TM talent management

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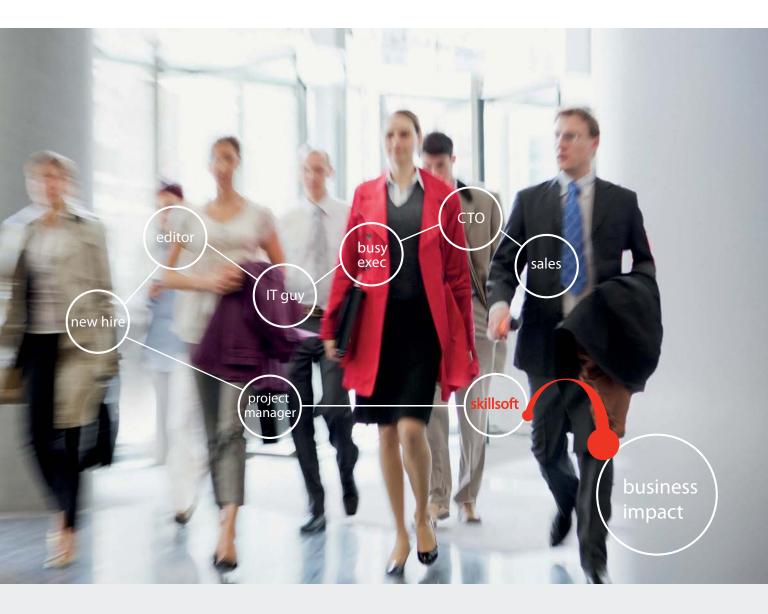## *Becoming an* EMPLOYER OF CHOICE

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Value or Values?

Which is more important in what you buy: a good value or social values?

Despite the desire to be good global citizens and buy green products, when it comes time to put our money where our mouth is, we tend to put it back in our wallets.

> It's up to talent managers to define and communicate the value of the organization's people.

That puts companies into a tricky predicament, especially when resources are limited or competition is fierce. Is it better to focus on good value for the money or good social values? The wrong choice can have a serious impact on the bottom line.

Take the case of SunChips. Frito-Lay, in an effort to shrink the company's ecological footprint, re-packaged the crunchy chips in a biodegradable bag that the company said was 100 percent compostable. Great idea, right? Enjoy a tasty treat and then toss the bag into the compost bin rather than the garbage can.

The only problem? Sales of SunChips dropped more than 11 percent after the new bag was introduced. Consumers complained the new environmentally friendly packaging was too noisy. They even started up a Facebook group, "Sorry I Can't Hear You Over This SunChips Bag," that attracted more than 50,000 fans.

The SunChips example is one of many. Head to the store and you'll be surrounded by goods flaunting their sustainable credibility – from fair-trade coffee to shirts spun from organic cotton to cosmetics promising they haven't been tested on animals.

Companies are increasingly caught between value and values, a situation amplified by a recession that hammered consumers with job losses and salary cuts. Faced with uncertainty, many shoppers opted not to spend. When they did, they wanted more value for their dollar. Values were a luxury for good times. Value wasn't.

Consumers consistently report they are ethical shoppers who search for products and services that align to their values, but studies indicate they suddenly become much less picky when they hit the checkout line. Are corporate executives guilty of the same double talk when it comes to their human resources?

Take that old corporate chestnut recited by bosses the world over: People are our most important asset. Few bosses would dare say otherwise. Nearly all say they strive to create a positive workplace environment and build an organization where their people can grow and thrive.

Day-to-day decisions by those same executives show value often overrides those values. Just like consumers, many corporate bosses sacrificed some of those social values to make it through the recession, often out of necessity. But recession or not, the reality is corporate value is paramount.

While true, that statement is a bit misleading. Playing value against values isn't a zero-sum game with one winner and one loser. Both can co-exist and thrive. In fact, many management thinkers argue they must if business is to profit in the competitive global marketplace.

The triple bottom line — people, planet and profits — isn't a new idea. It's been the mantra of corporate social responsibility types for at least a decade and has become an increasingly important consumer marketing tool. What is new is the emphasis management thinkers place on it as a core business strategy, along with our ability to measure the first of those three, people.

Organizations today generate reams of data about their people, from competency profiles to performance reviews. Enterprise resource planning and HR information systems have made all that data more accessible and standardized. Some HR departments are pioneering tools and methods to analyze it and unveil previously hidden insights.

As they do that, talent managers have to remember that values don't trump value. If we learned anything from the recent recession, it's that single hard lesson. Yes, people are your most important asset. But just because the boss said so doesn't make it so. Sustainability starts with defining and living values, but delivering value is what feeds it. Are you using your people data to create value for your organization? **TM**

Mike Prokopeak
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talent management

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Stars in Their Courses

While they had never done it before, the excited CEO thought it was a good idea, and his savvy senior management team played along. When I got the call to help out, I knew it was going to be quite a learning experience.

The notion? Replace the faculty of our proven executive development courses with our own senior officers. This was during my days at GE Crotonville, long before leaders teaching leaders became popular. Then CEO Jack Welch was convinced that early internal efforts by Pepsi and other companies would prove to be a superior way of grooming future stars.

The benefits? For students, they were credible lessons learned from successful leaders inside the organization, and it was a rare chance to interact with a senior leader in a mostly open forum to exchange ideas and hear entertaining stories from an executive.

For executives, it was the opportunity to deliver a message and a lesson they passionately believed mattered for the organization and future executives. It was also a chance to hear directly from an important talent layer whose feedback under normal circumstances would be filtered through the chain of command. The teaching executive would also learn different ways to influence and about the practical application of the subject matter.

This was a chance to transform an executive development course into a dynamic forum in which all the potential benefits for students and executives would be realized. To make it all happen, first I had to learn about tailoring.

In the month leading up to the first program, I spent a good deal of time helping the half-dozen senior executives designated by the CEO to be the inaugural faculty. Some saw the benefits early

and enthusiastically dove into the task of preparing their material and method for the course. Others proved to be more challenging. Their schedules were demanding, and their interest in the new classroom assignment was questionable.

The lessons I learned helping the first six executives become valued teachers have been repeated in the following years, as leaders

[
It takes a star to make a star.
]

teaching leaders became a proven development method. The most important lesson was to manage the fit between the purpose of the course, the assets and the executive's preferences.

As program leader, I had to move beyond the initial instinct to please the executive and hold true to the objectives of the course. Executives had to align their messages to the program learning goals and not hijack the class for their own purposes, although that still happened occasionally.

I had to stay attuned to the abilities and comfort level of each executive. Some were natural teachers, Socratic facilitators and wonderful storytellers. Others were good businesspeople but not teachers. Over time, we expanded the definition of leaders teaching leaders. A range of different choices emerged that I still use today to entice line leaders into the classroom:

- Joe brought a full steam ahead style by offering a passionate and straightforward presentation and engaging the audience with his

excitement and expectation that the stars in the audience would reciprocate with their reactions and ideas.

- Steve, on the other hand, humbly taught by example, sharing highlights and lowlights from his own career and transparently revealing what he was trying to improve.

- Paula had a fully thought-out theory of her work and used the class as an opportunity to air out her ideas, encouraging others to help her prove her thinking.

- Ben taught through questions, raising an intriguing and ambiguous situation and respectfully playing the differing student opinions off each other as a way of deepening executive thinking skills.

- Chris enjoyed throwing a topic into breakout groups and then molding the recommendations to balance risk-taking innovation and practical execution reality.

- Eunice was not really at her best in front of the classroom but masterful as a coach, helping teams navigate through a business simulation.

Today, it's not uncommon to find an executive teaching an organization's learning curriculum. The traditional formal classroom setting has evolved into more informal situations in which a line leader will take advantage of a teachable moment in the normal course of business and provide valuable lessons learned. The big lesson is: It takes a star to make a star. **TM**

About the Author

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Energy and Value

HR people have successfully ignored leading-edge developments in many areas over the decades. On top of that, they have underutilized almost all the software they pay for. There is reason to believe the majority will continue to bypass opportunities to introduce human capital analytics tools and services. Still, there is hope.

At the beginning of 2011, at least seven HR organizations planned to embark on significant changes centered around human capital analytics.

I am involved in several of these projects. There are undoubtedly more such ventures, but I know these firsthand. Their commonality is the direction of their efforts; they are coming from different market angles with different goals yet with a common purpose.

The players are two nonprofit organizations planning a human capital exchange site and a human capital indexing program, a publisher launching a human capital/financial benchmarking site, a software company leading an L&D measurement standards study, a startup offering an advanced human capital/financial ROI product, and two software vendors coming to market with leading-edge human capital/business intelligence tools.

Consider that it has been 33 years since the first article on metrics, "The Measurement Imperative," was published in *Personnel Journal*. Today, well over half of HR functions still avoid measuring anything beyond the simplest HR expense ratios. To affect change requires two things:

Energy: In any population there is a spread of activity and results from the most to the least. In HR, metrics have been adopted by about one-third of our profession;

we don't need to reiterate the reasons. Yet, out of the fog it's clear that a high-energy force is building. This confluence of energy will sweep up those who want to be part of their business and propel them far ahead of the rest. The gap between the best and the rest will be so obvious that even the least interested line executives will feel and want it.

> [
> ## HR can be as important as it wants to be.
>]

Value: What does this meteorological event mean for the early adopters? In short, they have a calculus through which they will be able to understand their work at a more profound level. Second, they have a rhetoric — the science of persuasion — by which they will be able to communicate problems and opportunities to their management constituents. Additionally, they will be able to show the value added by alternative investments in human capital. The collective power of these capabilities will elevate their positions within their organizations.

As Naomi Bloom said so profoundly, "We have some really fantastic automation tools. If HR people had started using them [several years ago], instead of asking for a seat at the table, they would have owned the table." When we add in the power of the new analytics tools coming on the market, there will be no question

that HR can be as important as it wants to be.

HR's traditional sublimated position is the result of three deficiencies. One is a lack of knowledge or interest in the business. Two is a failure to use quantitative data in communicating with management; and three is an inability to persuade or sell their ideas or needs.

For those who have little interest in the business, there is no hope. They are misplaced and should find another situation they care about. The second issue is solvable through the use of metrics and has been for some time. The final piece must be acquired through learning, experience and recognition that the answer is directly in front of us.

Persuasion is something all of us practice every day. We try to persuade our pets, friends and significant others to do what we want them to do. So why do we have a problem persuading line managers and C-level executives to see things in a new way? The answer is so deceptively simple that it is easily overlooked.

The solution is to overcome deficiencies one and two. If we take the time to understand the business of our organization and apply quantitative as well as qualitative data in our communications, number three will be much easier. How do you persuade people to do what you want them to do? You show them the value that's in it for them. Could it be any easier? **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.

An Army of Entrepreneurs

How does a company keep new ideas flowing and its employees fresh? That's a big challenge for most organizations. What businesses need to succeed now is their own army of entrepreneurs — an internal force of committed, creative employees. This concept is also a management and leadership model. With the army strategy, employees are empowered to develop an owner's mindset and take initiative.

There has never been a better time to encourage entrepreneurship within your organization. The Kauffman Foundation, a think tank, found in a recent survey that 80 percent of Americans would like to be the owner of a successful small business, compared to only 14 percent who desire to become the CEO of a Fortune 500 company.

Of course, not every person is naturally entrepreneurial. A major tenet of the army philosophy is that with the right training, resources and encouragement, everyone can become more entrepreneurial. Equally important for army success is a workplace where creativity and initiative are rewarded.

Bringing together an empowered workforce with a supportive organization can have great results. That was the case several years ago when CJP Communications, my public relations and communications firm, was hired to raise the profile of Spherion, a staffing company. One objective was to attract candidates for temporary assignments.

Wilson Cleveland, senior vice president at CJP, came up with a breakthrough idea: a web-only comedy series focusing on the sometimes absurd lives of temp workers. Spherion would sponsor the show and get valuable branding exposure; thus "The Temp Life" was born. The show is now in its fifth season.

"'The Temp Life' was successful because it gave us brand recognition and definition in a fun and engaging way," said Kip Havel, the former Spherion executive who green-lighted and collaborated on the show.

From a talent management point of view, the "Temp Life" story has two lessons. First, it played a big

> With the right training, resources and encouragement, everyone can become more entrepreneurial.

role in retention, which enabled Cleveland to bring together his passions for entertainment and digital communications. Second, CJP was able to offer its clients a new service — branded entertainment.

Creating an army of entrepreneurs has four main components: an entrepreneurial culture, a powerful incentive program, a workforce that has a big-picture understanding of how a company works and makes money, and an ongoing program to maintain momentum. To create their own army of entrepreneurs, companies can follow these four guidelines:

Establish and nurture culture. Culture isn't optional. To truly build an army of entrepreneurs, companies must have the right practices and outlook. The four elements of a core culture include authenticity, commitment to people, commitment to the business and continuous effort.

Create a nudge. According to behavioral economist Richard Thaler of the University of Chicago, a nudge is a harmless bit of engineering that attracts people's attention and alters their behavior in a positive way, without actually requiring anyone to do anything at all.

At CJP, for example, any person who sets up a meeting that leads to new business receives a 5 percent commission for the life of that account — just for setting up the meeting. While CJP's system, Commission for Life, has a cash reward, any ongoing incentive will work.

Teach employees the business. While many businesses are focused on teaching employees the skills they need to do their jobs, an army approach is focused on teaching the business: how it makes money, where clients come from, why they stay or go, and other big-picture issues.
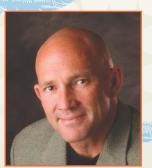
Maintain momentum. Building and maintaining an army of entrepreneurs and the culture to sustain it takes ongoing effort, initiative and originality. It's critical to maintain momentum; inertia is the enemy. There are three key components to keeping the energy alive: compensation, morale and communication.

By tapping and harnessing their existing workforce, companies can outthink the competition, increase profits and march into the future, led by their own army of entrepreneurs. TM

About the Author

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Who Are Your Pivotal Leaders?

Stuart Crandell

Talent leaders should know the difference between pivotal roles and important roles to ensure they allocate resources in ways that create the most benefit.

There's more to organizational success than simply surviving. Now that the economy has begun its slow ascent from the ashes of the Great Recession, leaders are turning their attention to excelling, which requires the most pivotal talent available.

Now more than ever, organizational leaders realize that the right talent in the right roles will lead to operational and business success. Since resources are still constrained, talent managers are focusing their development spending on high-potential talent. A recent PDI Ninth House study found that nearly two-thirds of global organizations planned high-potential programs in 2010, which makes sense considering that high-potential talent pools are breeding grounds for successful leaders.

