people in the quest for change readiness. With this engagement skills are enthusiastically adapted and resources appropriately shifted to achieve the change. Change agility requires that necessary change readiness skills, attitudes and values permeate the organization's culture at every level. Project management and strategy are important, but unless every individual, team and business unit is comfortable with the intellectual and emotional dexterity they'll need to anticipate and respond to ambiguous and changing market demands, an organization likely won't be agile or change ready.

Change mechanisms: Even if the culture supports change agility, the most engaged team can't achieve change if the organization's structures and systems don't support change implementation. The necessary change mechanisms must be in place. These include having clear goal alignment across functions, the ability to quickly integrate a change into existing systems, accountability for results and reward systems that reinforce desired change behaviors. By focusing on the way work is accomplished, recognized and rewarded, effective change mechanisms enable an organization to make lasting changes.

Change awareness: To recognize what change is needed in time to create an advantage, an agile organization practices good change awareness by continually scanning the market and customers for emerging trends and potential opportunities for innovation. Change awareness also includes the ability to understand and communicate what changes must be made to take advantage of each opportunity.

Change reaction: Since much change originates from outside the organization, change reaction is as important as change awareness. This includes putting the people and processes in place to conduct risk analysis, respond to unforeseen crises, and assess and manage the effects of unanticipated change. The most agile organizations don't just manage unanticipated change, they create advantage from it. TM

Chris Musselwhite is the president and CEO of Discovery Learning, a research-based learning solutions provider. He can be reached at editor@talentmgt.com.

Won’t You Be My Partner?

Philip Johnson and Vincent Milich

To move from transactional to strategic HR practice, an HR business partner model integrates HR professionals throughout the organization so they can help solve real problems at the business unit or division level.

Human resources professionals are too often seen as providers of transactional services rather than as business partners with equal ability to help firms reach strategic goals. Cultivating a human resources business partner (HRBP) model can play a significant role in helping firms reach their strategic objectives by removing obstacles that prevent people and organizations from achieving optimal performance.

To break the service provider mold, talent managers must demonstrate how HR’s unique perspective adds real value. There are two major challenges standing in the way:

1. HR professionals must prove they understand the real drivers of the business, the challenges that other senior leaders face to achieve the company’s strategic goals, and be disciplined about incorporating them into their everyday work.

2. HR professionals need to transform their own self-image and believe they are capable of adding strategic value. This requires more than an understanding of the challenges that other senior leaders face. To really succeed, HR professionals must attain the business acumen necessary to cut through masses of information and identify the key success drivers for their business.

“A successful HR business partner works proactively to bring to bear the right services in a timely manner to facilitate business strategy execution,” said Derek Tynes, former senior vice president of HR and corporate affairs at Addison Avenue Federal Credit Union. “Being at the hub of the action puts HR business partners in a great position to add value. To reach their full potential, business partners have to move from being reactive service providers to being proactive strategic contributors.”

Breaking Down HR Silos

At many companies, HR is still organized around traditional specialties such as compensation, training, staffing and recruiting. These functions are generally at corporate headquarters, where HR personnel perform their duties within a de facto administrative silo.

By contrast, the HR business partner model depends on integrating HR throughout the organization and aligning HR professionals so they can help solve whatever problems are most relevant in the business unit or division with which they have partnered.

More companies are seeing the merits of the HRBP model. A recent study by professors at the University of Southern California’s Marshall School of Business found that 25 percent of managers reported the power and status of the HR function had increased since the recession, while nearly one-third of the respondents described HR as playing a more strategic role within their companies.

“The HR business partner must be as knowledgeable about financial performance as any other professional of the senior team,” said Steve Safier, who served as both senior vice president and chief operating officer

for the Subway Franchisee Advertising Fund Trust before becoming CEO at Of Both Worlds Inc., the central marketing, advertising and product development organization for Subway.

"The difference is the HR business partner also needs to know how to achieve desired results by managing the company's existing and future people, process and culture. In addition, the HR business partner has to be able to convince everyone from senior leadership to entry-level employees that taking the right approach to managing people, process and culture will have a beneficial financial impact."

Know When to Bend — or Enforce — the Rules

Traditional HR managers often believe they are responsible for protecting and executing standard policies. HR business partners need to know when to uphold these standards and when to treat the rules as guidelines while counseling their line manager clients on how to remain in compliance and still meet their unique business needs.

For example, in a termination process there is often a point where a line manager needs to make a business decision that enough steps have been taken and documented. A savvy HR business partner can advise the line manager when it is time to make that tough call.

On the other hand, the HRBP model can run into trouble if an HR business partner becomes too flexible and allows a senior line executive to get whatever he or she wants. Rather than just fulfilling requests and functioning as a service provider, the HR business partner must have the strength and fortitude to keep the line leader honest by knowing which rules can be bent, and which must be enforced.

For example, an HR business partner who allows a line manager to inflate the grade level for a particular role hurts the company financially and from a talent perspective. The artificially high grade level will incur higher compensation costs without delivering any additional benefit. At the same time, inflated grade levels can serve as a trap for high-potential employees by reducing their incentive to take on bigger roles that could help the company achieve its objectives.

