TM talent management
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10 FORCES SHAPING THE WORKPLACE OF THE FUTURE

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HUMAN CAPITAL MEDIA

Cold-Filtered Collaboration

I thought twice as my finger hovered over the keyboard, poised with one simple stroke to jettison this person from my life.

For those of you on Facebook, the situation may be familiar. One of your online "friends," likely someone you haven't seen in years, posts something you find politically or socially repugnant. First, it angers. Then it astounds.

The human tendency to ignore incongruent ideas could put efforts to promote workforce collaboration on ice.

Your next reaction — to find the button that will remove this person immediately from your online life — is where I stopped myself.

In this case, it was a comment about illegal immigration that set me off, something about how border crossers are a drain on the economy and the predominant source of crime. Don't get me wrong: Illegal immigration is an issue with far-reaching consequences. But, to me, those consequences pale in comparison with the economic ones.

A growing population is the wellspring of economic might. The birth rate in the United States — estimated at 2.1 children per woman — keeps the population steady, barely. Done right, immigration policy is the answer, encouraging the world's best and brightest students to get their education stateside and stick around to set up shop. In labor-intensive industries, it can provide a source of cheap and effective workers.

When we demonize illegal immigrants, we risk our economic future and the nation's status as the top destination for talented, creative and motivated people. Some likely don't agree and they have valid arguments. But whether or not you agree isn't the point. What I realized, as my finger prepared to delete this friend, is just how easy it is to occupy a self-created chamber filled with voices and viewpoints similar to mine.

Mass media and the Internet give us access to an unprecedented diversity of information. Social networking sites like Facebook expose us, in theory, to a wider range of people than ever before. But rather than expanding our views, the Internet and its many wonders may actually reinforce our own partiality to others who think and act like us.

The tools and technology we use may be amplifying that tendency. In *The Filter Bubble: What the Internet Is Hiding From You*, Internet activist and author Eli Pariser makes the argument that search technology and the algorithms at the heart of recommendation engines like the ones used on Facebook and Amazon filter and personalize the Internet for us, making it less likely that we'll find information that challenges our existing views and biases.

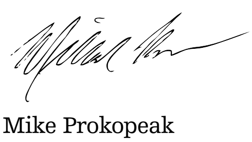
Ironically, the more we connect to one another on sites like Facebook, the less likely we are to encounter information and ideas that spark new ideas. Instead, we seek out people and sources that reinforce our own way of thinking and filter out those who don't.

It's a form of what scientists call confirmation bias, the tendency to selectively latch onto information that confirms our existing beliefs or ideas and ignore evidence to the contrary. Even highly trained researchers, with their focus on empirical facts and experimentation, have been shown to be subject to it.

Faced with volatile business conditions, lean workforces and competitors that pop up seemingly overnight, many organizations are turning to employee collaboration. It can shorten cycle times, boost results and promote innovative and divergent thinking, as well as have the pleasant side effect of boosting employee engagement and job satisfaction. Many companies are investing in or developing sophisticated internal collaboration systems to boost employees' ability to work together across traditional silos.

As that happens, talent managers need to ensure that increased connection spurs the healthy clash of ideas that is essential to innovation. That means actively managing it by putting people from different functions and backgrounds together in ways that manufacture difference, teaching managers how to manage conflict, helping employees negotiate competing priorities, and continually making the case for why collaboration is important.

Allowing that all-too-human tendency to filter out incongruent people and information to creep in could put one of today's hot management priorities on ice. TM



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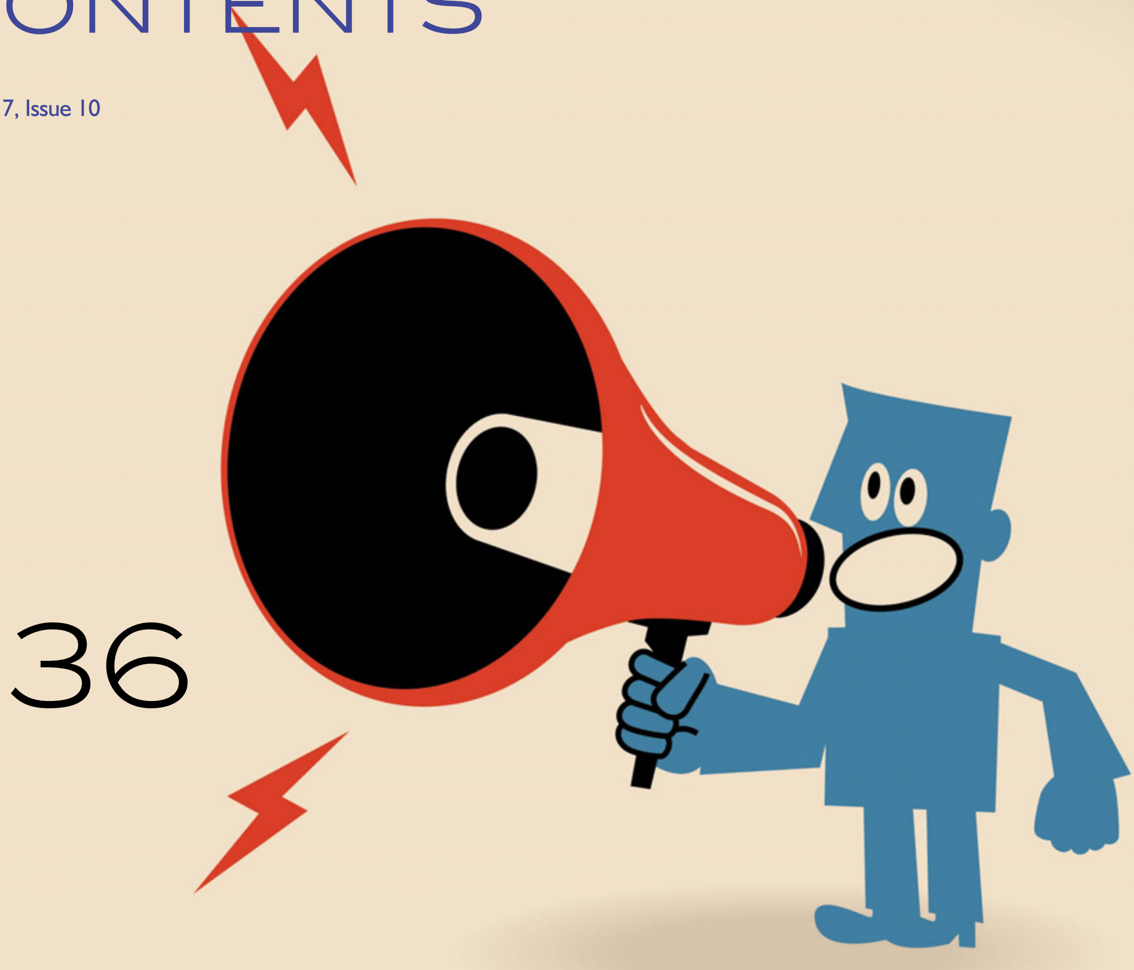