However, talent leaders at forward-looking organizations are going a step further. They are identifying pivotal leadership roles within their organizations and using their high-potential and succession planning processes to ensure the right people are deployed into these roles in order to realize more immediate, tangible and positive results.

Pivotal leadership roles are vital to an organization's success or failure. These roles are readily identifiable because a change in a pivotal leader's performance will have a significant impact on an organization's performance. Weak performance in a pivotal role can create great risk for an organization's mission, objectives or results, whereas high performance in a pivotal role often provides greater competitive advantage and improved operational results.

Important Roles vs. Pivotal Roles

To identify pivotal leadership roles, talent leaders must understand the difference between important and pivotal. Important roles are necessary to carry out key business processes or operations. Pivotal roles also are necessary, but they are utilized specifically when

10 Ways to Identify and Understand Pivotal Roles

Stuart Crandell

Organizations must answer the following 10 questions to successfully identify and understand how to best leverage pivotal roles as part of a talent management strategy.

1. Where does it matter most for the organization to have better quality leaders? As much as talent leaders may want A players in every position, that's simply not realistic. Not every role needs an A player, nor can every company afford to pay for A talent for every role. Organizations should identify which roles really need to have the best, highest quality talent.

2. Where is the organization most constrained by a lack of leaders? Sometimes the issue may not be that an organization needs leaders with better or different skills; it may have processes in place that work well to develop skills. However, organizations are occasionally challenged to identify the feeder pool or simply find enough leaders to fill pivotal positions.

3. What specific business strategies or needs does a pivotal role impact? Organizations should identify what makes a role pivotal. What specific strategies, process constraints, strategic resources or competitive differentiators are at risk if the company doesn't have enough of these leaders, or if these leaders do not perform at a high enough level?

4. How or why is one role more pivotal than other leadership positions? Sometimes, even for roles at the same level, some positions are more pivotal. For example, if the company's growth strategy involves expanding into specific countries, the managers of those countries may be more pivotal than other managers.

5. What is the expected turnover rate and headcount growth needed for pivotal roles? It's important to know the anticipated talent flow through pivotal roles for workforce planning. Do people become frustrated with their roles and frequently leave? Are they easily recruited by competitors, or do they tend to stay in their roles for years? Answering these questions can help talent leaders determine the extent and urgency of business risk so that they can determine whether to build or buy the talent they need.

6. What competencies are critical for success in the pivotal role? Knowing the specific competencies that make a role pivotal is essential to have a laser focus on the attributes that truly drive organizational success, which ensures more effective development, recruitment and performance management.

7. What experiences are critical for success in the pivotal role? Organizations should detail the experiences that are essential for an individual to be successful in a pivotal role or to transition effectively into the role. Then programs can be created to ensure that targeted employees are given the right assignments and projects so they can gain the experiences needed for success.

8. How much support is required for pivotal role success? In some cases it is essential that systems, processes and support are available to an individual in a pivotal role in order to be successful. In other cases success is more heavily dependent upon an individual's skills.

9. How much room is there for performance improvement? Organizations should assess the current performance status of their employees in pivotal roles to determine if performance is consistent or if some individuals are performing better than others. Organizations also should assess if most employees already are performing at a high level to determine how much performance improvement is possible and how much should be invested in development.

10. What is the succession plan for pivotal roles? Organizations should develop a succession plan for pivotal roles to ensure they have the right employees trained and ready to fill open pivotal positions when needed. It can be costly not to have these critical positions filled with the right people. TM

performance improvements can significantly impact a company's strategic, financial or operational results. The purpose of identifying the most pivotal leadership roles is to understand where talent management investments will have the greatest impact on an organization's performance and bottom line.

To understand the difference between important and pivotal roles, managers need to understand the company's strategy. Consider the following hypothetical scenario involving two companies in the airline industry. The first is a budget airline whose strategy is based on efficiently and rapidly turning planes around in order to fly more routes per day. The second is a more traditional full-service airline whose strategy is to control high-value, long-haul routes across continents by locking up gates at major international hubs.

For the budget airline, the ground crew roles are likely the most pivotal, since they are essential in getting the planes ready for the next departure as quickly as possible. Although the ground crew roles are important for the full-service airline, they are not pivotal. Instead, the roles involved in negotiating gate access would be the most pivotal because this airline's strategy is based on having more access to more gates at key hubs.

If the budget airline wants to drive overall business performance improvement, it does not need to invest more heavily in its gate negotiators. However, if it improves its ground crew's productivity to fly an additional route per day, it will significantly impact its asset utilization and business performance. In contrast, the full-service airline would benefit much less from improving its ground crew's performance as they are not key to its primary objective.

The Powers That Be

To understand which roles are pivotal versus important, talent managers need to examine three main drivers of pivotal roles:

1. **Quality:** Organizations need to know what their strategy is, and where it will matter most to have better leaders.

2. **Quantity:** Sometimes the issue is not about quality — having leaders with sufficient capabilities — but rather about having enough leaders to meet an identified need.

3. **Specialty roles:** Organizations should know their rare leaders, those individuals with unique knowledge and skills, as they often are the most costly and difficult to replace.

Although it is essential for business success to identify and leverage pivotal roles, company executives must understand that there is significant business risk associated with these roles. If a company loses a high-performing, pivotal individual, it can be damaging to business performance. One way to mitigate risk is to have a robust succession plan to ensure successors are well trained and ready to step in when needed. To do

so, organizations should develop and use a strategic assessment management process that:

- Determines pivotal leadership roles for current business priorities while recognizing that these positions may change as business strategies change.

- Assesses incumbent leaders and potential successors to gauge skills, strengths and weaknesses.

- Creates a succession planning process that is directly tied to pivotal roles versus generic leadership levels. This process looks at the skills gaps for pivotal roles and fixes them through development activities and programs.

Creating a Pivotal Accelerator Program

As a global healthcare company in the laboratory equipment and diagnostic testing arena, Becton, Dickinson and Company (BD) focuses on growth, innovation and talent to drive company success. However, two years ago, BD realized that its bench strength was not as deep as it should be when it came to general management.

Tom Ruddy, vice president of talent management, leadership and learning at BD, knew the company needed a strategy for its pivotal general manager roles. Given how critical these roles are to drive growth, BD had to ensure those currently in the roles had the necessary skills and experiences to execute the growth strategy, as well as ensure a robust pipeline of future general manager talent in the feeder pools.

The BD talent management team established an accelerator program to develop general manager talent. Some individuals in the program were already in general management roles; others were selected as potential future general managers. The program had three core elements:

1. Individuals participated in a detailed developmental assessment to determine strengths, developmental opportunities and transition needs. Participants were able to craft a development plan focused on the skills and experiences needed to be successful in the general manager role.

2. After the assessment feedback, individuals were assigned mentors based on a match between their development needs and the mentors' particular strengths and styles.

3. Individuals were then placed on various projects and special assignments to further their development and ensure they received exposure, experiences and opportunities to acquire key skills required for success at the general management level.

The accelerator program has been a quick success for BD's pivotal general managers. Since the start of the program, 60 percent of participants have been promoted to the general management level.

Given the encouraging results from the accelerator program for the pivotal general manager role, BD ex-

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There Is No Perfect Hire

Dave Winston

The perfect executive candidate does not exist, but weighing and blending candidate and company requirements can increase the chances of quickly landing the best possible hire.

Long ago the philosopher Voltaire observed, "The perfect is the enemy of the good." Yet many talent leaders forget this serviceable bit of wisdom when recruiting top executives. They develop an inflexible profile of the ideal candidate for a role and, believing this person actually exists, reject candidates who could bring the company maximum value.

Early in the recruiting process when companies have seen few candidates, they are especially prone to pursuing perfection, passing on candidate after candidate. Subsequently they find themselves having to settle for someone who brings less to the table — and brings it later because of the protracted process, delaying and diminishing value creation in a critical role.

A more nuanced and effective approach to the complicated business of key hiring decisions may be found in the principle of "satisfice," a combination of satisfy and suffice. Satisfice provides guidance through complicated decisions characterized by multiple criteria and competing objectives. However, satisfice is emphatically not about settling for what is merely sufficient. Rather it's about choosing the option that has the most chance of being satisfactory and getting as close to the ideal as possible when making complex decisions.

In the case of executive recruitment, calculating which option satisfices is doubly difficult because companies and candidates calculate differently. Candidates have one set of criteria, each of which they weigh according to their individual circumstances, while companies have another, which they weigh according to business needs. Companies that want to escape the trap of the perfect without settling for the merely sufficient must understand the candidate's calculus and find a way to harmonize it with the company's calculus — in short, reach a decision that satisfices and thereby creates maximum value quickly.

The Candidate's Calculus

The relative weight candidates give to specific factors when considering an opportunity will differ at different times in their lives. But it is possible to generalize somewhat about the things they are ultimately trying to determine, and which choices are most likely to make them happiest. They may weigh considerations such as geography, family issues, compensation and other factors differently, but most take a holistic view driven by the desire for happiness as they define it.

Balancing all of the factors that go into one's happiness can be complicated. Candidates may desire the lifestyle afforded by a particular geography, but they also may be reluctant to disrupt their children's schooling, or they may wish to be near aging parents. They may be in a dual-career marriage that is difficult to transplant, or they may simply be comfortable in their present roles.

All of those factors must be weighed against the appeal of the position, from the nature of the opportunity to compensation to numerous factors alone or in combination. Two factors weigh particularly heavily for executives. First, almost all focus sharply on the content of the role: will it challenge me, will it develop me as a leader, will I make a genuine contribution to the business' success? Second, they strongly consider whether the company has a culture in which they will thrive.

When making their calculations, candidates can be just as bedeviled by the perfect as companies. This perfec-

tionism may manifest itself in one of two ways. They may reject opportunity after opportunity or, conversely, may jump from opportunity to opportunity hoping that the perfect one is just over the horizon. Sometimes this pursuit of the perfect can promote unrealistic expectations, such as an executive jumping to an exciting industry for which he or she is poorly suited.

The most successful executives apply the principle of satisfice to their careers. Long before an opportunity appears, they reflect deeply about their motivations and goals. Rather than simply reacting to things that occur, they've thought far ahead about their careers and lives, and made deliberate decisions. They change companies or industries for good reasons, and they also take advantage of unexpected opportunities that fit with their deep self-understanding. They instinctively know in balancing the many factors that go into their happiness and their families' happiness that perfection is unattainable. But they also know they can make a choice that has the maximum chance of being satisfactory.

The Company's Calculus

Companies, by contrast, are in the business of pursuing profits, not happiness. Their decision criteria are much more narrowly focused on business issues. Though narrower, these criteria are as numerous and complex as the issues considered by candidates. As with the candidate's decision, perfection is unattainable, and companies that are unable to address complexities in an efficient way are likely to suffer significant opportunity costs the longer a position goes unfilled or if it is filled by a superficially perfect candidate.

Further, while candidates tend to think about the appeal of particular industries, companies tend to focus on a candidate's domain skills, such as the finance skills of a chief financial officer. They may segment the criteria even further, such as defining a sales role in terms of products, services or multiple channels. When focusing on skills, companies sometimes downplay a candidate's characteristics, such as leadership potential or raw intellectual power. Similarly, the emphasis on domain expertise tends to make companies weigh work experience over competence. Also, given that happiness ultimately drives candidates, too few companies seriously consider whether they offer a good work environment.

Being a good place to work has many facets. Does the culture empower leaders by providing access to the resources necessary to achieve success? Is there a well-defined career growth path? Can executives cre-

ate long-term wealth? Is the company a leader within the industry? Is there a clear strategy, product or service that differentiates the company from competitors? Does the company's financial position provide a solid foundation for growth?

In summation, what drives the candidate's calculus starkly contrasts with the drivers for most companies:

• Pursuit of happiness vs. pursuit of profits.

• Industry excitement vs. domain expertise.

• Culture vs. skill.

• Expectation vs. experience.

Not surprisingly, the more rigidly companies cling to decision criteria, the more likely they are to miss out on the best possible, as opposed to the perfect, candidate.

Putting Principle Into Practice

At the heart of most methods to evaluate candidates lies a qualitative and quantitative formula to assess or rank candidates either against the position, other candidates or both. Adopting the principle of satisfice, however, does not mean adopting a new formula; there is no HR algorithm. Satisficing means evaluating candidates in a way that is more supple, nuanced and appropriate. The key lies not in a mathematical formula but in adopting practices that will make nuanced evaluation possible while increasing the selected candidate's likelihood of success.

The most important practices include:

• **Picture success and work backward.** Instead of developing a rigid job specification, picture what success in the role looks like in one, three or five years. Define success in a wide range of key areas and not just revenues or profits, such as customer and employee satisfaction, continuous improvement, career development and succession planning.

• **Know the talent market.** Assessing internal and external candidates requires a realistic view of the market. Provide a comprehensive talent map of leading and promising executives around the globe. Such a map allows talent leaders to benchmark internal assets against the best talent anywhere, and not just against each other. It also helps avert the trap of the perfect, but nonexistent, candidate. At the same time, by including talent inside and outside an industry and a company, it expands the possibility of achieving maximum satisfaction with the ultimate choice, and achieving it faster.

• **Hire for character and train for skill.** Overemphasizing experience and domain skills at the expense of leadership potential and competencies not only lengthens the time to value in the role, but also likely results in a less than satisficing choice. Being quick off the starting line or having domain experience does not necessarily ensure a win, place or show outcome in a marathon.

• **Make development a priority.** Hiring for character and training for skill is pointless unless an organization maintains a robust development program. Opportunities to grow and develop figure highly for most executives today. As part of a comprehensive talent management system, development should include in-role opportunities, stretch assignments, mentoring and executive coaching. Knowing that such a program is in place gives talent leaders far more flexibility in finding the candidate that satisfices.

• **Understand the candidate's calculus.** It is critical to know what really motivates candidates, what worries them and how they weigh the factors in an opportunity. Otherwise, talent leaders could find themselves selecting someone who quickly derails or who is jumping into a role without having calculated its personal and professional attractions and drawbacks. Skilled interviewers can surface those issues with candidates who may have only half-articulated the issues to themselves.

• **Be flexible.** Once talent leaders understand which happiness and employment factors weigh most heavily with candidates, they can determine if the satisficing answer is to adjust position requirements. For example, instead of rigidly insisting on relocation, talent leaders can find a mutually satisfactory solution to meet the candidate's and the company's needs.

• **Establish a comprehensive on-boarding program.** To ensure effectiveness, satisfaction and retention for new executives — and a return on investment — a comprehensive on-boarding program should begin well before the new hire's start date. Companies that believe they have found the perfect candidate often make the individual entirely responsible for making the new situation work, and then are surprised when the candidate derails. The chances of success for senior hires are far greater when an on-boarding program that explicitly integrates the firm's culture and the new executive's interests is consciously created and consistently executed — in effect, harmonizing the candidate's and the company's calculuses.