The HRBP model can deliver many benefits for a corporation, but it also can fall victim to confusion and duplication of services. As HR business partners establish themselves and expand their role to include decisions on compensation, recruiting and benefits, they may bump up against professionals of the centralized HR group who have responsibility for these same areas.

To avoid conflict, emphasize communication and ensure the HR career path includes stints in business partner and HR headquarters roles.

"There is no substitute for having both specialists and business partners walk a mile in each other's shoes," said Phil Steinberg, former head of compensation at one of JP Morgan Chase's New York business units. "It is just too easy for specialists to wonder what business partners do all day and viceversa. To gain a complete perspective, HR professionals should spend at least two years in both specialist and HR business partner roles at sometime in their careers."

Another big risk for HR business partners is getting sucked into operational duties to such an extent that they have trouble finding the capacity to add real value by consulting and providing insights to line leadership. With lean staffing a reality, HR business partners are often forced to spend considerable time on transactional activities such as screening candidates or making sure employees sign up for training programs.

HR business partners can overcome this challenge by outsourcing and decentralizing the administrative aspects of their roles. Rather than corral employees into training programs, HRBPs can set up online self-service portals where employees have the responsibility to sign up for their own training sessions. Automated solutions can go a long way to free HRBPs' time to focus on strategic issues.

HR business partners are not just service providers. Their role is to challenge their line leader counterparts, to break down silos and to add value by bringing that holistic problem-solving mindset to strategic business issues.

Measuring HRBP Impact

Getting invited to the leadership table is the acid test for whether line managers perceive a business partner as having the perspective and knowledge to add real value to strategic decisions. It is, however, important to draw a distinction between a personal invitation to that meeting and a role-based invitation. It's great to have personal credibility with the line and get a personal invitation, but when the business partner is always at the table it signifies that the HR business partner framework has gained broad traction.

Figure 1: Migration of Core Competencies for the HR Business Partner

From:	To:
Flexibility	Organizational awareness
Responsiveness	Achievement orientation
Troubleshooting, problem solving	Conceptual thinking
Managing up	Team membership and collaboration

Source: Hay Group, 2011

Personal and role-based invitations may go hand-in-hand. Individuals who demonstrate high levels of credibility on strategic business issues can establish the HRBP as such an important role they are seen as critical participants in high-level staff discussions. Because the HRBP is not necessarily advocating for any particular group or unit at these staff meetings, he or she can play the role of an honest broker ensuring all sides are heard and all ideas are appropriately challenged. Instead of just providing input on HR issues, the HR business partner can add more value by serving as a right hand to the line executive, facilitating decisions and helping to establish consensus.

To determine the success or effectiveness of individual HR business partners, it is helpful to develop a balanced scorecard that can be applied across the organization. One approach is to look at employee survey results and choose a subgroup of factors — such as whether employees in a particular business unit know about training and development programs, or whether employees have a good idea of available career opportunities — that are most tightly linked to talent management. These scorecard components can be used to compile an index against which individual HRBP effectiveness can be measured.

At the end of the day, the HR business partner model is a success if it helps to break down the silo in which HR is often confined and enables capable HRBPs to focus on solving business issues rather than fulfilling technical or transactional needs. HRBPs require a different set of competencies (Figure 1).

Instead of just providing input on HR issues, the HR business partner can add more value by serving as a right hand to the line executive, facilitating decisions and helping to establish consensus.

When a line manager complains that HR is unable to provide enough new recruits for his or her unit, the traditional HR professional would seek to provide better service by increasing the flow of recruits. The HRBP looks beyond the symptom, taking a more holistic look at the business, and then works with the line manager to find the real issue preventing that part of the business from reaching its goals.

Rather than just providing more recruits, the HRBP might work with the line manager to reduce turnover rates, thereby minimizing business disruptions and achieving a balanced equilibrium between the hiring pipeline and the business unit's need for new recruits, or by modifying work processes to reduce the demand for hard-to-find talent in the market.

Transitioning to an HR Business Partnership Model

	Traditional HR	HR Business Partnership
Stakeholders	Employees and employee regulators	Line managers and internal customers
Activities	Benefits, policy, wage and salary administration, labor relations	Performance improvement, organizational consulting
Results	Conformity, equality, stability	Measurable impacts, improved organizational performance
Structure	Functional hierarchy	Fast, flexible network to optimize delivery of HR capabilities

Source: Hay Group, 2011

HR business partners are not just service providers. Their role is to challenge their line leader counterparts, to break down silos and to add value by bringing that holistic problem-solving mindset to strategic business issues. With proper training and preparation, HRBPs can serve as catalysts for stronger performance in the business units, better decision making at staff meetings and a more tightly knit organization built on clearer lines of communication between corporate headquarters and the front lines. TM

Philip Johnson is the global service line leader for work measurement, and Vincent Milich is a senior principal at Hay Group, a global management consulting firm. They can be reached at editor@talentmgt.com.