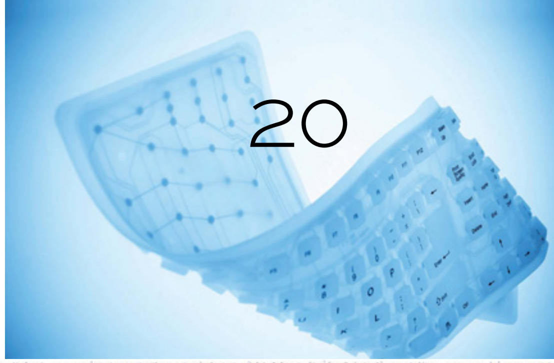

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Revisit Heirloom Ideas

What will it take to feed a world with a population of 9 billion people by the middle of the 21st century? The July 2011 National Geographic issue suggests it will depend on preserving the biodiversity among varieties of food crops such as wheat and potatoes, and domesticated livestock such as chickens and cattle. Sobering statistics suggest that since the early 1900s, the number of widely-grown varieties of foods such as tomatoes, corn and squash has dropped by as much as 99 percent.

Many outdated plant varieties were especially well-adapted for the increasingly challenging environments being produced by global climate change and were resistant to the rapid evolution of crop-related diseases. These now-rare crops and breeds are the product of centuries of hard-won victories by local farmers to develop crops suited for their particular situation, such as cattle that can basically live without human tending. When these practices were abandoned in favor of the efficiencies of farming single varieties, it created a dangerous reliance on assumptions that the world would not change, and that these unusual varieties would not be necessary.

This reminds me of a tendency in talent management to forget the hard-won lessons of the past. I've been writing recently about evidence-based management and its implications for redefining the vision and goals of talent management and HR. In a nutshell, management is rediscovering that a great deal of knowledge about human behavior in organizations has been developed through decades of hard-won inquiry by scientists and researchers. Yet, the vast majority of that knowledge lies undiscovered and unused in academic journals that are seldom read by the typical HR leader or line manager. There are heirloom ideas that deserve attention.

For example, we have seen a healthy rediscovery of the pivotal role of the middle manager and useful suggestions that the collective rush to focus on leadership at the top may have skewed HR investments too exclusively away from the middle — as described in *Manager Redefined* by Thomas O. Davenport and Stephen D. Harding at Towers-Watson.

[Talent managers need to be more evidence-based in how they approach their work.]

Organizations have rediscovered the principle that engaged and committed employees with clear goal alignment are associated with stronger unit performance — see several case studies such as the Royal Bank of Scotland in the forthcoming book I wrote with Ravin Jesuthasan, *Transformative HR*. These are important insights, but it is also striking that a great deal of evidence about how and why engagement, goal setting and supervision work has been around for decades in the research conducted by psychologists, economists and anthropologists.

Like the seed banks of crop varieties, the scholarly journals and websites may hold a vast store of information that may seem outdated because it was discovered decades ago but may in fact be essential to success in a future dynamic world. The implication is that talent managers need to make the effort to be more evidence-based in how they approach their work by seeking out scientific research, and scholars must become more practice-relevant by making their research more accessible and applicable to the issues faced by those who practice talent management.

Just because a seed variety isn't widely grown doesn't mean it isn't valuable, and just because a scientific finding isn't widely known doesn't mean it isn't worth understanding.

For example, talent leaders could consider global biodiversity's implications for the way they define innovation and creation processes in their organizations. Like the small farmer or gardener whose seeds may hold the key to global sustainability or disease resistance, it may be the lone seemingly random idea from an obscure employee, or even an outsider, that is key to competitive success.

Increasingly, innovation is a product of cross-departmental co-creation, not the exclusive domain of a research and development or product development function. Companies such as Imaginatik and Interact Intranet now offer software and services for organizations to harness their own employees' crowd-sourced ideas.

Talent managers will increasingly need to consider how well they understand, respect, preserve and unearth the diversity of ideas that rest right in front of them, whether those ideas are locked in research journals or in the minds of employees. TM

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Ideas for Sale

Recently, I sat through a series of presentations by human resources practitioners and came to a familiar conclusion: HR has more software and management models than we know what to do with.

Practitioners described their programs and services as state-of-the-art and useful, yet still complained about not obtaining bigger budgets or being respected as contributing partners. For the most part, HR professionals are competent, pleasant and willing to help. Yet something is missing; otherwise, talent leaders would have the influence they seek.

It may be they don't know how to communicate with their customers. Communications is the most pervasive of human activities — next to thinking — but for HR the key skill often missing is the art and science of persuasion. Communication should lead someone to take action.

Great leaders are often born with inherent persuasive skills, but those of us not gifted with charismatic or persuasive talents have to develop them. Just as a skinny person can train to be a weight lifter, a shy or quiet person can train to be more persuasive.

If we want to be successful we have to sell our ideas. Even quiet geniuses like Einstein and Darwin had to build compelling cases to gain acceptance. We have to obtain resources to do our jobs, to contribute to the success of our organization and to get ahead in our profession. We cannot expect others to grasp the value we see if we don't show them the way. There are many selling courses on the market, but they all boil down to five principles:

First, you have to grab the customers' attention. Everyone is busy, bombarded with demands for service and probably short on resources while long on anxiety. Get on the customers' side. What can you say that will cause them to stop and listen? You only have a minute or two to connect. The rule is you must relate to their world; you might start by bringing up one of the organization's major initiatives or goals.

> **[We have to obtain resources to do our jobs, to contribute to our organization's success and to get ahead in our profession.]**

Second, once you've caught their attention, you need to very quickly follow up with something that directly affects them. This is how you build credibility — by showing customers you understand their world and have an idea of what they will find useful. If the initiative is about cost control, product quality, customer service or talent retention, you can ask how it is affecting them. But, do your homework before you pitch a solution that doesn't fit their problem.

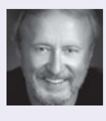
Third, establish the customers' need for your idea. You developed interest by mentioning their problem. Now you show how they need your idea to solve it. They won't be interested in a performance management or employee engagement program unless it solves one of their problems.

Fourth, be prepared to deal with objections: plan ahead for the probability that they will not understand your solution or will look for excuses. Think about how to turn objections into good reasons to do it.