With the principle of satisficing in mind and the practices in place that support it, companies can free themselves from the tyranny of the perfect in executive recruitment. The paradoxical result is better hiring decisions, more successful executives and a reputation as a great place to work, which in turn attracts more talent. In an age when talent has become the ultimate source of competitive advantage, nothing less satisfices. **TM**

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Perfection Does Not Exist

Ladan Nikravan

To hire quality employees, talent managers should forget the notion that any employee is perfect. To acquire the best candidates and compose a staff comprised of strong performers who are fully engaged in their work, talent managers should focus more closely on their decision-making strategies when choosing candidates.

In his book, *Workarounds That Work: How to Conquer Anything That Stands in Your Way at Work*, Russell Bishop said what passes for decision making in many organizations is an approach that is rarely as bold and decisive as it is negative.

"There is a great difference between choosing an alternative and then moving forward versus declaring alternatives wrong and limping along with what's left," he wrote. "Most decision processes ask people to argue vigorously for 'the right way forward.' Those arguments often contain elements of attack directed at options. The real goal of decision making, what we are calling 'choice' here, is not about being right; it's about being effective."

There is an acceptable medium between choosing one option and killing off the others. Managers should be aware of the qualities they seek for a particular position, but they should avoid a predetermined mindset to seek a flawless candidate, thus not considering other "flawed" candidates during the process. When managers make hiring decisions based on desired outcomes rather than focusing on eliminating possibilities, they will have the freedom to learn, course correct the hiring process itself and continually progress toward an optimal hire as new data and experiences on the candidate slate appear.

"I like to think of 'choice' as implying a sense of freedom and direction while moving toward something, whereas 'decide' suggests moving away from something," Bishop said. "It's a whole lot easier to get somewhere by moving toward the target than by moving away from something else."
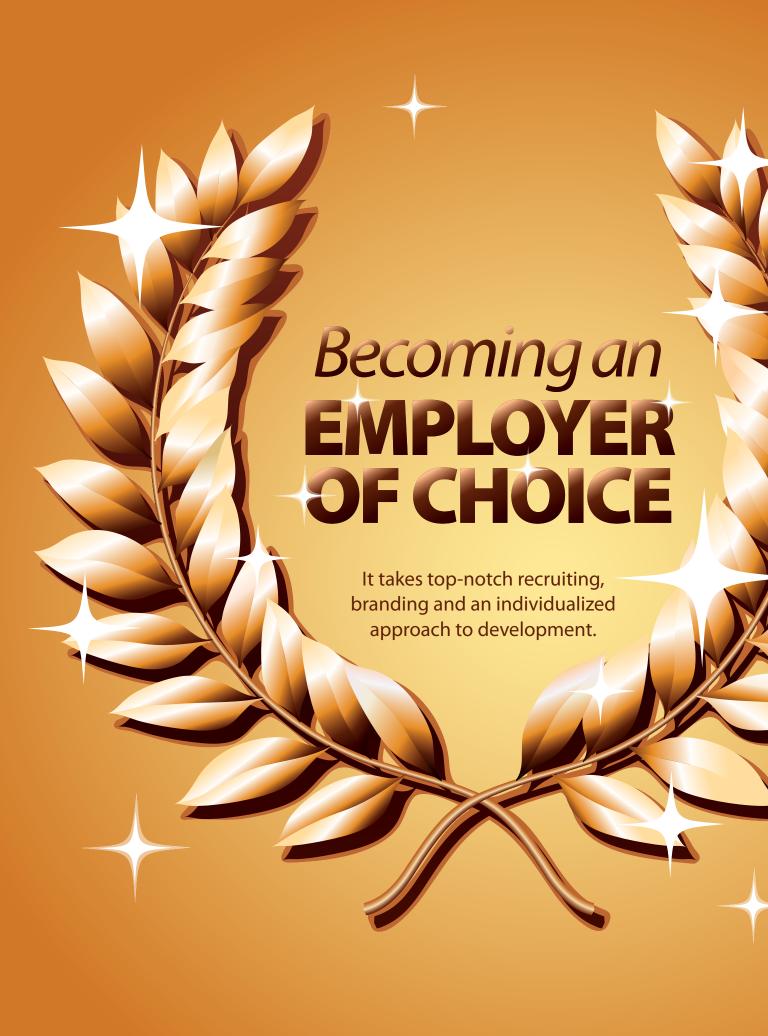
To make a right choice, those hiring must have a definitive hiring strategy with which to scrutinize candidates' profiles. Further, by developing and prioritizing key requirements, qualifications, characteristics and experience desired in a candidate up front, managers will be better prepared to understand their own requirements and compare them to what is available in the marketplace.

Too often hiring decisions are made sans evidence. Instead, managers' preconceived biases, beliefs and perceptions outweigh the facts. Contrary information — which could lead to a better hire — is avoided, ignored or dismissed as irrelevant. For instance, managers may overvalue a narrow range of skills or related experiences, correlating them to a predetermined definition of a perfect hire. This approach may ignore other critical traits, such as collaborative skills, cultural fit, leadership and motivational ability.

Hiring expectations and results can improve by implementing a more deliberative and evidence-based process.

"It is important to be abundantly clear about not only which directions you are taking, but also which directions you are not taking," Bishop said. "As the team considers each option, it will come up with a choice that appears most likely to result in success for any number of positive reasons, rather than negative reasoning of what is wrong with each choice."

Once leaders understand there is no such thing as a perfect candidate, imperfections can be managed, and talent managers will be more willing to develop promising candidates to meet company standards. For instance, new hires should be properly on-boarded immediately. It's not a good idea to leave candidates at their new desks to make their way as best they can right from the start. Once a hiring decision has been made, it's time to build up the employee to grow the organization. **TM**

Becoming an
EMPLOYER
OF CHOICE

It takes top-notch recruiting,
branding and an individualized
approach to development.

Jay Jamrog and Sadie Stern

It seems strange to urge organizations to devote the extra time and effort to become an employer of choice at a time when unemployment is rampant and HR departments are flooded with resumes — why aim to attract even more candidates?

The answer isn't complicated; the underlying cause of the Great Recession and the slow recovery is that, fundamentally, the world economy is changing. As Thomas Friedman points out in *The World Is Flat*, "Something big…is happening at warp speed and directly or indirectly [is] going to touch a lot more people on the planet at once."

In the past, many companies gained a competitive advantage through globalization and tapping into unexploited labor pools. Nonessential work was outsourced in order to focus on core competencies, and companies invested heavily in technology to create productivity gains faster than the competition.

The recent recession clearly has demonstrated that those strategies will not be enough to compete in the next economy. The world is increasingly global and connected; technology, especially social media, feels like an out-of-control freight train headed directly at corporations. The next economy is also incredibly diverse socially, culturally and politically. But at its core, it is obsessively innovation-driven — to build and sustain a competitive advantage, companies must continuously innovate. In i4cp's 2011 Critical Human Capital Issues study of more than 400 companies, the percentage of high market performers indicating that innovation is critically important has increased dramatically over the past year (Figure 1).

But there is a big problem for U.S. organizations that want to innovate to stay competitive in this shifting global economy. Innovation requires a workforce with deeper knowledge and skills than ever before in areas such as science and math. However, the U.S. education system is failing to produce such workers.

While the best schools in the U.S. are still the best in the world, the gap between the best and the rest is

Figure 1: Innovation Increasingly Important to High Market Performing Companies

High market performers: 79% (2010), 87% (2011)

Low market performers: 68% (2010), 68% (2011)

Source: i4cp, 2011 ■ 2010 ■ 2011

> **Public recognition as an employer of choice is yesterday's strategy. Being competitive in the next economy means employers must execute talent branding.**

widening. Today, one in four incoming freshmen will not graduate from high school, and in the largest metro areas, fully half will not graduate. On standardized international tests, 12th graders score in the bottom quartile in math and science. As a result, colleges are significantly increasing the number of remedial courses required for entering freshmen. A deeper problem is that most graduates are being educated to perform in the past economy. It is estimated that at best, the country may be producing only 10 percent of the skilled workers needed for the next economy.

Being an Employer of Choice

The bottom line is the talent supply is shrinking, and there is no easy remedy for this problem. Companies will need strategies to attract the best and the brightest from this smaller labor pool, and a popular tactic is receiving praise as an employer of choice. But many question the value of being recognized on lists such as *Fortune*'s 100 Best Companies to Work For, which highlight companies with enviable benefits, great work culture and job satisfaction. Beyond the assured flood of resumes that result from being named to such a list, is a good employer brand worth the time and effort often associated with ranking well?

Companies that participated in a September 2010 i4cp focus group said "maybe." While most of the practitioners were not fully sold on the ROI of such lists, many cited the same benefits, drawbacks and considerations:

Pros:

- It's good for benchmarking and auditing against external market competitors.

- It requires pushing recruiting efforts beyond simple representation metrics.

- Participation reinforces organizational commitment.

Cons:

- It's often a two- to three-month process occupying multiple full-time employees.

- It requires open sharing of various organizational metrics.

- Dissonance can occur if rankings vary from employees' experiences.

- Positive movement in rankings can lead to a lack of executive focus in the future.

Recommendations:

- Start with smaller, more specialized lists and internal evaluations.

- Have the technical capability needed to gather the required information.

- Determine who will be responsible for the effort; make sure to keep the same people involved year-to-year for consistency.

- Some questions are open to interpretation; be consistent with answers, such as tiers for supplier diversity and executive pay grades.

- Answering one question generally will open up several others, and many lists add questions and levels of complexity over time.

- It's often more about taking an inventory and actually taking the survey than the results. Don't do it to make the list; do it as a benchmark and for other nuggets of value.

- Don't forget to evaluate whether the effort was worth the information gained.

Health benefits company WellPoint Inc. has dedicated resources to this effort, and as a result has consistently pushed its rankings onto several lists. For instance, WellPoint ranked 50th on the 2010 *DiversityInc* Top 50 List, and according to chief diversity officer Linda Jimenez, "There's a wealth of information in terms of benchmarking that we've received. It's an opportunity to listen to and share best practices with similar organizations. We will generally utilize the benchmarking reports that are generated by these awards so that we can compare ourselves against our peers."

Jimenez said constant and consistent metrics gathering is required to keep initiatives on course, and third-party awards are just one part of that strategy. "What's important is that we engage in periodic pulse checks of our workforce representation, demographics, associate engagement, supplier diversity, etc. We keep track of our progress month by month to identify gaps and opportunities and to readjust our strategy."

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Five Steps for Talent Branding

While public recognition as an employer of choice is good, it is yesterday's strategy. Being competitive in the next economy means employers must execute talent branding. According to Mark Schumann and Libby Sartain, co-authors of *Brand for Talent*, this means "marketing the employer brand to segments of the potential and current workforce to become known as a magnet for talent."

Leaders have to focus on attracting the right talent and determine where there are talent gaps and what can be done to improve or eliminate them. Following are five simple steps to create a talent brand:

1. **Use talent mapping.** Talent mapping segments the workforce into separate roles based on their business value. Not all talent is created equal; talent leaders need a method to differentiate critical or pivotal talent. It is important not to analyze roles by job descriptions (too narrow), or job families (too large), or by people in those roles — that's succession planning.

2. **Create meaning for the talent brand.** Creating an external talent brand requires leadership to have a talent presence internally and externally. For instance, speaking at events and meetings and sharing best practices and experiences is critical. It is important to balance internal and external branding because the strategy is to build and buy talent. This also means creating a brand that is sustainable and not reliant on key individuals. GE is an example of a sustainable brand that can withstand difficult times and thrive in good times.

3. **Cultivate a learning culture.** Talented employees want to keep building their skills. There are few lifetime employment opportunities, which means the ticket to marketability is training and education. The conventional wisdom used to be that if a company made employees marketable, they'd leave at the first opportunity. Today it's typically the opposite — the more training and development available to employees, the more likely it is the employer will retain them.

4. **Focus on the supervisors.** Employees rely on their immediate supervisor more than any other individual for information, recognition and motivation. Surveys consistently show that pay is not as critical to attracting and retaining talent as many people think. Low pay is dissatisfying, but is often overemphasized; conversely, high pay alone won't keep people around. The best people stay because they're engaged and challenged by work that makes them better at what they do, and because their managers motivate them. Investing in mentoring programs and supervisor training can pay

off, and so can understanding where the organization lacks engagement.

5. **Don't ignore work/life issues.** Just as employers got used to giving employees more flexibility in balancing work and life commitments, the idea of flexibility changed. Thanks primarily to technology, now flexibility translates into the blurring of work and life. Employers can help employees find the right balance.

An unprecedented storm is gathering that will make attracting and retaining key talent more difficult in the future. It's not difficult to predict what employers will do; most will wait until there is a burning platform and then react by bidding up wages, raiding competitors for employees, inducing older workers to stay on the job and outsourcing whatever work they can.

Companies looking to lead in the next economy already have developed strategies to build a sustainable talent brand. When these talent shortages occur, employees will have more employment choices than ever, and they will seek work environments that fit their needs.
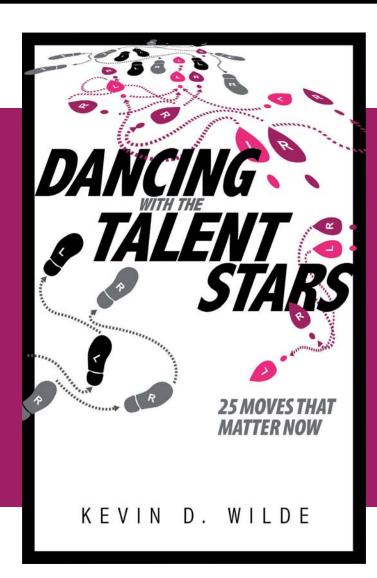
A company's leadership is the cornerstone on which to build an environment that attracts and retains key talent, in particular, the immediate supervisors. Employees want supervisors to build relationships with them, to be the ultimate communicators — people who provide open and honest information on the organization's mission, systems and policies. Employees want supervisors to treat them with respect and dignity and to provide instant feedback, positive reinforcement and recognition.

Immediate supervisors who already define this role are the most important people to a talent brand. Yet many companies inadvertently do everything they can to block supervisors from attracting and retaining top talent. For example, downsizing has spread supervisors so thin there often isn't enough time to mentor individual employees. Further, supervisors are still rewarded for getting widgets out the door, not for attracting, developing and retaining talent.