Taking Control of Development

Kevin Sensenig

Globalization, technology and social networking have created a shift where learners drive the mentoring engagement.

For years, mentoring has been viewed as a valuable informal learning tool. In an organizational setting, mentoring typically has been managed in a top-down manner. Traditionally, senior executives identify an organization's mentors and high-potential employees and then pair a mentor with a protégé to help the latter craft a long-term career path. The learner gains value from the mentor's insights usually through one-on-one meetings and discussions.

However, the mentoring process is changing for two reasons. One is globalization and the need to share knowledge, expertise and growth opportunities across the organization regardless of geographical separation. The other is more cultural in nature, and it is this change that is likely to have the most profound influence. Mentoring in the future will involve a workforce with attitudes shaped by technology and social networking. Instead of the mentor controlling the process, in the future talent managers are likely to see the learner drive the mentoring engagement and maybe even choose a mentor outside the organization. This shift is already under way and changing mentoring in several positive ways.

The Changing Face of Mentoring

In the traditional setting, mentoring happens within the organization where the learner and mentor are employed. The mentor's role is to open doors, create connections and teach the learner to navigate the organization. The mentor is literally a human portal making connections that could be valuable throughout the learner's career. The portal connects learners to others who can help them overcome and capitalize on challenges.

In a truly global environment, mentoring is increasingly virtual. A mentor in California may help guide a learner in India without the two ever holding a live meeting. Even more startling, it is frequently not the organization selecting the mentor; the learner selects the person or persons who can provide the best career growth guidance.

With the growing prominence of LinkedIn and similar networks, savvy employees, and quite often their employers, are making connections and joining groups, all of which is part of their learning process. It only follows that an online connection made by an eager learner and a savvy veteran willing to offer advice will evolve into a mentoring situation.

Some executives may view outside mentoring as threatening since they no longer control the process. Yet this is the direction mentoring is headed, and it should be welcomed because of the opportunity and value it offers. There always will be a quantifiable link between mentoring interaction and its value to the organization, especially in the continuing improvement of job performance. The future in mentoring offers additional benefits that may not always be achieved in traditional mentoring arrangements.

Future mentoring situations will be more customized. While traditional approaches should not and will not disappear, the learner initiating the process may favor one of the following mentoring options:

- **Peer-to-peer.** Learners connect with peers either inside or outside the organization to discuss goals, support ideas and share experiences.
- **Bottom-up.** The learner seeks out and matches with executives to discuss new thoughts, trends, technology and learning itself.
- **Generational.** Younger learners decide to learn from the wisdom of more seasoned professionals and make a connection. These professionals also may see the value in learning from their younger counterparts and make a connection to keep their skills updated.

- **Cross-cultural.** A learner is interested in gaining diverse perspectives and establishing ties in the global workplace.
- **Short-term.** Learners come together to focus on a project with a specific goal.
- **Virtual.** This is perhaps the biggest possibility with no in-person interaction. Rather, technology makes the connection — synchronously and asynchronously.

When cultures, time zones and expectations are different, challenges that do not exist with everyone in the same locale manifest themselves quickly. In their research paper "Mentoring in an Increasingly Global Workplace," three associate professors of management from Troy University, Tish Matuszek, Dennis Self and Mike Schrader, identified these future challenges:

- **Proximity.** In the global workplace, a mentor's physical presence is not always possible and often may be impractical.
- **Language.** Language skills are necessary for any company that values mentoring on a global scale. Americans will have to emulate their European and Asian counterparts, many of whom speak at least two languages.
- **Cultural differences.** "There is no monolithic culture," the authors said. Mentors and their protégés will have to be sensitive to these occasionally subtle differences in a world of cross-culture mentoring.
- **Credibility of mentor and learner.** The success of a mentoring program depends on mutual trust and respect. This may be much less of an obstacle in a learner-driven scenario.

These challenges may seem daunting, but they can be overcome through the same methods that occur in a traditional mentoring situation: mutual respect, sensitivity and trust.

How to Strategically Drive Growth

In every mentoring situation, the mentor's challenge is to be continually supportive, because the learner's perspective and growth are of paramount concern. The fact that learners are taking more control of the process should not be interpreted as arrogance. The learner is simply driving the process, while the mentor helps with the steering and navigation. A learner who has chosen a mentor is often more accepting of this two-way interaction.

Because of the Internet in general, and the increasing presence of social networks in particular, future learners will be subject to a number of outside influences, which are likely to sharpen their acumen at work. These will be especially helpful when the learner is assigned to teams. With the mentor's guidance, the learner still will be able to improve communication skills and build a sense of commitment to the team and organization. The importance of these skills and what they mean for the future of both cannot be underestimated, especially when forged by the learner's motivation and the mentor's skillful advice. Consider this supporting evidence of the value of having an outside mentor of the learner's choosing.