Fifth, go for the close. In the course of your discussion you want to develop a series of positive responses from the customer. Again, if this is an important issue you need to plan for every objection that might come up. When you turn an objection into a reason for buying, quickly reinforce it with another buying point. Then, when you sense the person is about ready — they may pause to indicate they're ready to take action — take the last step and suggest when and how to start.

You can dress for success, make eye contact, speak authoritatively and use other devices. They're all good, but they aren't enough. My dad was a sales manager, and he taught me that preparation and rehearsal were the secrets of great sales people.

We don't buy products. We buy hope. Whether it is a pretty dress or a new golf club, we hope the new purchase will make us more attractive or competent. What are cosmetics about if it isn't hope for beauty? What is a new putter about if it isn't the hope of lower golf scores? Show how your service will fulfill the client's hope for success. Everyone will buy that. TM



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Predicting Success

Predicting who will move furthest, fastest is the key to a successful talent review process. Unless you do this, it's impossible to differentiate how to invest in strategies to grow talent or to do succession planning. By definition, succession planning predicts who will be able to move into a role or level at a certain point in time. An inaccurate process is not only a significant waste of resources but can jeopardize the company's future.

You can make your talent review process more predictive and effective by improving its simplicity, transparency and level of accountability.

Simplify how you identify high potentials. Elaborate competency models don't often predict which managers succeed. Sometimes they fail because the models are lists of good managerial and leadership behaviors, not the few vital behaviors that differentiate success. Often, they quickly become outdated as the organization's strategy changes. By the time you've developed and implemented a certain type of model, it's only likely to be accurate for a few years at best.

Solve this problem by creating your high potential model during the executive team talent review. After you've completed your calibration discussion, ask the meeting participants which factors differentiate those in the highest potential category from those in the next highest potential category. The two or three factors they identify will be the operation's definition of high potential. Their answers may not align with your desired model and you may not even agree, but they're what your executives consider when they evaluate who has high potential.

Simplify the process by following these steps:

- **Use a performance and potential (PxP) matrix:** Most companies already use this to differentiate their talent. When used properly, it's the most straightforward and accurate way to understand the quality of talent.
- **Keep the PxP simple:** Use nine boxes at the most. For most managerial roles, you can't accurately differentiate people into any greater number of categories.

[Organizations' elaborate competency models often don't predict which managers actually succeed.]

- **Assess potential to advance:** Predicting success is the purpose of talent reviews. If you're defining potential as alignment to your company values, an individual's ambition or anything else, you've eliminated the process' usefulness to succession planning. Include in your PxP definition of potential a statement defining it as progress through levels over time — for example, one level in three years, two levels in six years — so it feeds into succession planning.

Assign clear accountability for follow-up. Too many organizations destroy the value of talent reviews by failing to execute on the agreed development decisions. This is most often due to a lack of process and accountability. The solution is as simple as this:

- **HR should record every talent action agreed to:** That might include the action, due date and the person accountable for executing each development decision.
- **HR should follow up on every action:** It is HR's responsibility to ensure the successful execution of every talent action identified during reviews. Once a month, the responsible HR leader should call or visit the manager accountable for the action to ensure it's moving forward. If it's not, they need to push for progress and elevate the issue if they meet resistance.
- **The list of agreed-upon actions should be the first agenda item at the next talent review:** It will be obvious who didn't do their job as the status of each item is read.

Turn up the transparency dial. You may not need to be 100 percent transparent about every talent review decision, but more transparency is typically better than less. You should:

- **Increase process transparency:** Let everyone reviewed in the process know that the process occurs and about the tools used, the topics discussed and the types of decisions that are made. The most transparent organizations post this on their intranet.
- **Increase outcome transparency:** At a minimum, anyone reviewed in the process should have a yearly conversation with their manager to discuss their performance and their potential to move forward. This step empowers employees to make the right career decisions.

If you can implement these few enhancements you'll find your talent review process accurately differentiates talent and allows you to make smart talent investments. TM

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The Case for Collaboration

By Mike Prokopeak

In the rush to get employees working together, talent managers risk overlooking the critical human factors that can make or break collaboration initiatives.

Canadian telecom Telus faced a set of challenges familiar to many organizations. On one hand, the notoriously cutthroat telecom market was pushing it to develop innovative products and services faster and more efficiently to compete for customers.

On the other hand, despite being recognized as one of Canada's Top 100 Employers, surveys were showing the British Columbia-based company's 35,000-strong workforce was looking for a more engaging, empowering and collaborative work environment.

Faced with that familiar set of pressures — increasing competition and rapid market change on one side, a dispersed global workforce with shifting expectations on the other — the company set out in 2008 to transform from a hierarchical top-down model to a more open one.

"We wanted to be, if you use Renee Mauborgne [co-author of the business book *Blue Ocean Strategy*] language, a blue ocean organization as opposed to a red ocean organization, which denotes a much more innovative and collaborative organization to try and outwit

ON THE WEB

To read more about Forrester's rollout of the HERO Platform, read Josh Bernoff's blog at bernoff.com.

your competitor," said Dan Pontefract, senior director and head of learning and collaboration for Telus.

Telus is not alone. Many organizations, large and small, global and local, are implementing employee collaboration systems to boost innovation and create a more agile and responsive workforce able to compete in a fast-paced, volatile global business environment. But in the rush to implement systems, from off-the-shelf products such as Salesforce Chatter and Microsoft SharePoint to vendor-provided add-ons to the existing talent management system such as Saba's People Cloud or custom-built, in-house tools, many talent managers are overlooking the critical human factors that can make or break workforce collaboration initiatives.

The Case for (and Problems With) Collaboration

Like Telus, many companies are implementing collaboration initiatives to boost innovation and employee engagement. Some have specific objectives in mind, such as decreasing production cycle time, boosting operational efficiency or improving customer service scores. Whatever the stated purpose, collaboration systems should do two basic things: help workers find answers to problems and connect them with others capable of helping them, said Josh Bernoff, senior vice president, idea development, Forrester Inc. and author of *Empowered*.

"People connection to information, information connection to people — that's really the heartbeat of any one of these collaboration systems," he said.

Led by Bernoff, Forrester is implementing its own internal collaboration system, the HERO Platform, for the company's 1,200 employees. The system aims to create HEROs, highly engaged and resourceful operatives.

"Unlike the superheroes that we hear of in comic books, being a HERO in a corporation is not a lonely activity," Bernoff said. "You need a lot of help. You need to find people who are experts in everything about the company from corporate communications to technology to finance. Without a system that really eases that connection, you are not likely to succeed."