People tend to do what they are measured by and rewarded for. Supervisors know it is important to spend time developing employee relationships, but they are not rewarded when they do it well, nor are they held accountable when they do it poorly or not at all.

A storm is coming. Those organizations with strong talent brands will survive and emerge stronger than ever. Will your company be among them? **TM**

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Leading by Example

Sharon Daniels

Engaging supervisors — and the senior leaders who supervise them — to model behavior can bolster retention and make it easier to motivate employees to be more competitive.

Economic recovery is fragile, and the workplace psyche is just as delicate. As businesses start hiring again, many workers will begin weighing better offers, and top performers likely are already evaluating how well they were treated during the most rugged patches of the recession. Further, the changes wrought by the recession have created a new work and business environment, which means managers have to motivate employees through a new phase of anxiety as employees grapple with change.

Senior managers can lead by example to motivate the workforce. In companies of all sizes, employees at all levels seek cues and reassurance from their leaders. As the workforce churns and reshapes itself in the wake of retiree departures, temporary leaves of absence and layoffs, the need for management guidance is magnified.

Strategic initiatives around employee engagement often gain traction when senior leaders successfully align supervisors to key messages and programs. Think of an automobile with a broken drivetrain. Someone could rev the engine forever, but if there's no connection to the wheels, the car won't go anywhere. In organizations, supervisors represent that linkage — they need to be credible with their direct reports. Employees need the right resources, and supervisors need commitment from their workgroups.

Senior executives who lead by example and cascade messages on corporate initiatives and priorities through supervisors extend their credibility, which is a necessary building block today as trust in management and overall job satisfaction waned during the recession.

In a 2010 Conference Board report on job satisfaction, only 45 percent of employees surveyed said they were satisfied with their jobs; this is down from 61.1 percent in 1987, the first year the survey was conducted.
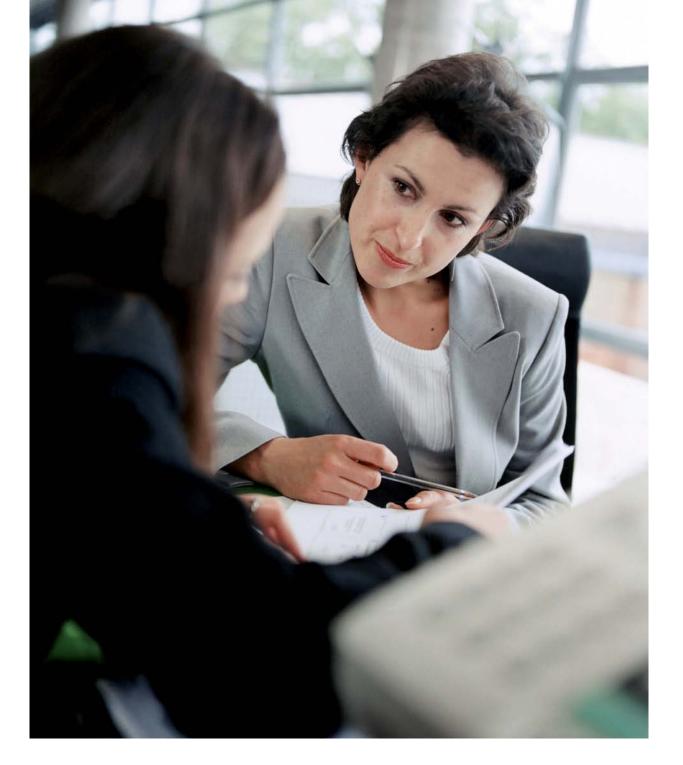
"Widespread job dissatisfaction negatively affects employee behavior and retention, which can impact enterprise-level success," said John Gibbons, program director for employee engagement research and survey services at The Conference Board.

It also can impact retention. According to the report, 22 percent of respondents said they didn't expect to be in their current job in a year.

"This data throws up a big red flag because the increasing dissatisfaction is not just a 'survivor syndrome' artifact of having coworkers and neighbors laid off in the recession," Gibbons said.

Management has a duty to inspire its staff, starting with supervisors, but they may need development to figure out how. In many cases both first-time and experienced supervisors face a set of responsibilities that may be at odds with the abilities and attributes that got them promoted to a supervisory role in the first place. Thus, having models who can lead and teach by example can be beneficial.

Of course, supervisors demand strong leadership examples from management for many reasons. For instance, leaders can show other leaders how to increase diversity and how to mitigate the challenges and maximize the opportunities inherent when leading a more diverse workforce. They also can ease woes brought on by an uncertain economy and the changing relationship between organizations and employees as employees take on greater roles with fewer resources. The aforementioned reasons all have a big impact on today's frontline workers and individual contributors, creating a need for supervisors to have special skills such as the ability to communicate complex messages in a succinct way and a willingness to make tough decisions when necessary. There are several relatively

simple strategies supervisors can emulate or execute to inspire their direct reports.

Show respect. Senior managers must convey to and through supervisors that every employee in the organization is respected. A 2009 AchieveGlobal study of 512 employees from the U.S., China, Singapore, Germany and U.K. revealed that respect is an attribute valued by all employees, no matter what generation. Showing respect and instilling respect for others also is a proven way to promote motivation throughout an organization.

Today's leaders would be wise to treat people like the individuals they are and use performance management tools to measure individual performances, goals and expectations. Leaders also should recognize that just because the economy is troubled doesn't mean there aren't jobs available for high performers elsewhere.

Treating each employee individually can help greatly to increase retention, which is a critical component for any organization trying to recover from the recession. Taking a person's skills, experience, drive, perspective, energy and even personality into account helps to communicate a supervisor's respect for an employee. There are numerous ways to show respect, such as:

• Encouraging employees to share their ideas and perspectives.

- Highlighting and utilizing employees' unique skills.
- Focusing on being a professional coach as well as a manager.

Build personal credibility. As organizations become less hierarchical, personal credibility represents a greater hallmark of leadership than positional authority. Personal credibility is neither an attitude nor a quality. It's a perception others form of supervisors, based on their actions over time. Everything supervisors do and say will be noted carefully by members of their workgroup and others in the organization. For instance, do their words match their actions? Do they keep their promises? Are they willing to take on the tough issues?

There are several ways to build personal credibility. These include:

- Acknowledge mistakes. Managers should admit when they don't have the answer and be willing to learn from others.
- Follow through. Ensure words match actions.

Of course, supervisors need to know the organization's goals and understand why they're important. If supervisors do not fully understand the organization's strategic or tactical rationales, they should seek clarity from senior leaders.

Successful supervisors gain workgroup commitment by:

- Creating a sense that the workgroup is doing something worthwhile.
- Showing how each employee's work fits into the bigger picture.
- Making sure employees have clear directions and understand how they will be measured when they meet objectives.
- Creating a sense of ownership for work.

Fully committed employees will use their own ingenuity and dedication to go the extra mile to help reach organizational goals. Then the supervisor can spend less time giving directions and making sure everyone

> **Today's leaders would be wise to treat people like individuals and use performance management tools to measure individual performances, goals and expectations.**

- Give others credit. Acknowledge and show appreciation for others' hard work; highlight examples of exemplary work.
- Work hard to remove obstacles for workgroups and get them the resources they need. Supervisors should position themselves as team champions, let team members know they are vested in their success, and prove it by ensuring they have the tools necessary to succeed.

Being known as personally credible helps supervisors achieve success by buying some slack when they don't know what to do or they do the wrong thing. It also becomes easier to convince others of new or unpopular ideas. If employees trust their supervisor, they'll be more likely to buy into what the supervisor says.

Activate workgroup commitment. These days, organizations cannot succeed simply by maintaining business as usual. Creativity and extra effort are required from every employee from the president to the front-line workers. Successful supervisors and managers know how to activate their employees' energy and dedication. Creating commitment begins with helping employees see the connection between their daily activities and the organization's goals.

is doing their jobs, and more time strategizing how to meet higher level priorities.

Create meaningful rewards. All too often managers and supervisors see external rewards as the only or the best tools with which to drive motivation. While an intuitive reaction might be to focus on material rewards such as money or extra vacation days, research has demonstrated that these kinds of systems actually can depress internal motivation. Certainly, people want to be paid what they're worth, but they're motivated by far more than money. They want to grow and develop. They want to be valued. They want to be in control of their careers.

As senior managers work to encourage internal motivation in the workforce, it's critical that employees are rewarded in meaningful ways that contribute to their overall growth. One such reward is autonomy. It is important that employees be given boundaries that allow them autonomy within their given roles and responsibilities. Giving employees autonomy over how their work is completed shows confidence and empowers them to meet and exceed expectations while rewarding their past efforts.

Autonomy, competence and relatedness — the need for social connection and intimacy — are three core

psychological needs at the root of human aspiration, according to Edward Deci and Richard Ryan of the University of Rochester. They have developed a motivational framework known as self-determination theory (SDT), which is "concerned with supporting our natural or intrinsic tendencies to behave in effective and healthy ways." The theory has been examined and confirmed by researchers around the world, including author Daniel Pink, who references SDT in *Drive: The Surprising Truth About What Motivates Us.*

Fulfilling all three of these core needs is crucial to drive motivation, and that's why compensation isn't a panacea; filling up these three buckets doesn't come solely from equitable pay. Workers must learn, have fun and grow — qualities not directly fed by a paycheck.

Create accessibility to senior leaders. Successful supervisors know that without a solid relationship with the senior leaders they report to, they can't count on the support they need to achieve results. As supervisors work to motivate employees, they also must have a strong relationship with their own managers to ensure they are communicating the right priorities and messages to their direct reports.

Further, the best relationships focus not on pleasing the boss, but on establishing an alliance between partners. Supervisors can help de-

> Strategic initiatives around employee engagement often gain traction when senior leaders successfully align supervisors to key messages and programs.

velop a mutually supportive relationship with the organization's senior leaders by:

- Knowing what's important to the leader and working to support it.
- Offering the manager solutions, not just problems.
- Keeping their manager up-to-date on any issues he or she is expected to own.
- Asking directly for help when necessary, rather than waiting for the leader to offer it.

Supervisors who enjoy strong relationships with their senior leaders not only excel, but also set examples for other employees. Senior leaders will be more inclined to support these supervisors when they require extra resources or need obstacles removed.

In the future, organizations are going to need more employees at all levels who can work independently. As long as change continues to be a dominant theme, senior leaders should reinforce success strategies for their supervisors. These strategies will give supervisors and managers the traction they need to motivate their direct reports to achieve new successes. **TM**

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Internal Coaches Create Slam-Dunk Performance

Ladan Nikravan

When executed correctly, internal coaching can lead employees to higher, measurable levels of performance.

Almost every sports team has a coach. This individual guides the direction, instruction and training of individual players and the team as a whole as they work to gain new skills, knowledge and ultimately win a stated objective. Similarly, managers coach their direct reports and other employees within their organizations to help improve performance. Realizing the value it can bring, some companies are structuring and heightening this relationship and categorizing it as internal coaching to distinguish it from more traditional external coaching relationships conducted with third parties.

The use of coaching has spread quickly around the world in the past two decades. Organizations increasingly recognize coaching, whether at the executive or other staff levels, as an important employee development strategy to ensure key members of the workforce thrive and contribute at high levels. The Global Consumer Awareness Study, published by the International Coach Federation in January 2011, reported that 51 percent of 15,000 global participants stated they were "somewhat aware" or "very aware" of professional coaching.

In many circles hiring external coaches is still common practice, but some companies have successfully used internal coaches as a sustainable approach to drive change and improve employee performance. They have measured significant increases in retention, engagement, productivity, performance and ROI after developing internal coaching initiatives. Equally important, coaches in these companies have supported individuals' efforts to achieve their personal and professional goals, which also has helped the bottom line.

Mutually Designated Relationships

Four years ago, NASA executives began efforts to build an internal coaching capability that would improve the efficiency, creativity and capabilities of their employees. The initiative was created to build leaders, technical excellence and effective organizations through what was originally executed with external executive and team coaching only.

"Years ago, coaching was used as a remedial process," said Brady Pyle, deputy director of human resources at the Johnson Space Center. "We've turned coach-

ing into more of a leadership development tool as an investment in our leaders. When our upward feedback indicates that there are leadership challenges or deficiencies, we look to internal coaching to help an individual succeed."

Internal coaching at NASA is a facilitated, one-on-one, relationship between a NASA employee and an HR specialist with either an HR or organizational development background. These specialists are certified coaches who coach employees in any role, part-time.

"Coaches already have a strong relationship with the individual they are paired with, which makes it much easier for them to draw out the issues and solutions the individual needs," Pyle said.

The coach's role is to act as a nonjudgmental, strategic business partner for the employee. He or she provides guidance based on past experiences as well as aids application of new or improved competencies.

Someone within the HR organization knows which coaches/leaders are available in which parts of the organization and places employees accordingly. Internal coaching is exclusive to those employees who already have a relationship with the coaches.

Currently, only 10 percent of NASA's coaching initiatives are conducted internally, but the organization plans to increase the pool of internal coaches over the next few years after observing significant behavioral improvements in leadership teams.

Preparing for Feedback

At Basic American Foods coaching is an integral part of the talent management process. Every leader in the organization is a coach and all have a responsibility to provide honest, specific feedback on their employees' performance. Leaders participate in internal coaching training and are provided with tools and technologies such as comment helpers, development tips, performance journals and goal tracking to ensure they make the most of their coaching opportunities and provide feedback regularly.

"By providing a system and an approach that make the performance management process more efficient, we have been successful in transforming the employee performance management process from a once-a-year

Being Open to Coaching

Ladan Nikravan

The rapid pace of change in almost every industry is increasing the complexity of work, and as organizations become leaner and flatter, leaders and their direct reports will have to collaborate more. While traditional roles and structures are changing, an employee — no matter where that individual may be on the corporate food chain — should be willing to adjust his or her objectives and behaviors and be open to coaching. Robert D. Hewes, a senior partner of Camden Consulting Group, said employees need to ask whether they consider themselves coachable, and if not, they should become more open to receiving feedback in order to meet their own goals and collaborate more effectively with team members.

"It's not about whether you're receptive to new ideas or innovation," Hewes said. "It's a much higher bar than just being open. In order to be coachable, you have to be open to ideas about what you are doing."

According to Hewes, coachable individuals understand the paradox of confidence. They feel confident defending the decisions they've made, but they don't have a problem making adjustments when necessary. Further, they are open and honest, can take advice, and are willing to change and look closely at how they can accomplish tasks differently to be more effective. Being open to receiving feedback is only half the issue, however; the other half is being willing to take advice and input from a coach and strategically do something with it.