Traditional mentoring has focused mainly on maximizing the individual productivity of high-potential talent with only a sporadic, minor focus on other organizational growth strategies. The new approach to mentoring opens the opportunity to re-examine the impact on growth planning at a broader level. High-speed communication technology has increased the speed and flow of information and helped to increase the entrepreneurial spirit in the newest generation of workers. This revived spirit of innovation and renewal can be further enhanced through effective mentoring. In an article published in Canada's Financial Post in March, an Ernst & Young executive said, "the whole concept of fostering entrepreneurship is about nurturing innovation," adding that smaller companies seem to have an easier time harnessing this desire than their larger brethren who are often "hindered by bureaucratic decision-making processes."

There is no reason for these obstacles to exist. Mentoring can draw on entrepreneurial creativity and should play a role in any growth strategy regardless of the mentor's location or affiliation. Enlightened management may want to consider including its high-potential talent in an open discussion on the value of mentoring and how it can be applied to help the organization's long-term plans.

By employing learner-driven mentoring and embracing more entrepreneurial change strategies, an organization can enhance its employee brand over the long term. An organization known for its worker involvement in newer concepts such as virtual and learner-driven mentoring has an excellent chance of creating an employee-friendly brand that can facilitate a more dedicated and driven workforce anxious to take advantage of the opportunity for growth. This type of forward-thinking also can position the company to help attract top talent seeking to be nurtured in a pressure-filled professional environment.

Mentoring, whether it originates within an organization, social network or global workplace, will play an even more important role in the future of an organization and the high-potential employees who are likely to be at the core of its success. Further, learner-driven mentoring can play a significant role in succession as future leaders come to the surface by leveraging their people skills through technology connections, helping to change the face of the organization. While the goal of mentoring may not change, its future will look quite different as learners take more control of their own development and talent managers look to learners to apply learning in innovative ways. TM

Kevin J. Sensenig is the global vice president of learning and organization development at Dale Carnegie & Associates. He can be reached at editor@talentmgt.com.

by Natalie Morera

Wal-Mart: Your Global Neighborhood Store

Wal-Mart keeps global operations going and growing with about 2 million employees, but strives to make customers feel like it's a neighborhood store.

It can be tough for a global company to maintain a local feel and stay relevant in today's market. Roger Cude, senior vice president of global talent management at Wal-Mart Stores Inc., deals with that task daily. He said ensuring all of the company's talent is globally influenced yet locally focused is one of Wal-Mart's greatest challenges.

"It's an interesting blend of 'Don't lose who you are, but you'd better be changing all the time,'" Cude said. "One of Sam Walton's key principles was 'stay out ahead of change.'"

TM: What is Wal-Mart's approach to talent management?

CUDE: Our approach to talent management is probably fairly consistent with other large companies. We are being very relevant locally because at the end of the day retailing is a very local business. We want to make sure the leadership in our markets is predominantly local yet have the ability to build global leaders. We move talent around the world to give them global experience, but we don't have nearly the global assignments or expats, if you will, that some other companies do because we really have a bias toward local leadership.

Our approach to talent management is one where we do a lot of executive assessments and develop knowledge around our talent. We do a lot of executive development relative to the leadership competencies we think are going to be needed in the next three to five years relative to our business. The leaders make the ultimate decision, but we help facilitate the process of creating experience for our executives.

TM: How do you keep your talent approach simple, yet beat out the competition?

CUDE: We're pretty hard on ourselves. We're constantly looking for ways to get better. We try to execute on those few things we think are going to matter. Our business leaders really challenge us to that. That retail model is a fairly simple business model, but it's really hard to execute day in and day out. That's [why] we try to drive greater simplicity of our work but have more impact, certainly greater speed of execution, and better clarity of the guiding principles on why we're doing what we're doing. I guess what differentiates us is we do very few things, but we try to do them well with more impact and speed.

> "We really have a bias toward local leadership."
>
> — Roger Cude, senior vice president of global talent management, Wal-Mart Stores Inc.

TM: What challenges impact talent management in your organization?

CUDE: One is our global growth, so one of the challenges is the paradox that I mentioned before – how do we stay completely locally relevant yet be a global company and get global leverage? That is one of our key challenges. From a talent management standpoint how do we develop local leaders and develop local talent, yet how do we move people around the world and give them global experience so that we have people with global perspectives that can run the company globally? We can't run out of bandwidth. It has to be very local leadership. That's a constant dilemma that we manage.

Another challenge is the size of our positions. When you start getting into senior levels some of our positions a couple levels down below our CEO are the equivalent of Fortune 100 companies. Trying to grow leaders to lead companies that are that large and have that much risk associated with them is a big challenge for us. To try to hire in from the outside to fill those positions would be very difficult because we would basically be hiring a CEO of a Fortune 75 company to be a couple levels below our CEO.

The other challenge we have is around our capabilities for the future. We're pretty good at bricks and mortar stores, but the customer is changing so rapidly in the way they shop online. How do we build capabilities to do what we did so well in the past, but completely get ahead of the curve in the digital space? Having leaders not only understand where customers are going but where our associates are going in that regard is a big challenge for us.