Most employee collaboration tends to take place by email, with an assist from the telephone, instant messaging and video. A corporate intranet provides a place to post and share documents and information. Forrester's HERO Platform created a social interface on top of that intranet featuring news feeds, community

When it comes to employee collaboration, developing and implementing initiatives that will deliver results is a marathon, not a sprint.

and group functions and discussion features much like those familiar to many users through Facebook and other consumer network sites. The aim is to help employees more easily make connections with others and get access to the information, people and resources needed to be successful.

Bernoff and the HERO implementation team analyzed the Forrester organization before implementing the system to identify specific needs and capabilities required, such as making sure it was accessible to the company's mobile, dispersed workforce. But like many shiny new corporate objectives, some organizations shoot first and ask questions later, implementing systems without clearly defining objectives and communicating them to employees.

"You don't just send an email to everybody in the company and say, 'Collaborate — click here for our collaboration system,' and then expect it to work. It's a rollout and it takes continual planning," Bernoff said.

On top of that lack of planning, some organizations fail to find and empower the right leaders to see the implementation through. There needs to be a leader, widely and deeply connected throughout the organization, who cares about and monitors it.

"The people in the IT department are not in a position to be successful with that by themselves," Bernoff said.

Even a successful launch of a new collaboration system is no guarantee. Looking back at collaboration activity six months later, activity on the new system often dwindles, Bernoff said, and people have drifted back to the way they were doing things before. It's rarely a technical problem with the collaboration platform and if it is, bugs are fairly easily fixed.

"The people element is much more likely to be a cause of failure than any technical issues," Bernoff said.

Top-Down, Bottoms-Up Implementation

Technology is important to successful collaboration, but it's not the most important element. Management commitment is necessary but it's not sufficient either. What's most needed to successfully implement collaboration initiatives is a sophisticated change management plan.

"You need to get people to do things differently," Bernoff said. "You need them to think about using this system instead of email because email is typically the default."

That shift, while simple in theory, is complicated in practice. When the launch is over and the bloom is off the rose, talent managers need to ensure the system remains interesting and engaging. That includes a plan to attract people and help them see the personal and professional benefit to using the new system not just at the start, but continually. A new system should have a clear plan and program in place to roll it out piece by piece, enticing people into the dialogue along the way.

"By programming it that way, you continually reinforce that it's worthwhile to go back, and bit by bit you change people's behavior to use the new system," Bernoff said.

Measurement of usage of the new system is important, but Forrester also looks at other factors such as number of ideas generated, efficiency metrics and reduction in email volume. Whatever the measurement strategy, it's important that incentives are aligned to reinforce and reward the plan. At the very least, if there is not a direct incentive to collaborate, make sure there is no active disincentive.

"If you are on one hand telling people, 'We need to cooperate more, we need to work together,' but you're paying them individually — you're paying them to beat out the other person — don't expect that you're going to get any substantial collaboration at all," said Rodd Wagner, co-author of *Power of 2: How to Make the Most of Your Partnerships at Work and in Life* and a principal at Gallup. "You're going to get people saying the right things and doing the wrong things."

Beyond capturing interest and managing the change needed to employee behavior and corporate systems, it's also important that collaboration initiatives are part of a broader, well-defined organizational strategy. Success lies in the objectives.

"At Telus, we would never have thought of just releasing collaboration tools and technologies without our overarching leadership framework, the Telus Leadership Philosophy," Pontefract said.

Moving from top-down hierarchy to a model that promotes leadership at all levels forms the core of that framework, all with the end goal of empowering individual employees to serve customers better. The collaboration tools and systems operate as part of a workflow to help others work better together, and they're tied into Telus' current state and future direction. Success is measured against two objectives: internal employee engagement scores and the company's net promoter score, a customer's likelihood to recommend Telus services to others.

"The collaboration tools are important but are not greater than the leadership framework itself, which inspires and pushes a collaborative behavior," Pontefract said.

Organizations need to beware that they don't present the collaboration initiative as a fait accompli. Development and the subsequent implementation needs to be a mix of top-down corporate direction and bottoms-up employee involvement, Pontefract said.

Over the course of nine months, Telus convened work groups, conducted Web chats and initiated discussion forums, eventually garnering input from more than 1,000 people that contributed to the development and direction of the leadership framework. Beyond generating ideas and commitment, that sort of involvement demonstrates the desired collaborative behavior.

"It would be hypocritical if we came up with it on the back of a napkin and then went top down [and said], 'Here it is,'" Pontefract said.

At Forrester, Bernoff and his implementation team deployed a "honeypot" strategy, identifying early adopters of the system and enlisting them to build communities of practice to attract more users.

Telus took a similar tack, recruiting stakeholders from business units as change ambassadors to take the collaboration principles, leadership framework and new connected model to the organization at large. The company then shared collaboration stories and models of the new leadership philosophy in action through case studies and employee communications.

"Some of this you might have to mine, some of this you can make part of your focus groups and your rollout strategy," Pontefract said.

Teaching Collaboration

Beyond the technology and plan, it's also important to remember to teach others how to better collaborate. People are naturally collaborative if they don't perceive a threat and they feel like their partners are looking out for them, said Gallup's Wagner.

Even with that natural orientation, it's important to help people be more deliberate about collaborating with one another. Some people need more coaching than others, particularly people in sales roles where competition is more natural.

"You can turn up the volume on their natural cooperative instincts and just make sure they do not make a misstep — in many cases an unintentional misstep — through lack of communication, through not appreciating the differences between the two of them and how their collaborator's working style may differ from their own, by making sure they have a discussion somewhere along the line of what their goal is and why each of them, maybe for separate reasons, value that goal," Wagner said.

Open and honest communication doesn't guarantee better collaboration but it increases the probability of it, he said. Leaders also can play a critical role by modeling the collaborative behavior they intend to create in the organization, starting with the CEO.

"They talk very directly about how they are collaborating with other individuals, and they are mature and confident enough to talk about what they do well and where their collaborators fill in the gaps," Wagner said. "There is this expectation in a lot of companies that the CEO needs to be everything to everyone and an awful lot of CEOs play to that and are quite afraid to show any sign of weakness."

Assuming the plan and technology are in place, leaders can accelerate collaboration initiatives if they speak about their own partnerships and how they incorporate them into their own leadership strategy.

Don't ignore traditional ways of teaching people to work together either. Telus launched an e-learning course as an introduction to collaboration. Not everyone will read a corporate blog post or attend a focus group, Pontefract said.

When it comes to employee collaboration, many companies are looking for the switch they can flip, but the reality is developing and implementing initiatives that will deliver results is a marathon, not a sprint.

"You have to be prepared over a three- to five-year period to put those key principles in place, to get ambassadors and change agents on board," Pontefract said. "It's like a 162-game baseball season, you've got to keep going up to the plate, you've got slug it out, you've got to play those nine innings every day." TM

ON THE WEB

Considering a collaboration initiative? Read tips and things to consider before implementing at talentmgt.com/tips-for-collaboration.