"Much of this is going to come down to the individual," Hewes said. "At some point the individual has to say, 'I want to learn in this area, grow or change.' If he or she is regularly saying 'oh, that's just my style' when criticized, it's a great sign that he or she is defensive and closed."

Style is not an excuse; personal style should be separate from how an employee approaches work, including his or her behavior and skills on the job. Acknowledging the need for a partition between two styles and then being willing to try alternatives to reach a conclusion is what makes an employee coachable.

To become more coachable, Hewes said employees may want to choose a relatively easy stretch goal and then work with a coach to get feedback, make a plan and commit. First employees should ask themselves how they can improve, what their professional development plan is and how they would like to achieve that goal. Then they must receive feedback and make note of steps they can take to reach their goal. They should have an open dialogue with the coach, ask for specific feedback and practice any advice given.

Once an employee has made a change, it needs to be sustained with the same dedication and reinforcement made when attempting to reach lifestyle goals outside of the workplace; these are goals an employee may be more familiar with, such as losing weight or saving money. Hewes said for an employee to commit to a new approach or behavior, change must be sustained for at least a month.

Asking employees to question whether they are coachable may guide them to a more effective plan of action. They can reflect and be forward-thinking, and managers can help them if they first help themselves by being receptive to, and asking for, feedback. Employees that don't solicit feedback will not receive the objective input needed to make changes that will allow them to grow.

"Regardless of what role you're in, we just can't stay static nowadays," Hewes said. "It's important that you be open to what you're doing and changes you might need to make, whether that involves seeking out a coach or other forms of feedback, so that you get good information and can hit the next level." TM

chore to an ongoing, year-round process," said Melanie Rydalch, regional human resources manager at Basic American Foods.

As part of a web-based performance management system, Basic American Foods uses a multirater feedback process to gain a well-rounded picture of employees' performances. This multifaceted picture helps managers provide employees with a broad, balanced perspective as they identify development needs and celebrate improvements. It also has helped transform the entire culture of the organization into one focused on development, which ultimately results in higher performance levels.

"Our survey results indicate 95 percent of our employees know what is expected to successfully perform their jobs, and over 70 percent of our employees participating in the coaching program have experienced performance breakthroughs," Rydalch said. "Coaching and feedback

HUMAN CAPITAL INSIGHTS

Performance Management

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The Link to High Performance

Employee engagement and profit can seem like difficult metrics to square. One is "soft," having to do with people and their investment in their jobs and their company, and the other is "hard:" numbers. No executive team is going to sign off on a plan to increase employee engagement without some assurance that the Holy Grail—discretionary effort, with its corollary increase in productivity and ultimately in profit—is a likely result.

To state the case plainly: engagement leads to profit, and profit—wisely publicized and distributed—leads to engagement. People want to work for a winner. And in correlating engagement and performance, it should hardly come as a surprise that the employees who go above and beyond—who invest that discretionary effort—are among the most engaged.
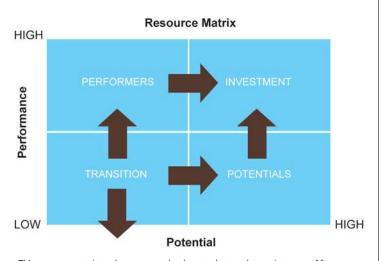
It may take time for the two different metrics to square satisfactorily. But having seen effects on the bottom lines of dozens of companies, I can tell you that it's very difficult to have profit without engagement…and that engagement, once established, can see a company through leaner times and help to build it back up. Perhaps surprisingly, a recession or market downturn is not necessarily a bad thing for engagement levels. And you shouldn't be afraid to prune. In fact, given the strong link between poor performance and disengagement, a good place to start might be the 15% who are disengaged but staying put! When companies are busy and the job market favors employees, remember that your engaged employees are watching you. You need to keep them engaged without hauling dead weight.

BEWARE OF "EMPLOYEE SATISFACTION TO BANKRUPTCY"

Employee satisfaction is an outcome, not a goal. You may bolster engagement by offering good salaries and benefits, but ultimately the goal is high performance, not satisfied employees. The last thing that anyone wants is a staff populated with satisfied underperformers.

This resource matrix tool encourages leaders to plot employees into one of four quadrants, based on two key criteria: performance and potential. Plotting employees in this way not only allows for a sensible distribution of bonus dollars or salary increases, it provides managers with a clear picture of how to move their people through the quadrants and provides a healthy model not just for management but true leadership.

By Bob Kelleher

Bob Kelleher is a noted speaker, consultant and author of *Louder Than Words: 10 Practical Employee Engagement Steps That Drive Results*. An industry thought leader, Kelleher can be seen or heard on national media (most recently on CNBC, CBS Radio, Fox Radio and Businessweek) and is a contributing editor on Boston.com, Monster.com and *Hotel Executive*. Additionally, Kelleher is founder and CEO of The Employee Engagement Group , a global consulting firm that works with leadership teams to implement best-in-class employee engagement and leadership cultures. Kelleher also worked as chief human capital officer for AECOM, a Fortune 500 global professional services firm with 50,000 employees located in 450 offices throughout the world.

Engaged employees are there to give; disengaged employees are there to get. Low turnover is nothing to boast about if the employees that are staying are disengaged.

In fact, high performers often become frustrated and disengaged if they see lackluster coworkers receiving the same bonuses or perks that they themselves receive. They will wonder, "Why doesn't management do something about these poor performers?" And regardless of the personal satisfaction they may take in their jobs, they may begin to doubt the judgment and vision of an employer who does not address the discrepancy. I do believe there is a correlation between employee satisfaction and employee engagement. It isn't likely that you would be engaged but not satisfied, although you can be satisfied but not engaged.

Profit is the lifeblood of the organization. And if you lack engagement, gains in profit will be temporary. Conversely, I believe that if you lack profitability over time, engagement levels will drop. Healthy companies sustain both.

THE RIGHT FIT

When I've worked with executives to improve engagement at their companies, I often find that the root of the problem is at the hiring stage. Some companies don't have an engagement problem, they have a hiring problem. The people in charge of interviewing new recruits have to be informed of the company's vision and its employment brand—otherwise they will not be able to articulate the culture to a potential new employee. If you are hiring the wrong cultural fit from the outset, it will be difficult to get those people invested in your organization and working alongside you to achieve your goals.

After all, the vast majority of employees join organizations engaged. You don't hear anyone saying, "I'm joining this company that I hate." But studies show that those initial levels of engagement are not replicated until the seventh year of employment. It takes years for most individuals—who confront a new job with enthusiasm, hope and considerable personal investment—to find the equilibrium that will incline them to be invested in the greater cause of their organization…and to go above and beyond in their efforts as they did when they first were hired.

History is filled with companies like Digital Equipment Corporation or Wang Labs that claimed they would never have layoffs. This is not a realistic promise to make, nor should you paint yourself into a corner with such assurances. Firings and layoffs are sometimes necessary. Most employees understand this, and it is far better to be frank about the necessity than to overpromise and underdeliver. ❖

For more information, contact SilkRoad at sales@silkroad.com

Succession in Practice

Aberdeen's research on succession management, outlined in "Succession Management: Sustainable Leadership for the Future," found that 75 percent of companies had some sort of succession strategy in place, up from 53 percent two years ago. The key question is whether that is good news or if it's merely checking the box.

WHAT ARE THE RESULTS OF SUCCESSION PLANNING PROCESSES?

Let's suppose that a CEO or HR executive is counseled to have a succession plan in place. What results are they trying to achieve? Probably the most visible result is the elimination of intense public scrutiny when a senior executive leaves unexpectedly. The organization disruption as top leadership scrambles to fill the void

has measurable financial impact that can easily persist for months after the position is permanently filled.

Lower down in the organization, the results of a formal succession policy might not be as clear cut. It certainly makes sense that there is value in knowing which of your team members is ready and willing to step in when circumstances dictate. What is not as certain is the impact of having talented resources who know they are on a succession plan, only to see an outside person fill the open spot. This is an extremely common situation and can severely affect engagement and retention of the very employees whom a company prizes most.

SUCCESSION PLANS OR POOLS OF TALENT?

So logically the solution is to have a succession plan and keep the candidates "in the dark." Or

Successful companies know when to grow their talent and when to buy their talent.

By Matt 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, a 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.

is the solution to eliminate formal succession plans entirely? The consumer packaged goods industry has been exceptional at grooming pools of talent to take on business leadership positions over time. These resources are given the attention and recognition that drives engagement but not put in the situation of watching their "designated position" go to an outsider.

That sounds great, but what happens when a company needs a senior leader instantly? Perhaps the best practice we should be looking for is a combination of a talent pools model and a formal succession plan. What would this process look like?

THE EVOLUTION OF A SENIOR LEADER

Successful companies know when to grow their talent and when to buy their talent. Growing talent is an investment that can reap major benefits for a company. As the future leader evolves, he or she is being steeped in the company's cultural norms, building a reputation (hopefully positive) and learning what core competencies are essential to rising to the top.

This growth process starts at the time the candidate is applying for a position or is being recruited. The company is assessing cultural fit and potential during the interviewing process. This future star is pooled with others who exhibit the same characteristics and is challenged with stretch assignments, special projects and formal and informal learning programs. The end result is that the company never hires externally for positions above the entry level, and everyone lives happily ever after. Sounds great!

The reality is that changing business conditions will dictate that the company will have resource requirements that won't be met by the talent being grown. When these gaps arise, the company needs to buy its talent. And when it happens in conjunction with a sudden vacancy at a senior level, it can be a disaster.

The main conclusion we can draw from the different scenarios is that a combination of broad talent pools and formal succession planning is needed. High-performer and high-potential talent pools are critical to assess, monitor and retain these critical resources, while role-specific pools provide a base of resources that are leverable across organizations.

Formal succession plans that encompass both internal and external candidates are also critical because the same changing business condition that caused a top vacancy can also dictate the need to buy new skills and competencies for the future.

TALENT INTELLIGENCE, TECHNOLOGY AND SUCCESSION

Companies that are able to juggle these needs tend to know everything about their people. It's critical for executives, managers and HR to have intelligence about their workforce on issues such as career preferences, skills and experiences. If the right technologies are used when interviews happen, feedback is given, classes are taken, reviews are performed and goals are assigned, the company gains a wealth of critical data that greatly influence the talent pools and succession processes. This talent intelligence is the only way for a company to survive and excel in the face of unexpected vacancy.

To learn more, read "Succession Planning: A Strategic Linchpin for Talent Management," "Succession Management: Sustainable Leadership for the Future" and "United Airlines Succession Planning Takes Off With Taleo," available at www.taleo.com. ❖

Set Higher Expectations to Drive Business Outcomes

Lean budgets and fierce competition require a workforce capable of performing to the best of its ability. How can companies motivate employees to achieve results? Setting appropriate performance expectations—including measureable goals—and providing regular feedback ensure that employees remain engaged in their work and stay focused on areas that will have the greatest business impact. Organizations that make performance management part of their business processes and use a system to document and facilitate performance conversations help employees with their day-to-day work and help managers improve their ability to define measurable goals that align with business priorities.

If the recent recession taught us anything, it is that employers cannot afford to take a casual attitude toward performance. Following a tumultuous two-year period peppered with workforce reductions, hiring freezes, furloughs and other cost-cutting initiatives, today's businesses are operating lean while work demands continue to intensify. This means employees need to do more than simply show up and do their job—they need to be motivated to perform to the best of their ability while focusing on the initiatives that will propel business momentum and deliver a competitive edge.

Effective managers with strong communication and leadership skills create a way for people to contribute to making extraordinary things happen. Managers need to assist employees with setting the right goals and then provide the right level of feedback to help them achieve them and ensure those priorities align with business objectives. However, for many managers, their ability to set appropriate goals and motivate a team is largely influenced by the managers they have had during their career.

Motivation is an intricate part of success. Yet with training budgets often the first to go in a recession—research firm Bersin & Associates notes that training budgets were reduced by 11 percent in 2009[1] —managers might receive training for their area of specialty, but they are not being trained to be great managers. As a result, communication around performance doesn't happen or isn't done efficiently, and it's these conversations that are critical to developing an engaged workforce that is motivated to perform.

With engagement and performance so highly intertwined, how can organizations increase engagement and motivate their workforce?

Define appropriate goals. Setting goals and communicating performance expectations—as well as providing feedback and measurement of the achievement of those expectations—are essential in motivating employees to perform. When defining an appropriate goal, identify three or four things an employee can do to help meet or exceed business goals. By setting specific goals and defining how success will be measured, organizations can encourage employee contributions that will have the greatest business influence.

Set expectations high. Ever hear the adage "If you do the same thing you will get what you have always gotten"? Companies that want to achieve better results need to get employees passionately engaged to do more than simply meet the minimum expectations. If an employee feels that his or her manager believes in his or her ability, he or she will exert more effort to live up to that expectation. Managers should not only give employees something to work toward but also provide feedback on a regular basis. When managers do a good job at setting

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1 Bersin & Associates, "The Corporate Learning Factbook: Benchmarks, Trends and Analysis of the U.S. Training Market," January 2010

By Jan Brockway

Jan Brockway is the director of product management for talent management solutions at Workscape, an ADP company. Workscape provides solutions for focal and off-cycle compensation planning, employee performance management and outsourced benefits administration. Workscape's offerings share a common technology platform, can be readily integrated with existing IT investments, serve millions of employees and are scalable and configurable to meet the distinct requirements of organizations ranging from 1,000 to over 500,000 employees. For more information about Workscape, visit www.workscape.com.

the expectations, help employees understand why they are important to the company and give regular feedback, the result is higher engagement as well as higher performance.

Document and facilitate performance conversations. Without a performance management system, organizations cannot have a baseline of understanding whether managers are having performance conversations and if they are setting appropriate goals. A system provides the framework for documenting these conver-

er that's implementing a corrective course or continuing on a job well done.

Make sure that goals are measurable. Specific goals have a greater chance of being accomplished than a general goal. One way technology can help is improving a manager's ability to create specific goals that meet the S.M.A.R.T. criteria—specific, measurable, achievable, realistic and time-bound. Through access to a library of well-written goal templates, managers can help employees understand what it is

If the recent recession taught us anything, it is that employers cannot afford to take a casual attitude toward performance.

sations and streamlines the process of capturing data. It also provides visibility that employees are working on the right goals as well as a platform for capturing any changes throughout the year. Managers and employees who have ongoing feedback exchange and document performance conversations can not only improve business processes but ease the end-of-year performance review as well.

Provide feedback in the moment. Real-time feedback has a greater influence on behavior and enables employees to take action, wheth-

they need to accomplish and at the same time improve their ability to set appropriate goals.