TM: How do you ensure talent management strategy is aligned with company objectives?

CUDE: We have ongoing conversations with our leadership around that. We get very tuned in to the company's strategy, and then we align our talent strategies. I've been here a little over two years now, and the thing that I appreciate so much is this company really demands that you align with strategy. There's not a lot of tolerance for "HR for HR's sake" kinds of things. As we have those discussions in executive council, we're pretty plugged in to where the company is going and what the challenges are going to be and then aligning not only talent but our entire HR strategy around business. It's a pretty tight process and has been for some years before my time. It's very hard to get disconnected here from the business because the business leaders won't let you.

TM: What role does culture play in talent strategy, and how do you build it?

CUDE: Culture plays a fairly significant role in terms of our talent strategy and the way we align the business. It's aligned around our three core values: respect for all individuals, strive for excellence and service to our customers. We also have a very servant leadership type of culture that [was] remodeled by Sam Walton. You might be surprised that a company as big as we are still has a lot of the founder's feel to it. The Walton family is very involved in the company. We're a large corporation, we're publicly traded, but in some ways it feels still like a family-oriented, family-influenced company, particularly the cultural elements and behaviors that Sam Walton taught and expected of his leaders. The other part of it is when we're planning our talent strategy the way we talk about talent is, it's not what you accomplish, but how you accomplish it. The how piece is really built around our culture. Leaders have to get the right results, but they have to do it the right way.

TM: How have your talent management activities contributed to your company's bottom line?

CUDE: Where I think it has helped us is in alignment of our priorities. I don't know if I could point to increased productivity or cost savings from talent management activities, but I can tell you it's helped align to our priorities. Our leaders know what they're getting reviewed on and how they're getting calibrated on what's important but also where the business is heading. It has also allowed us to be much clearer on cultural expectations, and I think where the hard dollars is where we're leveraging best practices and leveraging across our different business units.

TM: How do you keep that simple framework working globally?

CUDE: We don't try to control all of it. We try to get alignment. Store operations training in Central America is run by Central America. They have their own laws, own operational issues and so forth. When you start getting out of the stores and into the senior leadership in those countries then we're definitely interested because then it's how you lead people.

TM: Is maintaining Wal-Mart's values and the local mindset a challenge in different countries or does that hit home with everyone?

CUDE: We constantly work on it. The core values are everywhere. We teach Walton Institute in every country. Walton Institute is much around our values, how to lead in the culture and what that really means, and that's our way of communicating those expectations around culture. It's tough to manage, and we do it daily. It's not something you can assume is going on.

TM: What's next for talent management at Wal-Mart?

CUDE: More of the same with more impact: greater speed and execution, and better clarity on the guiding principles around talent. We have to continue to come back to 'What are we solving for and why are we doing this?' The guiding principles are really based on our business model. We're not a P&G. We're not an IBM. We learned from them, but our business operating model and the way we run business really feeds our guiding principle of how we do talent management. TM by Sandi Edwards

We Lost a Leader, Now What?

Without new leaders ready to take over for those who resign, retire or are let go, business performance can suffer.

High-profile leadership departures from some of the world's largest and best known organizations seem to be in the headlines almost daily lately. Consider the much-publicized senior leadership departures such as Ron Johnson from Apple and Ann Livermore from Hewlett Packard in June and Jonathan Rosenberg from Google in April, to name a few. It appears that boards, investors, analysts, media and even general management are dissatisfied with the quality and scope of succession planning. And as research conducted by the American Management Association (AMA) Enterprise highlights, this dissatisfaction comes with good reason.

As many as one in five organizations are unprepared to deal with the sudden loss of key leaders, according to an online survey of 1,098 senior managers and executives conducted in December by AMA Enterprise. Only 14 percent said they were well prepared, while 61 percent are somewhat prepared (Figure 1).

The findings point to a looming management succession crisis among Canadian and American companies. Only a small minority of organizations seem ready to manage a top-level succession in an emergency, which means most companies are taking huge risks by failing to address their bench strength issues.

Without new leaders identified to fill the gaps of those who resign, retire or are let go, business performance likely will suffer. Objectives get put on hold, development dollars can be misdirected and customer satisfaction may wane, or worse, customers may start to wander to competitors.

The survey data provide an unvarnished perspective of current management succession preparedness. Respondents didn't hesitant to share their thoughts on the issue. Only 3 percent claimed to not have an opinion.

Similarly, survey respondents were critical of their organization's leadership pipeline. Less than half believe their company's bench strength is even adequate, and only 10 percent think it is robust (Figure 2).

Planning for a smooth management succession is more critical than in previous years, according to the findings. A significant majority of respondents — 71 percent — said these transitions are more important now than in the past, 27 percent said smooth succession is about the same in importance, and less than 1 percent said they think it's less important. Yet, despite that 71 percent, many organizations neglect to sufficiently plan for sudden leadership departures.