The Strategic Use of Flexibility

Cali Williams Yost and Donna Miller

Work-life flexibility is no longer a perk. It's a strategic way to manage talent, resources and costs — a tool to help employers and employees thrive.

As the dust settles from the Great Recession and a new economic reality emerges, businesses are beginning to take a hard look at how they can manage their talent for maximum business impact. The urgency to review and rethink is driven by leaner headcounts, larger workloads and greater stress as technology and globalization erase traditional lines between work and life. The result is a shift in expectations about how to manage responsibilities on and off the job. Businesses are moving beyond the traditional one-size-fits-all model of work and career and taking a more strategic, flexible approach.

Since 2007, Work+Life Fit Inc. and Opinion Research Corp. have conducted a biennial national study to track the state of work-life flexibility from the employees' perspective. The results of the 2011 Work+Life Fit Reality Check study confirm that new, flexible ways of working have gained traction since 2007. However, organizations need to do more. Helping employees manage the way work fits into their lives and organizations' profits and growth plans in a transformed economy will require making flexibility — informal and formal telework, flexible hours, reduced schedules and compressed work weeks — an integral part of the operating business model and culture.

Traditionally, that meant writing a policy or training managers. But strategic flexibility requires dedicating people, time and money to a coordinated culture change process — one that clearly defines a business' unique rationale for greater flexibility, establishes a shared vision of how managers and employees will use it and executes with relentless communication.

BDO USA LLP, the U.S. member of an international professional services firm with 2,500 domestic employees, started to build its flexibility strategy a couple of years before the economic downturn. Throughout the recession and the long recovery, the firm's foundation of flexibility held firm. It used telework to reduce real estate overhead, and flex schedules to match talent to workload in slower and busier periods. By rethinking how, when and where work was done, BDO reduced costly turnover — estimated to be as high as two times the salary of a professional staff member.

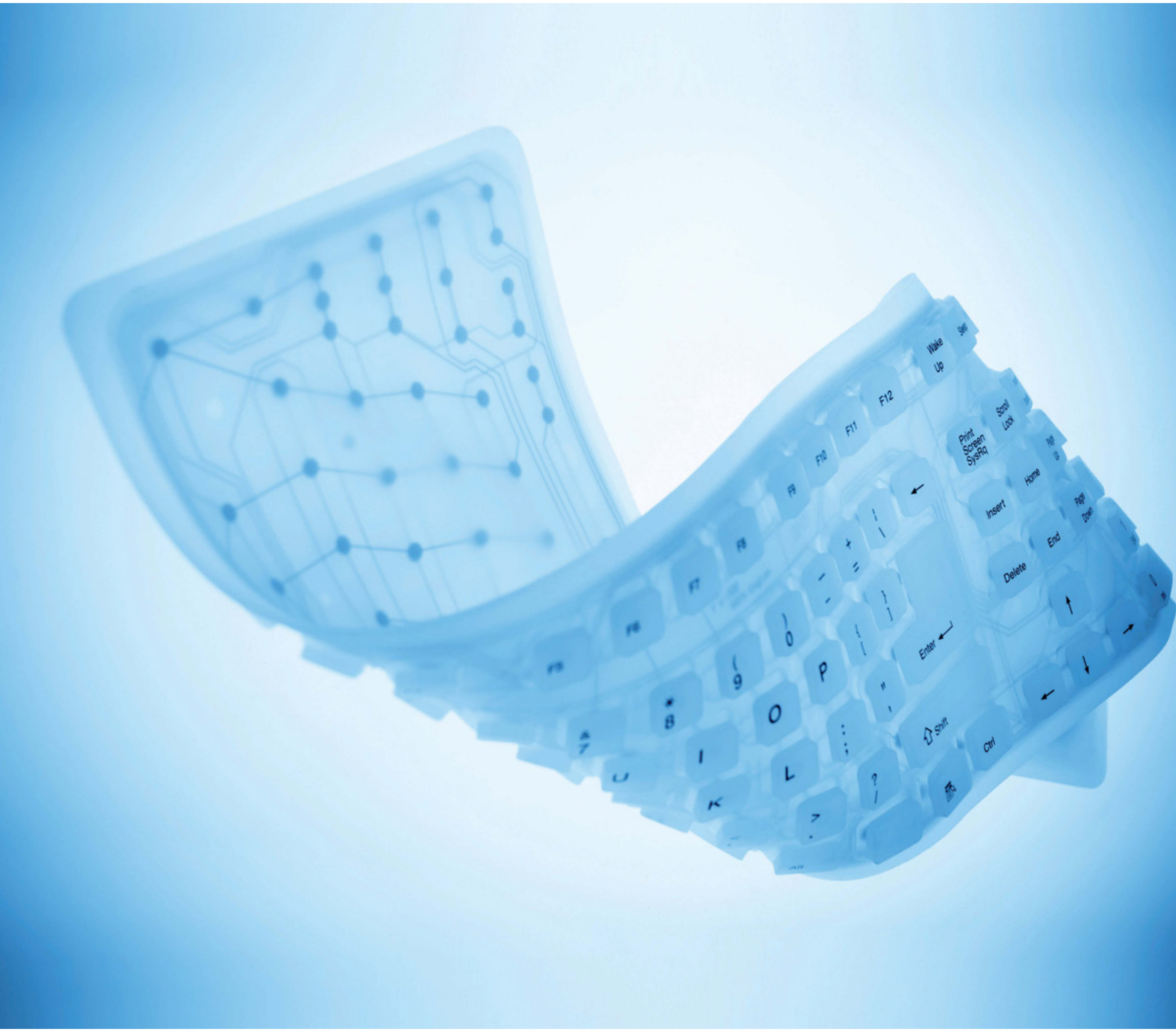
Flexibility: Here to Stay

One of the questions in the 2011 Work+Life Fit Reality Check employee survey was on how well workplace flexibility fared in the recovery:

- 76 percent of respondents cited no change in their flexibility since the recession began; 11 percent cited an increase.
- 82 percent of respondents stated they would not change their use of flexibility in the economic recovery; 10 percent anticipated increased use.
- 82 percent of surveyed full-time employees indicated they currently use some type of flexibility.

Flexibility is here to stay; however, the survey showed we've moved beyond one-size-fits-all options. When asked "which of the following types of work-life flexibility do you currently use?" the responses varied between some type of day-to-day, ad hoc flexibility (62 percent), formal flextime (46 percent), formal telework (33 percent), compressed work schedule (27 percent) and reduced hours (9 percent).