Having goals and achievements in a system not only improves communication around performance but also enables organizations to foster better collaboration and align goals across the organization. A performance management process with clearly defined and measurable goals is more than just an HR process. It's a critical business component that ensures employees are working toward the right goals to achieve business results. ❖

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on individual progress toward goals and expectations is what ensures our results are focused on getting the right things done and adding value to our business."

Having someone inside the organization to encourage employees' development can be a critical factor to promote engagement. In a 2010 engagement survey, 82 percent of the company's employees indicated they have someone at work who encourages their development.

"At the end of the day, it's top-notch leaders who make an organization great," Rydalch said. "The best coaching comes from leaders who understand our culture and are committed to our values and organizational goals. By utilizing internal coaches, our organization will have a pipeline of future leaders providing our greatest sustainable competitive advantage."

Small Company, Large Improvements

Although Solaglas Windowcare, a U.K.-based glass replacement and installation company, is part of the larger global Saint-Gobain Group, it only had about 400 employees in 2009. The company's future growth plans were dependent on embracing a progressive approach to managerial development.

Solaglas reviewed its leadership strategy within its operations division and found that growth over the next five years would require significant cultural change. To ease this transformation, Stewart Twinn, managing director of Coaching4Development and former operational manager of Solaglas, created an internal coaching initiative to support fast-track leadership development for 15 incumbent first-line managers whose responsibilities would expand in tandem with long-term growth objectives.

"The argument behind coaching for lower ranks was that front-line managers actually manage far more of the staff and have a greater day-to-day influence on the majority of the staff than executives," Twinn said. "We knew that with the right kind of support, which coaching can provide, we could dramatically improve performance quite quickly."

Six modules focused on company process and system knowledge were designed for front-line managers and spread out over an 18-month period. To provide additional development, the managers were intermittently introduced to occupational projects aimed at resolving current business issues.

Once the program was completed, the goal for front-line manager coaching shifted to supporting competency development by enhancing individual engineers' and teams' awareness. Penna, an external coaching company, was hired to train front-line managers in coaching skills, and then Twinn acted as the head coach for the managers. Coaches were instructed to peer advise each other, as well as their groups of eight to 10 engineers, based on their own schedules and agendas.

As a result of internal coaching initiatives, company profit increased by 250 percent in 2009, with no significant increase in sales or job losses; operational staff turnover went down from 19 percent to 5 percent; operational employee sickness was reduced by 20 percent, saving more than 321 lost days; subcontracting costs fell by 21 percent; and the initiative's ROI was measured at 490 percent.

"Internal coaches need to be able to develop trust with their peers and their subordinates," said Patrick Kent, HR director at Solaglas. "When you find the right coach for the right person, such as in groups we already had developed, you find a fit that's beneficial for the employees and the company."

Coaching as a Culture

Within audit, financial advisory, tax and consulting firm Deloitte, every leader is a coach. The right combination of individual coaching, group coaching and coach training for managers is seen as an effective solution for talent challenges in succession planning, executive development, learning strategy, capability gaps, strategic change, transition assistance and workforce planning.

"We consider ourselves a coaching organization," said Bill Pelster, principal and national director of talent development at Deloitte. "Managers at all levels of the organization are expected to coach, and it's part of our development process. When you take training at the firm, one of the areas that we actually teach people is not only how to be a good manager but how to be a good coach. It's just in our culture."

For line professionals, their managers are used as internal coaches after they have gone through extra training to assist their direct reports throughout their development processes.

Those selected to be a coach must complete the Deloitte Faculty Excellence program, which sets standards for the selection and preparation of Deloitte's deans and facilitators. Sessions are delivered via three methods — classroom facilitation, coaching simulation and virtual classroom. Certified participants then apply what they've learned in programs across the organization.

Internal coaching relationships are viewed as one of many components in Deloitte's leadership development ecosystem and involve a formal evaluation that supports individual and organizational goals that are subsequently integrated into ongoing plans and systems.

In February, data comparing employee engagement results from 2009 to 2010 indicated that Deloitte professionals gave greater marks to their counselors' assistance in developing their network this year (+5 percent), and also indicated the coaching they receive is helpful in improving their performance (+5 percent).

"Coaching provides a unique opportunity for individuals to get ideas for the issues they're facing and goals they want to meet," said Jayne Johnson, chief learning officer of leadership development and succession at Deloitte. "It allows employees to be very open and bounce ideas off each other, and we've seen the results." TM

How to Handle Mistakes Productively

Kevin J. Sensenig

Everyone makes mistakes, but not all managers handle them effectively. Walking the tightrope between overcorrection and undercorrection can boost morale, prevent recurrences and increase development opportunities.

Managers often take a mechanical approach to handling employee mistakes. They have been taught how to give feedback, deal with conflict and apply an organization's standard process via a stepped series of corrective actions such as verbal reprimands, written reprimands or termination. As a result, they either perceive handling employee mistakes as a confrontational situation, which often leads to employee resistance rather than learning and improvement, or ignore the situation and hope the problem will go away, which rarely happens. A more effective way to handle mistakes is to open a dialogue, build rapport, and restore the employee's performance so he or she can be retained as a productive member of the organization.

Remember the R's

When managers mishandle employee mistakes, it's usually because they misjudge the magnitude of the error. On one hand, they may overreact to a slight deviation from an expected action. This might happen, for example, when a manager is too close to a situation. He or she may have held the employee's position in the past and knows exactly how things should be done. As a result, the manager treats a minor error as a major one and uses excessive corrective action rather than subtle coaching.
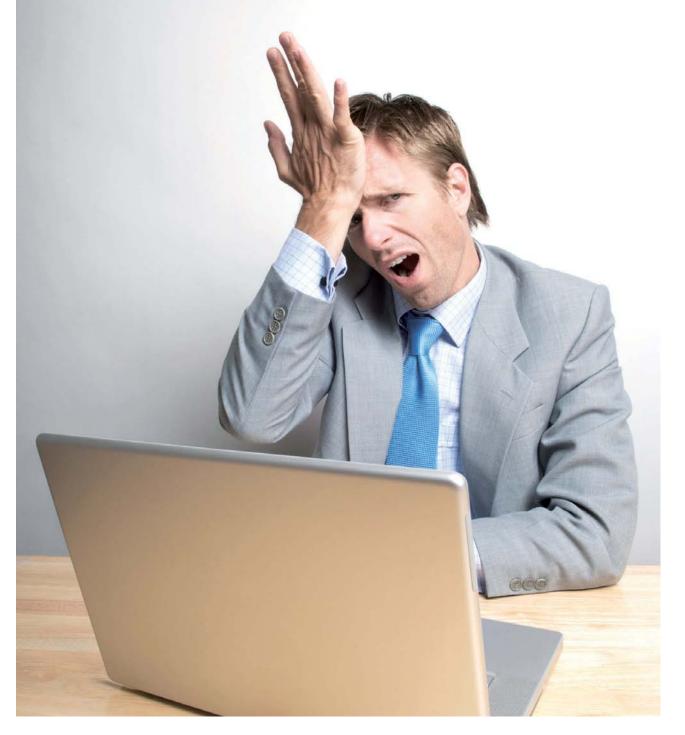
On the other hand, managers who are pulled in many directions sometimes choose to overlook a significant deviation from acceptable conduct, take a wait-and-see attitude or use a coaching approach when swift and decisive corrective action is called for. As a result, the situation can snowball out of control and create additional problems. In other cases, managers prefer to overlook mistakes because they are afraid of damaging a close, positive relationship with an employee.

Regardless of the magnitude of the error, or the manager's attitude toward the employee, the following best practices can help talent managers, or any leader, handle mistakes in a positive, productive manner.

Research the situation. Gather information in an open-minded way rather than building a case. Clarify the facts; even the best employees make mistakes. Perhaps they have not been properly trained for a particular task, or the fast pace of business may prompt them to make a decision quickly that turns out to be ill-advised. That's why it's important to determine the answers to the following questions: Under what circumstance did the mistake occur? Who was involved and when did it happen? What were the effects on the team, department or organization? What would have been the correct course of action? How often has the employee made this mistake? Is it a one-time oversight or a pattern of decreasing or lacking performance?

Create rapport. Rapport can be based on a reservoir of goodwill that already exists if the manager and employee have worked together closely for a while, or it may have to be created if they don't know each other well. Building rapport does not mean taking the situation lightly, but rather setting a positive tone from the start. A manager who is angry about a mistake or under pressure from superiors or customers may come across as abrupt and put the employee on the defensive. It's more productive to put the employee at ease and reduce anxiety so you can comfortably explore opportunities for improvement together. A good way to start the conversation is to express honest appreciation for the employee's past contributions, positive behavior or years of experience with the company.

Reference the mistake. Employees are not always clear as to why something was a mistake, so it's important to explain exactly what went wrong without criticizing. Focus on the problem and don't get per-

sonal. Sometimes it's helpful for the manager to admit that he or she made the same mistake in the past.

Next, get the employee's perspective on the situation. Ask questions and listen rather than giving orders. The employee may have facts that did not emerge from previous research, so it's important to keep the dialogue open. This is also a time to observe the employee's attitude. Is he or she accepting ownership and open to correcting the problem, or being defensive and trying to avoid responsibility?

The reference step may result in one of two outcomes. If the employee relates to the situation, agrees that a

mistake was made and is willing to improve, the next three steps are to:

• **Restore performance.** Let the employee save face by focusing the conversation on ways to restore accurate, high-level performance. Lay out how the employee should handle similar situations in the future. Make faults seem easy to correct, and create an environment where the employee will be happy about suggestions for improvement.

• **Reassure the employee of his or her value to the team as well as the manager's willingness to provide any support necessary.** Reinforce that using the correct way to handle similar situations in the fu-

ture will lead to certain benefits for the department and the organization and will ensure the employee's longevity with the company. As a result, the employee is likely to leave the meeting with a positive mindset and a strengthened sense of accountability.

- **Retain the employee.** Offer coaching, development options and positive reinforcement to maintain performance. Use encouragement, and praise the slightest improvement.

In the reference step, the employee may resist. He or she may argue, refuse to take ownership of the mistake, blame others or try to minimize the error. In that case, the manager's next step is to:

- **Restate the situation.** Acknowledge the employee's frustration, and then clearly restate that the mistake is not acceptable in the organization. If the employee now relates to the situation, proceed to the reassurance and retention steps.

If the employee continues to resist, refuses to take ownership in the mistake and does not accept correction, the next step is to:

- **Reprimand.** Use the organization's established series of corrective action steps such as a verbal reprimand followed by a written reprimand.

If reprimands do not lead to improvement, proceed to:

- **Replace.** Remove the employee from the team, the department or the organization.

As managers address mistakes following these guidelines, they can learn a great deal about their team members. They will learn who they can count on in the long term by distinguishing between employees who take responsibility for their actions and welcome suggestions to improve performance, and those employees who walk away from accountability.

Mistakes and Morale

Handling mistakes improperly has serious adverse effects on employees, managers and organizational morale. When mistakes are overlooked or purposely ignored, top performers begin to doubt the value of good work and lose enthusiasm. On the other hand, when managers overreact to minor mistakes, resistance builds up among employees. They may grow fearful of being the next one on the chopping block or hide mistakes for as long as possible, making correction more difficult. For fear of taking risks, they also may take a wait-and-see attitude, letting opportunities pass by rather than contributing to change initiatives. Even employees whose mistakes are overlooked feel short-changed. They conclude that the manager doesn't care what they do, and so they won't try as hard to succeed.

Further, managers who don't know how to handle mistakes eventually begin to feel helpless, which robs them of their confidence and energy. Mistakes that seem to occur more and more frequently distract them from leveraging all the good work other employees are doing. A manager's failure to address an employee's mistakes ex-

pediently also may affect the quality of the entire team's work, and in turn the performance of other teams depending on that work. Further, the manager will gain a reputation for poor leadership, which negatively impacts his or her career opportunities in the organization.

Handling mistakes quickly, effectively and consistently, on the other hand, improves morale. Managers who address mistakes properly build rapport with employees and a reputation for fairness and good leadership. Their employees build confidence that when they make a mistake, the manager will be supportive and help them to improve. Additionally, team members will be confident they can bring mistakes, as well as solutions for correcting them, to the manager's attention.

By addressing mistakes properly and restoring employees to high performance, managers can build credibility and gather experience in handling tightrope situations smoothly. Perhaps most importantly, managers can gain a reputation for developing employees — from a talent management standpoint, that's something all organizations are looking for today.

Managers who handle mistakes with an improvement and development mindset can explore how the organization can train employees or develop better processes to prevent mistakes in the first place. For instance, omitting or shortcutting the new hire on-boarding process can lead to mistakes or worse. "Nearly 15 percent of employees consider quitting after the first day because of a poor initial experience," according to a January 2011 article on Taleo Business Edition's website. "After the time and investment you've spent to find and hire them, you want to ensure that those employees are engaged and feel valued as soon as they begin employment with the company. On-boarding is a set of standard, repeatable processes that reduce costs and deliver an improved new hire experience as well as immediate productivity." Effectively building rapport and setting clear performance standards at the beginning of an individual's employment will aid managers in handling mistakes if they arise later.

When the U.S. was building the Panama Canal, John Stevens, who was appointed as the replacement for the chief engineer, met with Frank Maltby and the other division heads. According to David McCullough's book *The Path Between the Seas: The Creation of the Panama Canal 1870–1914*, Stevens told Maltby, "You won't get fired if you do something, you will if you don't do anything. Do something even if it is wrong, for you can correct that, but there is no way to correct nothing."

Stevens understood that handling mistakes well is about correction. Overcorrect, and employees will be so afraid to make mistakes they will do nothing. Undercorrect, and mistakes will multiply and destroy morale. The middle road is a consistent and fair talent management approach that turns mistakes into learning experiences and restores performance. **TM**

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

Building Leadership Value

Kellye Whitney

Leadership is as important to a talent management discussion as employees and performance management. It may actually be more important than those common talent topics since it —and many others — require effective leadership to be effective.

The idea of values-based leadership has emerged, likely in response to the extreme changes that have occurred in the world — and in business — in the past few years. In his book *From Values to Action: The Four Principles of Values-Based Leadership*, Harry M. Jansen Kraemer Jr., former chairman and CEO of global health care company Baxter International Inc., discusses four principles that encapsulate values-based leadership.

The book begins with a discussion of self-reflection. Without the ability to step back amid the hustle and bustle, change and drama that crop up in the average workplace, leaders cannot effectively assess how best to correct or offer guidance when employees make mistakes. Kraemer said self-reflection is central to leadership. It requires a leader to be self-aware and continually assess abilities, determining where development may be required to promote strengths and shore up or eliminate weaknesses.