Figure 1

How prepared is your organization to deal with a sudden loss of key senior management team members?	
Well prepared	14%
Somewhat prepared	61%
Not at all prepared	22%
Don't know	3%

Source: AMA Enterprise, December 2010.

Figure 2

How would you describe the leadership pipeline at your organization?	
Robust	10%
Adequate	47%
Inadequate	39%
Don't know	3%

Source: AMA Enterprise, December 2010.

The survey findings are not surprising. Getting top leadership to focus on management succession is a perennial challenge. Even great leaders may not want to consider a worst-case scenario. Further, finding, growing and retaining leadership in waiting is not easy. It requires continual effort, dedicated resources and efficient execution on a programmatic and strategic level.

Thanks to the recession, senior management has been focused on cost cutting and survival for the past several years. But now it's time for leaders to invest in

Figure 3

How would you describe your senior leadership's attitude toward succession planning in the organization?	
Our senior management team is genuinely committed.	34%
Our senior management team is sporadic in its commitment.	43%
Our senior management team just pays lip service to succession planning.	14%
Don't know.	9%

Source: AMA Enterprise, December 2010.

Figure 4

To what extent does senior management ignore the management succession plan and go outside your organization to recruit key people?	
Often	34%
Seldom	43%
Never	5%
Don't know	18%

Source: AMA Enterprise, December 2010.

Figure 5

Which of the following best describes the management of succession planning at your organization?	
We have a comprehensive development program integrated with our strategic business objectives.	8%
We have a formal management training program based on development of specific competences.	17%
We have a succession plan intended for a sudden loss of key senior executives.	17%
Management succession at our organization seems to be primarily an exercise conducted by our HR department.	23%
Our organization does not do succession planning.	23%
Don't know.	11%

Source: AMA Enterprise, December 2010.

employees who will create organizational sustainability and competitive advantage, which must be based on talent. Having the best people in pivotal leadership roles, prepared to step in at any time, is essential for future success and to avoid the performance issues that follow sudden key leadership departures.

Yet, according to the AMA Enterprise study data, many North American companies seem to be at odds about whether or not they should embark on succession management strategies. As many as one in three organizations is considered genuinely committed to succession planning, the survey found, while for another 43 percent, the commitment is merely intermittent. Further, 14 percent of companies think senior management is just paying lip service to this type of succession planning (Figure 3).

Talent managers may want to bring these findings to senior management's attention. Not only is there little consensus on what succession planning actually is, or even what it ought to be, this uncertainty also comes at a time when the overwhelming majority of companies are grappling with the competitive nature of a global economy and fast-changing business conditions. Smooth management succession is more important than ever before.

The ambivalence to succession planning is reflected in the data by the degree to which companies promote from within. While 43 percent report they seldom re-

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by David Makarsky

Lucky Number Three

B. F. Saul's employment branding campaign, Our Big 3, has helped create a workplace culture that fosters higher satisfaction for guests and team members.

The superstitious say bad luck comes in threes. Several years ago, that may have been true for the B. F. Saul Co. hotel division as it struggled with three issues: annual team member turnover that approached triple digits, guest satisfaction ratings that fell below brand averages and a division's workers' compensation insurance premium in excess of $1 million annually. However, by leveraging the power of the company's quality pledge as its employment brand, B. F. Saul transformed its bad luck.

The B. F. Saul hotel division, based in Bethesda, Md., owns and operates 19 hotels in Washington, D.C., Maryland, Virginia, Florida and Michigan. Eighteen of the properties are mid-market, business-class hotels that operate under franchise agreements with IHG, Marriott and Hilton. The 19th property is The Hay-Adams, a luxury property in Washington, D.C., that overlooks the White House. The hotel division employs more than 1,100 employees, which it refers to as team members.

The physical demands of the work required in the 24/7 hotel business, potential workforce demographics and the presence of many independent owner/operators who offer limited benefits and variable workplace cultures make talent management a serious challenge in the hospitality industry. High turnover rates cause training and development challenges, which lead to inconsistencies in both the guest and team member experience.

Fostering Team Member Engagement

From 2000 to 2005, B. F. Saul struggled with turnover that ranged from 72 to 92 percent. But a change in HR leadership for the hotel division in 2005 brought a new vision. The company established its quality pledge, Our Big 3, as the hotel employment brand, leveraging its message to create a culture that would foster higher satisfaction for both guests and team members. Our Big 3 states that B. F. Saul will provide:

1. Happy, professional team members who demonstrate aggressive friendliness.
2. A clean, crisp, safe property where everything works.
3. An environment where guests and team members receive all they expect as employees are empowered to satisfy guests, ensuring their willingness to return.

Although Our Big 3 has been around since 1988, it had yet to be fully executed by 2005. Guests often knew B. F. Saul hotels by brand — Courtyard by Marriott or Holiday Inn — but team members had to recognize Our Big 3 as the glue that binds the 1,100 team members across all of the hotels. Thus, the company embarked on a journey in 2005 to use the spirit of Our Big 3 to foster team member engagement, fusing an emotional connection to the workplace and nurturing each team member's sense of purpose — a spirit to serve.