Because broad customization of flexibility is the expectation, when valuable employees cannot find the type they want, they will look elsewhere. Sixty-five percent of respondents who said they were looking for a new position in the coming year stated a more flexible schedule (32 percent), the ability to telework (25



percent) or the option to reduce hours for less pay (8 percent) prompted their job search.

To leverage the expectation of customizable flexibility, organizations must shift the broader perception of flexibility from nice-to-have perk to need-to-have management tool. Employees and managers must recognize its power to solve a variety of problems and get more done. People complete projects more productively working remotely without office distractions. Organizations expand customer service and support without paying overtime through flexible scheduling. In bad weather, the business doesn't have to shut down as employees log in from home. Yet for many in the workforce, flexibility is not seen as a solution to a broad range of issues. According to the Work+Life Fit Reality Check, half of all full-time employees either don't understand what flexibility is or think it's an employee perk.

Strategic flexibility is an ongoing conversation between a manager and the individuals who make up his or her team. Each participant in this problem-solving dialogue has the skill and support to play his or her role, and an awareness of the ways flexibility can help everyone manage their responsibilities on and off the job better. The Reality Check survey respondents said employee stress, health, morale and productivity all

Health Care Leaders Flex Work Styles to Team Members' Needs

Diana Duft

With the health care industry facing rising costs, a lingering recessionary climate and major shifts in regulation, effective leadership has never been more important. However, most clinical training doesn't explicitly teach leadership competencies — one of the most important of which is the ability to communicate and connect with team members in meaningful and motivating ways.

Work-style flexibility is also important for leaders. "Many health care professionals have earned leadership positions by being excellent individual clinicians and contributors," said Sally Durgan, associate director of leadership at the Center for the Health Professions at the University of California, San Francisco. "However, successful leaders do more work through others, who may vary greatly in personality and preferences."

To adjust their style to team members' needs, leaders must understand their team's responses as well as the underlying forces driving their own behavior.

"Self-awareness is key to developing social and emotional intelligence," said George Sweazey, president of GES Professional Development Inc. and coach and faculty member for several of the center's leadership programs. "Leaders who are cognizant of their style can hone behaviors that increase social flexibility."

To expand self-awareness, the center, which produces research and delivers health care system leadership programs, uses the Fundamental Interpersonal Relations Orientation (FIRO) model, a theory of interpersonal behavior developed by social psychologist Will Schutz. The model identifies three areas of interpersonal needs:

- Inclusion is about individuals in relation to groups and indicates how much individuals include others in their lives and how much attention, contact and recognition they want from others.
- Control is about both one-to-one relationships and individual behavior as part of a group and indicates how much influence and responsibility individuals want and how much they want others to lead and influence them.
- Affection is about the need to establish comfortable one-to-one relationships and indicates how close and warm individuals are with others and how close and warm they want others to be with them.

The model explores behavior in terms of wanted and expressed needs within these three categories. For example, people with high wanted needs for inclusion desire to be included in the activities around them, while someone with low wanted needs for inclusion isn't particularly concerned with the invitation. Expressed needs are outward behaviors. People with high expressed need for inclusion, for example, tend to include everyone in what they're doing, while someone with low expressed inclusion needs likely doesn't give much thought to including others.

Sweazey said in his experience, wanted needs directly relate to job satisfaction, while expressed needs most often relate to job effectiveness. For leaders, expressed needs become acutely important because they're almost completely relying on others to advance their initiatives. The challenge, therefore, involves flexing or adapting their own expressed behaviors to team members' needs.

The first step involves taking the leaders through several assessments, including the FIRO behavior tool, which identifies and measures their wanted and expressed needs. Durgan said this helps leaders recognize how they are inclined to behave when they aren't consciously thinking about what they're doing. Equipped with this self-awareness, leaders can define tactics to alter their interactions according to team members' needs and do what is effective instead of what comes naturally.

Brett Penfil, director of coaching at the center, worked with a participant who was interested in an executive director role, yet showed low expressed and high wanted control needs, preferring others take control and provide structure. After Penfil worked with her, she recognized that she needed to provide structure for her organization to fulfill her role successfully, and develop new skills to make this happen.

Sweazey said he also helps leaders hone behaviors that are within their comfort zone, yet require them to stretch. For example, leaders might have extremely low expressed need for inclusion, manifest by a lack of personal connections and, thus, a limited capacity to work through others. To connect meaningfully in a way that fits within their natural range of behavior, they might employ conversational icebreakers or arrive at meetings 10 minutes early to build relationships. TM

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would benefit from greater flexibility. Over the years, other research has shown that improvement in these areas has bottom-line impact by decreasing costs and improving performance.

Since it was first conducted in 1992, and most recently in 2008 by Families and Work Institute (FWI), the National Study of the Changing Workforce consistently has reported when people work for flexible and effective companies, they are more committed, satisfied, engaged and healthy. "The data clearly show that employees are more likely to offer that extra, discretionary effort that every organization seeks when they are able to work more flexibly," said FWI President Ellen Galinsky.

Getting Traction on Strategic Flexibility

Once the role of flexibility as strategic business tool is established, an organization must make it part of the operating model and culture. BDO built its strategic approach to flexibility on three commitments.

1. Identify a clear rationale for strategic flexibility that includes but does not stop at talent management.
2. Create a shared vision for how flexibility positively impacts the business and its people.
3. Communicate relentlessly and educate all employees on how to use flexibility to its fullest.

Articulating a business case beyond talent management is imperative. By broadening the possible applications to include, for example, client service, real estate costs and workflow planning as well as talent management, the organization gives flexibility a sturdier foundation upon which to grow. It's no longer a "nice to have, but non-essential" employee perk. Flexibility becomes part of the organizational DNA; a tool in a manager's kit to solve problems and seize opportunities.

For example, if leadership wants to open an office in a new location but doesn't want to lease space until revenue can support it, a core group of local employees can work from home. If revenue declines, the organization can forestall layoffs by reducing schedules and compensation for a period of time. Moving beyond the rigid traditional constraints of how, when and where work is done results in innovative solutions that can save money and generate revenue.

BDO's case for expanding flexibility evolved over time. At first, the business case was driven by the desire to attract and retain women. As more information was reviewed, it became clear that everyone wanted the ability to manage their work-life fit more flexibly. Nor was it simply about talent. The firm identified a number of issues that could be fully or partially addressed by being more creative in the way work is done. These included client service across time zones, project planning, staying open and operational during unexpected crises, matching the right talent to the business cycle and controlling costs.

Organizations can establish the strongest business case for strategic flexibility by asking a few questions: How can being more flexible in the way we work benefit our clients or customers? How can it help us work better and smarter? How can it help us save money? How can it make us more competitive? Add these questions to any the organization already asks about flexibility's impact on recruitment, retention and satisfaction.