It also requires a leader to be aware of the ramifications that surround decision making, and make what Kraemer calls explicit decisions. This means considering all available sources of information that pertain to a course of action, and understanding that there are contributing factors, causes, and direct and indirect outcomes that impact a decision. For instance, there may be a perfectly good reason why an employee continually makes the same mistake. A values-based leader will work to uncover that reason before attempting corrective action.

The second values-based leadership quality is balance — the ability and desire to see a situation from multiple perspectives and gain a holistic understanding. This holistic viewpoint is in direct contrast to a narrower, perhaps knee-jerk reaction to a problem. A manager in pursuit of balance will seek the input and opinions of all team members, soliciting feedback regularly in order to be well informed. "Whether you are a manager with two or three direct reports, or the CEO of a large publicly traded company, balance will help you become a well-rounded, global-thinking person with more meaningful and satisfying interactions with others," Kraemer wrote.

Third is self-confidence. Kraemer said someone is truly self-confident he or she knows they cannot be good at everything. "You know that there will always be people who are smarter, more talented, more articulate and more successful than you are…you recognize your shortcomings, weaknesses and past failures without the need to hide, overcompensate, or beat yourself up." That kind of self-awareness can increase empathy, which can be handy when a manager must correct a direct report or even call out a peer who is making a potentially troublesome mistake. Further, true self-confidence can be contagious and can help to elevate team and even organizational performance.

Fourth, values-based leadership requires genuine humility. Like many leaders, Kraemer began his career in a small cubicle. "Not more than six feet by six feet — if I moved my chair back too quickly, I hit my head on the metal filing cabinet directly behind me," he wrote. He says he never forgot those humble, ordinary beginnings, and that they helped him to gain valuable perspective. To this day, he retains an appreciation for the people in those positions.

Humility can make a manager more approachable, more authentic and more open to others. The ability to appreciate the value of each individual on a team or in a department — to make others aware and consistently show that they are valued — can make those difficult conversations around performance improvements or necessary behavioral corrections easier to handle. TM

Customer's Choice

At BMO Financial Group, Mona Malone focuses on selection, development and assessment to boost organizational performance and put the customer first.

Leaders at BMO Financial Group believe there is a strong relationship between the strength and diversity of the company's talent pool and organizational performance. They have taken an equally strong stance on talent management to boost employee engagement for 37,500-plus employees internationally as well as customer satisfaction and the organization's bottom line. Based in Toronto, Ontario, Mona Malone, vice president of human resources, is responsible for BMO's personal and commercial bank, which has 17,000 employees. She took time to share with *Talent Management* how BMO has become a leading example for the bank's customers as well as its employees.

TM: How would you characterize BMO's approach to talent management?

MALONE: Our approach to talent management is threefold. We put a lot of emphasis on selection, development and assessment of people based on their potential and point-in-time performance. We focus on selecting individuals who are the right fit for our culture so they're aligned with the organization's customer service-based, collaboration-based values. We also have a tremendous focus and spend resources on developing people. Our commitment is to help every employee achieve their highest performance. We have formalized development programs whether you're a customer service rep, a bank branch manager or a first-time leader to ensure you understand the expectations for that role, and you've had an opportunity for training and development to achieve your highest potential.

On the assessment side we do two levels, based on potential and performance. Twice a year you're formally evaluated on how you're doing against hard business results and how you're doing in your leadership practices. We also conduct talent roundtables where we talk about all levels of leadership from the CEO down. We look at a leader's potential to grow into more senior roles: their ability to deal with change, their adaptability, their customer service, their business acumen.

TM: How is BMO's performance linked to strategic business objectives?

MALONE: For the personal and commercial banking group, our business goals are very much around revenue growth and customer experience. Our vision is to be the bank that defines great customer experience, which is pretty bold because when people think about a great customer experience, banking is not usually what they think of. Customers are frustrated by experiences they get with banks. How that translates in terms of performance management success is around two metrics held in equal weighting: revenue growth and what we call a net promoter score — a metric we use to determine the loyalty of our customer base.

It's very important that you're growing the business in a way that is a very positive customer experience. How we articulate our business, strategy and the alignment people see in how they're measured and rewarded has helped us in terms of business success over the last three years. In our case, if you have a very customer- and growth-oriented agenda, the way you evaluate individual performance should align to that.

TM: What challenges impact talent management in your organization?

MALONE: The unfortunate situation I would describe is when you're talking about an individual for a promotion opportunity, if the discussion starts with "If only a couple of years ago we'd thought of giving them this experience," or "If only they had different experiences in different geographies before we put them into this situation." If you wish you'd done things earlier and that people would have had more opportunities to compete for different opportunities, that's a challenge. When we're doing succession planning, we use "if only" as a gauge that we need to focus earlier on career moves for people.

The other challenge is continuing to push tough talent calls. If the individual isn't a great fit for their role — make a decisive call about moving them up, out, into another job or exiting them — but do not let a bad fit go on for too long.

The third challenge would be really feeling confident in the assessment you're making of a leader's capabilities.

> # "The way you strengthen a talent pool is by focusing on selection, development and assessment."
>
> — Mona Malone, Vice President,
> Human Resources, BMO

TM: Tell us about your succession planning strategies.

MALONE: It starts with defining what it means to be a leader in our company. We articulate it in nine leadership capabilities. We're clear on what the values of the company are, what the capabilities are to be successful in a leadership role — that's step one. The second big investment, and this isn't new for us, is around leadership development.

We invest over $65 million dollars a year in employee development. We've developed three core leadership programs. Leadership Essentials is for the first-time manager of people. We don't assume you'll just learn that on the job. When we put you in a role as a people manager, there are high expectations. The actions you take impact a lot of people around you.

by Frédéric Godart and Andrew Shipilov

How to Make Friends and Gain Influence by Losing Employees

In the fashion industry, losing talent isn't always the death knell for creativity. Alumni networks can leverage relationships after talented employees depart.

Is losing employees bad for a firm? The intuitive answer would be "yes," because it means an organization loses not only its human capital — employees' skills and tacit knowledge accumulated over the years — but also its social capital — employees' internal and external connections, both inside and outside the firm. Conventional wisdom suggests that by losing employees, an organization loses its brains and address books, but this idea is out of date.

The late 1980s spawned a war for talent mantra: Firms have to make sacrifices and be creative to retain talent. Hence management should attract the best, make sure they grow, and keep them as long as possible. Twenty years ago these were considered insightful and thought-provoking ideas. Then talent was seen as a scarce resource in an increasingly competitive and globalized world. The rules of the game have changed. Fighting to get the best talent is still crucial, but having the courage and the skills to let go is also important because there are benefits in letting people go, in good or in bad economic times.

INSEAD, one of the world's largest graduate business schools, has an ongoing research project, "Creativity and Networks in the Global Economy," that focuses on the antecedents and consequences of performance in creative industries. Data show that firms actually can benefit from losing employees, under certain conditions.

An intensive study of a prototypical creative industry, the global fashion industry, was conducted between 2007 and 2010. Data were collected on 21 fashion seasons, and a multivariate regression procedure was used to understand the creativity drivers for fashion houses. The quantitative analysis included 3,020 observations of fashion houses, as well as 27 interviews with senior industry executives, designers or journalists, mostly in Paris and New York, to produce a fine-grained, qualitative understanding of the mechanisms at play in fashion's creative process. This wealth of data was analyzed in 2010 to determine the impact of losing creative directors to the competition.
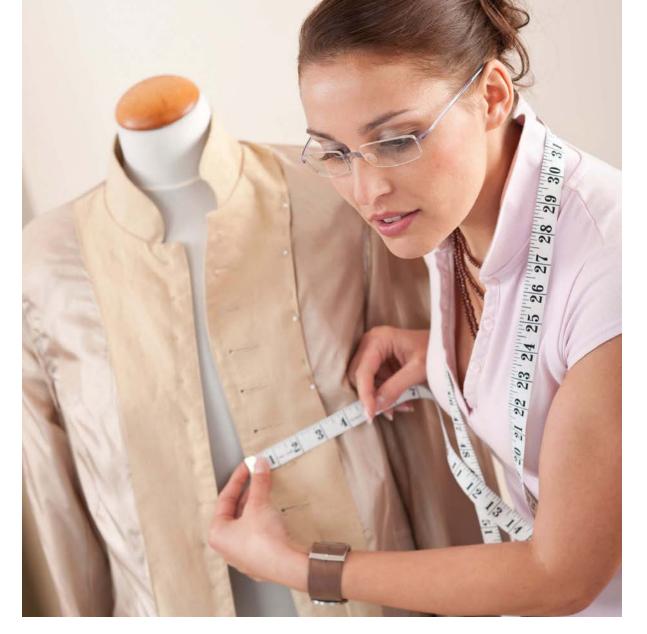
Before You Leave…

One of the key findings supported by the multivariate regression is fashion houses that lose designers actually can perform better because of their ability to benefit from departed designers' social capital.

First, research interviewees said that gathering information on what competitors are doing is critical because this is how houses gain insights on the newest and hottest trends, the ones that can ensure commercial success. When a designer goes to work for another fashion house, he or she maintains contacts at the former employer while creating connections at the new house. These contacts result in an informal communication bridge, and the source house can learn what is going on in a competitor's establishment. The insights collected from different competitors can enable source houses to generate new ideas and combine existing ideas in creative ways, which can lead to critically acclaimed fashion collections.

In the fashion industry, famous designers pay a lot of attention to their assistants and apprentices and maintain close relationships with them. For example, Japanese designer Rei Kawakubo, creator of award-winning brand Comme des Garçons, always keeps in touch with her protégés such as Junya Watanabe. He created his own label under Kawakubo's umbrella and in turn provided her with inspiration for her own activities.

This holds true in many other industries where alumni maintain close ties with their former employers. International consulting firm McKinsey & Company and global consumer products manufacturer Procter & Gamble, both leaders in their respective fields, maintain strong networks of departed employees who feed them information about clients or competitors.

Second, according to the interviews, departed employees can impact a fashion house's influence in the industry and elevate its brand and reputation, which can help attract top talent. These employees expose competitors to the source house's operating philosophy and principles, which increases the industry's perception of the house's creative leadership. Thus, fashion houses such as Prada

or Marc Jacobs have become platforms of recognized creativity. This is not dissimilar to GE's impact on leadership development. The organization is a globally recognized factory of talent, spawning leaders of other large, global companies such as Home Depot.

In the case of Prada, Marc Jacobs and others, designers join these houses for a while, learn the fashion trade there and hone their respective skills — generally with a clear focus, for example, on ready-to-wear, knitwear or leather — and move on to work for other houses, spreading positive buzz about their former employers and contributing to their old brands with their new success. Interviews revealed that top fashion houses are well known for sharing their influence on the industry by letting their designers work at other places for short stints. For example, Lanvin's designers recently collaborated with H&M to create collections for the popular clothing retailer.

Wait, Don't Go

Obviously, losing too much talent to competitors also can be bad for an organization. In the multivariate re-gression used in the study, data revealed that after a certain threshold, losing designers can have a negative impact on a fashion house's creative output. Too many departures can lead to a painful case of information overload. When too many people leave too quickly, the source fashion house often cannot integrate all of the insights received from incoming talent who bring various sources of inspiration and information from competitors. Too much information can lead to contra-dictory messages, which can paralyze decision making.

Further, losing too many people can be disruptive to a house's day-to-day operations, increasing uncertainty among the remaining designers as well as feelings of instability. The lack of focus and direction inherent to a continually revolving talent door could actually cause a fashion house to lose its brand's soul. Finally, as one senior executive at a major high-fashion firm pointed out, houses also can lose the aura of those designers — their notoriety — which is acquired through their presence in the media, their connections with other

Brewing Up Culture

Post joint venture, MillerCoors brewing company used employee assessments to unify its culture and promote employee development and team building.

A company can be defined by many things: its products, services, leaders, profits. These tangible elements can build awareness, shape perception and contribute value to the company, its consumers and its investors. But how do companies define intangibles like culture? Is culture so important? MillerCoors would say "yes."

For one thing, it can affect the bottom line. A strong culture can promote substantial increases in net income, revenue, employment and stock price, according to John Kotter, co-author of *Corporate Culture and Performance*, in a recent post on Forbes.com. In the long term, culture can build the foundation for what makes companies great — trust, drive and incredible talent willing to go above and beyond to provide the products and services that consumers love.

In 2008, when Miller Brewing Company and Coors Brewing Company came together as part of a joint venture, defining, creating and building a successful, unified company culture was essential. Creating a culture to build engagement, advance high performance and deliver on both the vision and the bottom line is challenging, and the process requires continual effort, analysis and development.

Miller and Coors took advantage of an opportunity to combine forces. The collaboration between the second and third largest American brewers would build market share and greater scale, develop a national brewery network to get beer closer to its customer base, and deliver significant annual savings.

The move saw quick returns, delivering substantial profit despite a weak industry environment. However, building the right culture and boosting employee engagement were necessary to drive and maintain sustainable success.

"Our goal was to take the best elements from Miller and Coors and create a new, universal MillerCoors culture," said H. Muir, senior consultant of learning solutions at MillerCoors. "Two very distinct companies were coming together, so we looked to both commonality and best practices to develop behaviors and habits for the organization that drive our work, teams and culture."

Starting out of the gate fast and seeing immediate positive impact were both crucial. Muir explains it as "not dropping a case of beer. Management and HR needed innovative ways to help our employees find clarity, understand the change, come together as new teams and execute their business objectives without surrendering any volume or share to the competition — and it had to happen quickly."

Building a Unified Culture

HR leadership looked for a creative strategy to jumpstart the process and developed multifaceted employee development programs that will include learning and leadership tools and a corporate university.

Fostering an atmosphere of openness and trust was a building block of this strategy. "We wanted an objective, common language founded on respect for the individual that accentuated performance and strengths," Muir explained.

MillerCoors used employee assessments to bring people together. The assessment-based program focused on these elements:

- Employee self-awareness and strength-building based on individualized personality knowledge.
- Communication and team enhancement based on an understanding of personal stylistic preferences.
- Process and project improvement based on a clear definition of how processes fit within employees' work styles.

Emergenetics, a thinking and behavioral assessment and personality profile, was one of more than 2,000 training and development tools that both companies' HR groups brought to the table. It helped interpersonal and team development by enabling teams to operate quickly in two ways:

1. The assessment was a staple instrument for the Coors team; leaders already had taken it and were familiar with its methodology and results, and trainers already were certified.

2. The assessment could be done on a personal or team level in a half-day introductory course, and it helped remove barriers to interpersonal development and effectiveness by creating a common language — colors and attributes — for teams to use going forward.