The hotel division's annual leadership conference in 2005 was themed "Our Big 3 — Building a Brand." During the gathering, the hotels' general managers and key department heads received an education on the principles of internal branding. Two themes emerged. One, senior leadership must lead by example, and instead of forcing the employment brand on the employee, leaders had to allow them to experience it.

To improve selection as well as team member retention, B. F. Saul added the Predictive Index (PI) assessment tool to its human resources toolkit in 2006 and is still using it. This two-question survey can be completed online in less than five minutes and provides company managers with information about a candidate's needs, motivations and drives. This insight allowed managers to better understand their people to improve employee retention, coaching, leadership development, talent management and team performance. The company also reviewed its job roles using PI Worldwide's Performance Requirement Options tool, which profiles behavioral requirements needed for optimal performance in a specific job. Working together, these tools help to ensure a strong job fit for any given employee.

Having successfully integrated surveys to screen candidates into the management recruitment process, for the past two years B. F. Saul worked to more effectively manage team dynamics and re-engineer existing roles to adapt to the changing economic climate. For example, this past year the company upgraded the front desk agent's position description to guest service and sales representative.

Given the drastic erosion of revenue in the hotel industry during the past two years, B. F. Saul also placed a much greater emphasis on sales training. Employees listen for potential business as individual travelers check into the hotel, and they also provide property tours and information to prospective walk-in cli-

ents on evenings and weekends. To reflect this new standard, position descriptions and behavioral interviewing questions also were updated.

In addition to improved recruitment and team building techniques, B. F. Saul created an Our Big 3 University partnership with the Cooperative Leadership Institute to develop a proprietary online leadership development program for all exempt managers.

Seeing the Benefits

To overcome its obstacles B. F. Saul's talent campaign needed to integrate several elements and get buy-in from all levels of management, and the organization's commitment to implement change has yielded results. Since the inception of its employment branding initiative, team member turnover has been reduced from 77 percent in 2005 to 28 percent for the past 28 months, which is half the industry average. Faced with workers' compensation insurance premiums in excess of $1 million, the hotel division opted for a self-funded program. The annual incurred expense has been reduced from $990,000 to $332,000 from 2005 to 2010.

Marketing professionals in the organization recognize that commercial brands have limited shelf life, making it essential to continually innovate if the company wants to stay relevant in today's market. For that reason, the B. F. Saul hotel division launched a number of new initiatives in 2011:

Top: Guest service manager Terrence Robinson at the front desk of the Holiday Inn in Gaithersburg, Md., a B. F. Saul property. Bottom: B. F. Saul Co. mascot OB3 in a maintenance shop with chief engineer Mark Saddler.

- Team members follow 10 Steps to Living, the health component to Our Big 3. The steps are simple, actionable behaviors like "Present a polished image," and "Safety is no accident" to aid team members in delivering service excellence. Earlier this year, in partnership with health care provider Kaiser Permanente, all team members choosing to participate in a wellness program titled "10,000 Steps to Healthy Living" were given pedometers. They also were given the opportunity to have a biometric screening at the beginning and end of an eight-week competition from Jan. 24 to March 18 among hotels to identify the most active individual team member, the most active team and the most active hotel. The challenge was to reach 10,000 steps every day. While metrics for the contest period are not yet available, the hotel division has experienced a six-point reduction in claims-to-premium ratio during the past year, in part due to wellness initiatives.

- The next generation of Our Big 3 University launched this summer. Known as Leaders Lab, the private, socially-networked experience connects corporate team members and exempt managers at hotels across the company. Empowered to form groups, ask questions of the community, upload media, create a personal profile and initiate relevant discussions, the learning community offers content resources, relationships and experiences to inspire greater performance through best practice exchange, peer mentorship, virtual collaborations, coaching and a deeper emotional connection to the organization.

  Unlike Our Big 3 University's traditional course format, in which learners receive and respond to information, participants in Leaders Lab exercise their leadership skills immediately. As members of a collaborative social learning community, participants actively contribute to the design, content and continual evolution of their learning experiences, allowing them to readily address market changes and industry trends.

- In the same way the guest service and sales representative position has been overhauled, the Hotel Division's airport shuttle drivers will be transformed into hotel ambassadors later this year. Once again, position descriptions and training materials will be updated to emphasize the driver's responsibilities in sales and guest relations. PI will be used to ensure the personality and skills of prospective new hires complement this enhanced role. Greeting guests curbside at the airport, the hotel ambassadors create that first impression. They can't simply drive vehicles and handle baggage. They must be ambassadors of Our Big 3, fostering relationships with guests that will yield repeat and referral business. TM

Dave Makarsky is vice president of operations at B. F. Saul Co. hotel division. He can be reached at editor@talentmgt.com.

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cruit from outside the organization, one-third often does (Figure 4).