Once a rationale is clarified, establish a shared understanding of how flexibility will positively impact all aspects of the organization day to day. After cascading a series of senior leader interviews, firm-wide group visioning meetings and a CEO-hosted virtual town hall, almost every person at BDO understood how flexibility would be used to serve people and the business.

BDO's resulting vision identified five areas that continue to be benchmarks for success. They are tracked in the firm's annual pulse survey: employee recruitment, client service, resource planning and management, employee job satisfaction and work-life fit, as well as open and innovative problem-solving.

Once employees and managers understand the basic "why" and "what" behind work-life flexibility, the organization must relentlessly replay the message to general and segmented audiences via a variety of online and live platforms. In conjunction with general communication, the need for specific "how to" training for leaders and employees cannot be underestimated.

At BDO, communication and education are carefully planned to maximize the use and impact of flexibility. Initially, a series of live meetings across the country launched the flex strategy to ensure everyone received the same message at the same time. From there, an interactive Web portal provided how-to tools, success stories and Web-based training.

To maintain momentum on a local level, subject matter experts were appointed in each office to be boots-on-the-ground liaisons. Using survey data, interviews and focus groups, all aspects of messaging, skill building, tools, training and support have been periodically tested for use and relevance.

In the post-recession economic reality, the one-size-fits-all approach to people and the way they work and manage their careers is obsolete. The creative, strategic use of flexibility in how, when and where work is done not only helps individuals manage the way work fits into their lives, but if positioned correctly, can support business profit and growth. However, the traditional approach of writing a policy, launching a Web portal and running some training is not enough.

Making flexibility a real, strategic part of the business and culture starts with the awareness that in this new environment, work-life flexibility is no longer a nice-to-have perk. It's a way of managing talent, resources and costs, a tool to help employers and employees thrive, in good times and bad. TM

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10 Forces Shaping the Workplace of the Future

Daniel W. Rasmus

Tomorrow's organizations may bear little resemblance to those we are familiar with, as demographic shifts, globalization and technology replace traditional work practices.

In the future, talent leaders will find themselves managing fewer standardized assumptions and practices that can be benchmarked, as more emergent and fluid models force them to constantly adapt. The traditional, smooth intersecting processes of recruiting, on-boarding, developing and retirement that make up the hire-to-retire cycle will be supplemented by additional entry and exit points. During the next decade, we may find the hire-to-retire cycle itself should be retired, as new models of work and work relationships outpace traditional employment.

Here are 10 concepts that will shape tomorrow's organizations.

Transparency and trust: As organizations pull out of the Great Recession, they may find their reputations as reliable employers permanently tarnished by layoffs and a slow return to hiring. Boomers may feel it is time to call in promises made against frozen wages and other concessions. Employers that articulate and demonstrate accountability to their promises will be the most likely to attract and retain talent.

"Authenticity and transparency, aka honesty and truthfulness, are the new communication standards for the future," said Sara Roberts, co-author of *Light Their Fire* and president/CEO of Roberts Golden, an organizational change consulting firm. "In a WikiLeaks era, privacy is an elusive goal. While it's always been unbecoming and costly to be caught in a lie, the risk of false or partial disclosure is even greater now. The discovery of the truth can be accomplished in the push of a button. Honesty is a good policy not just because we're forced to do it in this Internet era, but also because telling the truth demonstrates respect for one's audience and gains people's trust."

Out-tasking: Outsourcing is passé, but it will continue. Outsourcing will be joined by out-tasking, which farms out small projects and tasks to specialists and generalists. Budgeting, managing and vetting out-taskers will become a critical skill as options increase, coordination costs rise and the impact on the organization in terms of dollars and people involved escalates. Organizations will need to evaluate risks associated with agreements with individuals who they may never meet. Making sense of online reputations will be a new core competency.

Contracting: Contractors are no longer independent entities. They will be seen as extensions of the firm. Organizations will need to understand their competencies, value-alignment, reputation and other intangible attributes. With social media, association will become more transparent, so managing the relationship between a firm and its contractors may involve public relations and legal, as BP recently discovered with Transocean, its platform operator during the Gulf of Mexico oil spill.

As organizations stretch their boundaries, on-boarding will become more global, and as they coordinate better between work and life, more intimate.

Retaining Talent in Emerging Markets

Stacia Sherman Garr

With China, India, Brazil and the Middle East having economies growing at a combined rate of as much as 40 percent, many Western organizations have turned to these areas to fuel their growth. However, increased demand for the limited supply of talent in these markets has driven employee turnover rates into the double digits.

One effective retention strategy is to support employees' efforts to improve themselves. This can be more valuable to employees than higher compensation offered by other companies because it keeps their skills competitive. It also shows employees the organization is willing to invest in them, which can influence their loyalty. There are two ways to support employee development: coaching and development planning.

Bersin & Associates recently studied the impact of managers preparing for coaching interactions, engaging in strong coaching behaviors and providing concrete, useful feedback. Results indicated a strong correlation between these coaching activities' effectiveness and employee engagement (Figure 1). Organizations are less effective at teaching managers to coach in emerging markets than they are globally (Figure 2). There is significant opportunity for talent leaders to create improvements here and to reap the benefits of higher employee engagement.

India's HCL Technologies has used coaching to great effect. In addition to providing coaching programs for senior and middle managers, the organization has developed coaching resources to support high-growth business units. Using a train-the-trainer model, business units train managers quickly and at scale to coach employees more effectively. The company's learning and development team developed workbooks, templates and guidelines to support coaches on an ongoing basis. Although HCL Technologies hesitates to attribute its results solely to manager coaching, it found business units with manager coaching have enhanced employee engagement and team interactions.

Effective use of development plans also can improve engagement. Employees who have development plans and identified career paths are more likely to remain with their companies. Despite this, development planning is not extensive within emerging markets, often for cultural reasons, as illustrated by a limited use of development plans in China.

Contract-to-hire: Contract-to-hire may provide the balance between renting talent and filling a role. With knowledge becoming more specialized, contracting makes sense because the contract firm can offer better competency development models, career paths and mentorships than an organization's occasional need for a particular role. If an organization wants to test a new market, experiment with a new technology or evaluate the difference between insourcing and outsourcing, hiring a contractor may be the best answer. Consider a new "high-touch" retail experience that requires different skills than the existing retail staff possesses. With contract-to-hire, specialists in applying high technology to work-life balance could help people determine not just the functional comparison of devices, but how best to integrate them into their lives. If this idea works, contractors who do it well would be offered jobs. If it doesn't work, the company has localized and minimized its risk.