"With an instrument like Emergenetics, you quickly see who is on your team, where their strengths lie, and how they think, behave and communicate," Muir said. "It helped us build a process to value the individual and get things done via relationships."

The assessment measured left-brain/right-brain and abstract/concrete thinking styles as well as expres-

Top: Trainer Deborah Peterson facilitates a workshop in Singapore highlighting how brain science can be used to boost team performance. Bottom: Facilitators at the Emergenetics Brain Summit work on problem-solving activities.

siveness, assertiveness and flexibility in a behavioral context, and addressed the challenge of finding the right talent to fill teams through a model based on cognitive diversity. Essentially, MillerCoors' teams were formed, post joint venture, based on how individuals' thinking and behavioral components meshed.

Cognitive diversity is important to the company and has proven benefits for talent management. Consider research findings from Harvard and Stanford universities published in *Social Neuroscience* in 2007, which reported that "knowledge about brain systems can not only be used to compose teams, but also provides insights into how teams can best perform."

According to Jim Sheehy, vice president of procurement for MillerCoors, this proved true in practice as well. "We discovered our procurement team was actually

cognitively diverse … and we saw high performance through a lens of strong leadership and a collaborative environment that built on the team's diversity."

Trust and Team Effectiveness

One key building block for team effectiveness is trust, which can lead to profitability, and MillerCoors viewed it as critical, especially in a joint venture environment.

"If I'm used to my own culture, and now I have a new culture and team that I'm unsure about, how do I trust myself and others to be able to perform at a high level?" Muir asked, explaining the sentiment from employees as they were being thrust into new roles, responsibilities and teams.

Using personality assessment and team-building tools accelerated the formation of the MillerCoors team

model and provided stability by enhancing trust in the following ways:

- **Awareness:** The assessment was based on a platform to increase awareness of team members' strengths in a nonjudgmental way.

- **Definition:** The assessment helped define trust for individual teams. It also helped them understand how team members viewed trust differently and how this affected their outlook and work style.

- **Speed to proficiency:** Identifying and leveraging individual and team work styles with the assessment enabled more efficient communication, meetings and team interaction.

> By establishing MillerCoors University, the company prioritizes a people-driven culture through talent development and a collaborative atmosphere.

If trust could be built, then MillerCoors could attack the challenge of developing effective team processes, which subsequently could be used to strengthen employee buy-in for a new organizational culture.

In order to stoke employee engagement and create a high-performing workplace as quickly as possible, MillerCoors' learning and development teams looked for innovative ways to advance these processes. According to Muir, the absence of proven, mature processes could not be allowed to hinder growth and development.

"Employees need a context for working and a structure that maximizes the chance for success," he said. "Using a personality assessment gave us an off-the-shelf, immediately applicable way to provide insights on the way people work and relate to each other."

In addition to relationship building, MillerCoors also wanted to use personality insights to diagnose and solve team blind spots. These can range from communication issues to team dynamics, but in all cases, they are a stumbling block to high performance.

One team had tendencies that centered on social/relational and conceptual/big-picture thinking and had a driving, competitive nature on the assertiveness spectrum.

"It was a brainstorming, innovative team culture," Muir said. "They had a ton of great ideas and a competitiveness to showcase them. But the team needed prioritization and a more ordered approach to ensure that ideas came to fruition." The assessment clarified the team's blind spot and identified the need for more structural ways to get things done.

Focusing on Culture

MillerCoors prioritized a people-driven culture through talent development and a collaborative atmosphere, and the establishment of MillerCoors University (MCU) aligned learning and development solutions with the company's strategies and goals. Tom Reed, director of leadership development at MillerCoors, said that MCU helps build "the skills needed for today and the talent needed for the future."

MCU specifically approaches collaboration via mentorship, and the company provides three different types of employee mentoring programs: open mentoring, leadership mentoring and group mentoring.

Open mentoring is a vehicle any MillerCoors employee can use to find a mentor. Leadership and group mentoring programs both use assessments to accelerate relationship building and to help facilitate trust in the mentor/mentee relationship. Along with quicker engagement, the assessment provides a more defined way for top leaders to assign work to mentees based on individual preferences and work styles. Results can be seen in growth; the number of mentoring relationships at MillerCoors more than doubled in 2010.

MCU also fosters employee development through programs such as The Ken Blanchard Companies' Situational Leadership and FranklinCovey's The 7 Habits of Highly Effective People. MCU trainers link the assessed thinking and behavioral elements into core aspects of these programs and accelerate learning by connecting personal styles and approaches to the program content.

For MillerCoors, these are just pieces of an overall focus on culture that recognizes the importance of harnessing individual strengths to build a greater whole. Culture is not an easy concept to actualize — especially in a growing, evolving organization — but MillerCoors has created a foundation that will continually develop its employees and grow its vision to become America's best beer company. **TM**

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The other key development focus area is when you become a manager of managers or a senior manager. We call that our senior leader development program. Our last one is called Advanced Leadership Program, and that is for executives from new vice presidents up to our CEO's direct reports. Our CEO teaches in that program. This program is focused on those who take a broader, strategic leadership role. Every one of our management committee has been through this program, as have 90 percent or more of our officers. Leadership is something you're constantly honing and refining; it doesn't mean just because you're senior that you have to stop enhancing your leadership skills. We place a huge importance on developing leadership capability no matter where you are in your career.

The third area is around assessment, and this gets into succession. The first element is how we assess leaders. As a result of those assessments we think through succession in terms of your career plan in the organization and what roles would be good fits. We call it being on the succession slate. We assess that through our talent roundtable process. It's an absolutely huge investment, not just in terms of dollars but in time: our CEO's time in terms of being in every one of those advanced leadership programs, our senior officer's time attending leadership programs and senior folks' time at these roundtables talking about talent. We deeply believe that the strength of the talent pool drives organizational success and performance, and the way you strengthen a talent pool is by focusing on selection, development and assessment.

TM: What metrics have you gathered to prove ROI?

MALONE: You can track shifts in people's leadership capability scores over time; the ultimate measure is looking at business performance over time. But you have to fundamentally believe that a focus on talent is connected with business results. You can spend a lot of time measuring the component bits and still not have a lot of impact. In this organization we have very strong leadership competence focusing on the development and assessment of people. It drives business performance, and not just from a metric perspective but from a values perspective.

How do you determine that you are actually strengthening your talent base through all of these practices? The ultimate measure is that your business performance has improved, and when we look at ours over the last three years, it has been incredibly strong. We have moved from single-digit net income growth numbers to double digits. We have moved from being a laggard in terms of customer experience to second in the market and closing that gap on the number one competitor. We have significantly moved the dials in terms of the business metrics you would look at, and we're looking at more leading indicators such as, have

we shifted the 360 scores of leaders, are we strengthening leadership capabilities, are we able to promote people more internally versus externally.

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

MALONE: It's interesting because the Canadian economy has not been hit as hard as the U.S. economy, so I still see retaining top talent as a significant issue, especially when you think about a global marketplace for talent. How do we focus on retaining our best? One, they should really have a clear sense of how the organization perceives their potential. They should have a clear view to career opportunities available. They should have mentoring and connection points with many senior individuals in the organization.

When you're attracting talent, there are all the usual things — how you compensate people and the exciting

> **"Leadership is something you're constantly honing and refining; it doesn't mean just because you're senior that you have to stop enhancing your leadership skills."**

assignments that are created — but the biggest attraction right now is we have a pretty compelling story. We've moved from being a middle-of-the-pack bank to being one of the fastest growing North American financial institutions. The performance results we've had are really impressive, but it's more than the financial aspect. We're carving out a vision in a category that hasn't historically been known for customer experience and have some really great proof points that we're achieving that vision. We attract people that like ambitious change and being almost an underdog that is achieving great results.

TM: What's next for your organization in terms of talent management?

MALONE: There are two areas that we continue to focus on around talent development. We don't see ourselves at end of job, so continuing to focus on talent development in both the formal and informal ways and thinking about what kind of development — whether it's coaching, feedback, job assignments that individuals need to move to the next level of capability — is an area of importance to us. Connected to that would be continuing to strengthen succession planning for key roles and ensuring that we have the absolute best and the most diverse talent considered. **TM**

designers, and in some cases, their ties with influential clients such as movie stars.

Whether the net effect of designer departures on performance is positive or negative depends on the number of companies to which these designers go.

According to the multivariate regression analysis, the maximum positive effect from outward personnel mobility occurs when a source house's designers leave to work for three to four other houses over a six-year period. If the house loses designers to 12 other houses over the same period, the effect on performance is devastating; however, when the house keeps all of its designers, there is no performance improvement.

These results suggest that companies must have strategies to manage departing talent in addition to strategies to develop existing talent. These strategies have to be developed with input from senior leadership and implemented by talent leaders. Letting people go does not mean companies should forget about caring for talented employees. On the contrary, they should pay extra attention to talented people when they leave by developing and managing alumni networks through online platforms and formal and informal events, as well as outplacement strategies.

To help talent managers and senior executives think systematically about how to benefit from employee departures, here are six key questions:

1. Do we keep track of the companies where our alumni now work?

2. If our employees decide to leave, do we help them find new places of employment?

3. Do we stay in touch with our alumni after they are gone? Do we organize regular formal and informal meetings, or communicate with them through other means?

4. Are we willing to hire our alumni back?

5. Do we provide our alumni with a platform to communicate with each other?

6. Do we encourage our current employees to communicate with our alumni?

Letting talent go can be healthy. The biggest beneficiaries of talent loss will be firms that recognize the value of departed employees and their social networks and understand how to leverage this to competitive advantage. In the 21st century, the bottom line is that the global economy must learn how to benefit from well-managed professional mobility. **TM**

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panded the program to other pivotal roles within the company. To determine similar roles, the company's senior human resources team collaborated with executives from all business segments to determine the key roles critical to each segment's success. Leaders were asked questions such as, "Which roles are critical to help drive business growth?" and "What are the roles where a sub-performer could cause the most damage to your business?"

From these meetings, BD determined that a handful of pivotal role pools existed within the organization with 327 employees currently positioned in those roles. For BD, pivotal roles were general managers along with specific roles within research and development and key functional areas such as finance, supply chain and procurement. Those 327 employee positions represent only 1 percent of BD's entire employee base, thus illustrating how pivotal programs are highly targeted to those individuals who truly make a difference in a company's business strategy.

Limited Resources Influence Programs

With the benefits of focusing on pivotal roles clear, the next question is: What is the best way to fit this into a talent management strategy?

Although the economy is turning around, company executives remain financially cautious, and most HR leaders have limited resources. Talent leaders must therefore take a close look at their business. Where are they today? What are the current, critical initiatives? What are the long-term strategies? What skills and teams will be needed to ensure the organization meets its short- and long-term initiatives? What kind of assessment processes are in place to ensure a seamless transition of talent when needed?

Talent leaders also may wonder if they should focus on pivotal leaders or high-potential leaders. Where will they see more financial rewards? Often pivotal roles focus on the immediate, critical initiatives needed to execute the strategy and drive current operational performance, whereas high potentials are, by definition, talent assets needed to build for the future.

Both are necessary; it's not an either/or scenario. Pivotal leader and high-potential programs should dovetail. In fact, pivotal leadership positions often are powerful development opportunities for high-potential employees. A talent management strategy that leverages both in a strategic, cohesive approach will be an effective use of scarce development resources and will help to ensure a company's success now and in the future. **TM**

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Repeat Behavior

The connection between your reputation and mojo, the positive spirit that starts inside and radiates outside, should be self-evident: What people think of you affects how you feel about yourself. But we're often unaware of the many ways our reputation is formed through misinformation.

For one thing, people usually bring their own agenda to any interpretation of "you." If you do something that affects them in a negative way, even though you were proper, well intentioned, or acting for the greater good, that negative impact will color their opinion of your action.

Our actions are also distorted by conventional wisdom about us — what people have heard or observed firsthand. This isn't necessarily bad. If you're in any public forum where you are perceived as the most authoritative voice, initially you will receive greater deference from others, no matter how inane or misguided your comments.

The flip side is also true. If people have heard bad things about you, they'll look for bad behavior. Even when you fail to sink to their low expectations, they may put a negative spin on behavior they would otherwise excuse in someone with a more positive reputation.

The nuances of interpersonal dynamics — mostly other people's preconceptions — help mold our reputation. In small doses, their impact is limited, but if left to accumulate unchecked, they inevitably become a reality we have to deal with.

You can form or change your reputation, but it's not easy, and it takes time. Your reputation is rarely if ever formed by a one-time catastrophic event; people can be extremely forgiving. I remember a friend in the entertainment business who bet millions of his company's dollars on a TV project. The project was a failure, and the thinking among all who knew him was that our friend's reputation would be forever tarnished by this colossal misstep. But his

> ## Reputations are formed by a sequence of actions that resemble one another.

reputation actually got a favorable bounce from this episode. He came to be seen as a daring swashbuckler, someone who wasn't afraid to swing for the fences, while others chipped away for singles and doubles. Before long, his catastrophe was perceived as a big bet that simply didn't work out.

Paradoxically, people can be less generous after a one-time triumph. If you do something terrific early in your career or in a new job, people will credit that to your emerging reputation. But they also will wait to see if you can repeat the success.

Reputations are formed by a sequence of actions that resemble one another. When other people see a pattern, that's when they start forming your reputation. For example, one day you're asked to make a presentation in a meeting. You give a great presentation, emerging as someone who can stand up in front of people and be commanding, knowledgeable and articulate. If you repeat the performance a few more times, eventually your reputation as an effective speaker will solidify.

Negative reputations form in the same unhurried, incremental way. Say you're a fresh-faced manager looking at your first big crisis at work. In this instance, you do not distinguish yourself as a leader. You fumble and your group takes the hit. Fortunately, this is not the moment when your reputation as someone who can't handle pressure is formed. But the seed has been sown, and people are watching. Only when you demonstrate effectiveness in another crisis, and then another, will your reputation for not wilting at crunch time take shape.

What's really puzzling is how little thought many of us give to the power of repeated behavior. We're always on the lookout for it in others, scanning for patterns in how they respond to us, the way a poker player looks for an opponent's tell. But we rarely apply that insightfulness to ourselves. The customer who pants like a craving dog when he hears that others are interested in the same deal probably doesn't notice that about himself — if he did, he'd change his ways.

Because we don't keep track of our repeat behavior, we never see the patterns that others see. Yet these are the patterns that shape our reputation. You may feel an impulse to challenge this contention. But when was the last time you conducted your own behavioral review and kept track of your repeat performances, good and bad? TM

About the Author

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