The data seems to indicate leadership commitment to succession planning as a business imperative is lackluster at best. Fourteen percent of respondents said their senior leadership is not committed at all to promoting from within. Some 51 percent say leaders are somewhat committed, and 32 percent of firms surveyed said their senior management was very committed. Further, 23 percent of respondents believe succession planning to be the sole responsibility of HR, which may mean respondents think someone else should have ownership of succession practices. Whoever manages succession, this talent-driven process should align with strategic objectives. But according to survey data only 8 percent of respondents' organizations actually do so (Figure 5).

The most robust succession management programs develop leaders throughout the organization and focus beyond the top level of executives. People often stay with an employer and are more engaged and committed to function at optimum performance levels when they are developed. Employees need to see the role they can play in the organization's future and know how they can best contribute. Further, they need to know their contributions are valued, and that they have a place within the organization's strategic growth plans.

When the leadership pipeline is strong, deep, wide, well-defined and well-communicated, it is considerably easier to promote from within and enhance overall employee engagement, reduce turnover and the inevitable costs due to lost productivity associated with acculturating new hires.

Organizations have been preoccupied with survival strategies and cost cutting. It's now time for them to play catch up in talent retention and development efforts, and an effective management succession plan is integral to achieving this. Top people will stay if they are valued, have meaningful development opportunities and see potential for advancement. On the other hand, ignoring the need to build a leadership pipeline sends a loud message that current employee talent is taken for granted. That's why the strongest employees may look elsewhere for their next career step.

Talent managers need to elevate this issue to senior management and get their buy-in and participation. Succession plans often fail without support and commitment from the senior leadership team. TM

Sandi Edwards is a senior vice president at AMA Enterprise. She can be reached at editor@talentmgt.com.

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The Overcommitment Trap

Many things can kill a career. Missing a big opportunity, getting passed over for a promotion, getting demoted or fired or losing a lot of money. You know the list.

It's our worst nightmare come true; the screaming headlines and public humiliations that suck all the spirit and forward thrust from our professional lives, surrounding us with a negative don't-come-near-me aura, as if we were walking hazmat zones.

But these humbling episodes are results, not causes. When people go from mojo — that spirit that begins on the inside and radiates to the outside — to nojo, it's usually because of a series of simple, hard-to-spot mistakes that lead up to the humiliating result, like overcommitting.

There's a saying, "If you want to get something done, ask a busy person." It makes sense; a busy person is well-organized and not inclined to waste time or get distracted. But there's a fine line between taking on a lot of work and too much.

It's easy to see how people in corporate situations fall into this overcommitment trap. If you're good at what you do, everybody wants to rub up against you. They want you in their meetings, seek out your opinion or want you to run a project.

People with high mojo tend to be assaulted with opportunities. It's how junior employees advance more rapidly than their peers; their enthusiasm and ambition tempt bosses to pile on the work until the employees cry uncle, which they don't until it's too late.

It's even easier to see how self-employed people overcommit. When you don't have the cushion of a steady paycheck, every opportunity looks like your last payday. So, you say yes to everything.

I'm guilty of this. When I speak to groups, I show up, share what I know, and like any wage earner, get paid for my time. When someone invites me to talk to their organization, it's a straightforward pay-for-work opportunity. If I show up, I get paid. If I say, "No, thanks," I'm tossing money down the drain.

A busy person is well-organized and not inclined to waste time or get distracted. But there's a fine line between taking on a lot of work and too much.

But then someone calls to hire me. I say I can't do it. They persist. They flatter me, too, essentially saying, "We want you," and they'll take me on my terms. You have to be hard-hearted to say no to folks like that. Plus, the date will be several months away. Who knows what things will look like then? So, I switch from "Can't make it" to "I'm there for you." And I find myself unpacking in another hotel, preparing to get up on a nice Saturday morning to talk to a roomful of clients when I might be better served writing my next book.

I'm not whining — I know I'm describing a headache most people in my line of work would jump at. I'm also not saying the people who hire me under these circumstances get any less of my enthusiasm.

But the fact that I question my decision to accept the booking represents a threat to my mojo. It injects the potential for regret into the experience, and a tiny drop of that could bleed into my performance.

Still, you rarely hear people say, "I'm taking on too much work," although most of us are working longer and harder than ever in today's 24/7 economy. Perhaps they're afraid of looking weak, as if they can't handle any challenge that comes their way. Perhaps they can't resist the call of being asked to help out; it's a validation of their skill and another way of being told, "We love you." Perhaps they really do believe they have superhuman qualities and that nothing is too much. Perhaps they realize "I took on too much" is not much of an excuse if and when they drop the ball.

Any of these reasons explains why overcommitting is one of the sweet but risky blowbacks from having mojo — and why it's a stealth mojo killer.

Before replying with an enthusiastic yes to that next request, think of the impact on your mojo.

Are you doing what is right for the long-term or just saying what makes others happy in the short-term? Is what you are about to commit to going to increase the happiness and meaning you experience in life? TM

About the Author

Marshall Goldsmith is the author or co-editor of 31 books, including Mojo. *He can be reached at editor@talentmgt.com*