On-boarding: As organizations stretch their boundaries, on-boarding will become more global, and as they coordinate better between work and life, more intimate. It won't be limited to going over insurance forms, disclosing policy and getting a computer set up. It will include discussions about where and when people work, what skills people have and what skills they need, how to get along with people in other generations and how to work with people from different cultural backgrounds and those with various work arrangements and relationships. On-boarding will talk through assumptions, offer disclosure and promote transparency. Contractors and others will need their own versions of on-boarding to help them integrate into the organization effectively.

Diane Spiegel, CEO of The End Result, a management consulting firm, said on-boarding needs to be seen as bidirectional. "With millennials, it is important that they see others recognizing their value. It can't be all push, and all conform. Millennials will stick around longer if the organization values the knowledge and experience they bring with them, even if that experience comes from other places like gaming or social media. Today's young workers have things to teach the firm, and if the firm doesn't reciprocate early by acknowledging that, the onboarding process may be very close to the exit interview."

Parallel promotions: Becoming the boss may not be in most people's future, because being a boss may not be a job. With the world moving toward networks and away from hierarchies, employees will need to appreciate learning opportunities and new experiences as they move laterally through the organization. Accepting risk will be reflected in the pay associated with learning something new. Specialization, expertise and a desire to "move up the ranks" will seem archaic for all but the

Figure 1: Organizational Effectiveness at Teaching Managers

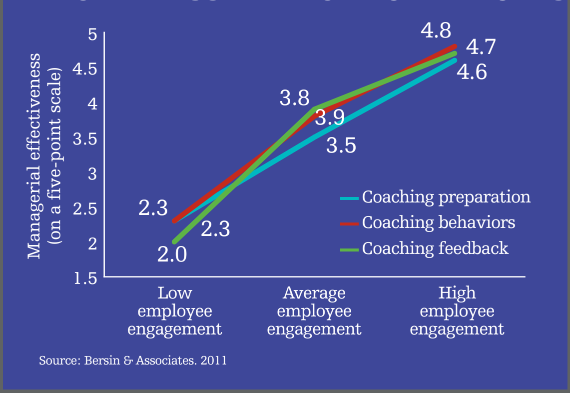
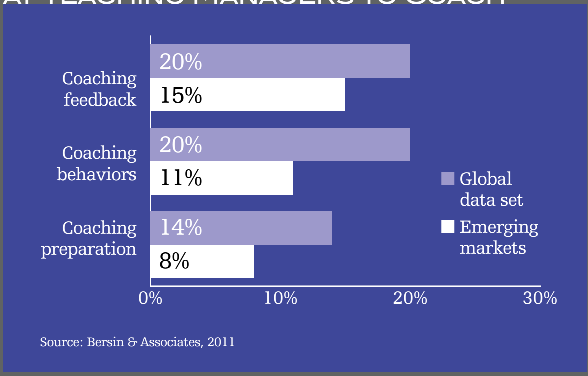


Figure 2: Percentage of Organizations Highly Effective at Teaching Managers to Coach



Historically, organizations in emerging markets have focused development primarily on improving technical skills. To encourage a broader approach, organizations are putting processes and structures in place that support development planning, and they are seeing results. For example, Accenture created a development planning tool that recommends specific development activities for employees based on their performance appraisals. Development activities vary based on an employee's job family and level within the organization. Focused development support helps the organization to more effectively retain the 6,000-plus new employees it hires annually in emerging markets.

Coaching and development are important regardless of geography, but given the dynamics within emerging markets, and the workplace changes organizations can expect in the future, it is even more critical to offer this support to retain employees. The general lack of effectiveness at coaching and developing employees in emerging markets means there is a substantial opportunity for talent managers to become leaders in this area — resulting in better engagement, retention and business results. TM

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most technical roles. Organizations will need to realize that hierarchy represents reporting relationships, but that people get work done through the parallelism of networks, which are a source of value. Spiegel said managerial skills may need to be widely distributed, as conflict and negotiation is likely to take place in situations where a "boss" has no clear means of influence.

Hire-to-automate: Knowledge workers and information workers will encounter more automation as the decade unfolds. Computer operations roles will be the first to fall, but anything that involves repetitive analysis involving patterns eventually will be automated.

Business continuity: Organizations need to develop active and passive means to gather and vet knowledge, rapidly disbursing it and looking for changes, improvements and discontinuities over time. They will need to learn what to forget as well as what to remember. This is tightly tied to hire-to-automate, but operations are not the only investment a firm makes. Business continuity is also about new products, innovations and customer relationships, all efforts best conducted through people with deep insight, knowledge and organizational context. Organizations that focus too much on automation and efficiency in lieu of human relationships may find their efficiencies and increased productivity stifle their ability to remain relevant. Spiegel recounted a story about a bank merger where she was asked to see how the rebranding was reflected by line staff over the phone. She discovered the line staff reverted to the pre-merger messaging of their original institution, not the new messages of the merged entity. The merger was a vague event in which "some really smart business guys are trying to make the bank better."

Demographic shifts: Demographic shifts during the next decade won't be limited to millennials figuring out how to work with baby boomers. Demographics shifts will create new markets in Africa, South America and Asia as younger populations become wealthier and more consumer driven. Consider sub-Saharan Africa, for example, with an average fertility rate of 5.2 and a median age of 18. Demographic shifts also will disrupt currently emerging markets such as China and Russia, which are both projected to experience rapid increases in their median ages due to low birthrates. "Young, highly-skilled and technically proficient talent from emerging markets has the potential to offset retirement and succession issues generated by the aging workforces of Europe, north Asia and North America," said Rob Salkowitz, author of *Young World Rising: How Youth, Technology and Entrepreneurship are Changing the World from the Bottom Up.*

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Passing the Torch

Deanna Hartley

Adopting a long-term approach to succession planning can position organizations to quickly recover from leadership turnover and ensure business continuity.

Life can be unpredictable. Things happen. Look at organizations such as Coca-Cola and McDonald's that have had to endure the sudden and unexpected loss of a CEO and then pick up the pieces so business can go on as usual.

In June, the Rock Center for Corporate Governance at Stanford University and Heidrick & Struggles conducted a survey of 140 North American CEOs and directors — the 2010 Survey on CEO Succession Planning — which revealed that 51 percent of companies weren't able to identify a new CEO immediately, and some 39 percent had no internal candidates ready in case of this kind of event. This highlights the need for a more efficient, long-term succession planning process.

Every major corporation claims to have a succession plan — and on paper they might be able to check off that box — but if pressed, many would fail to name a CEO or other leader should the reigning one become incapacitated, said David Larcker, James Irvin Miller professor of accounting and director of the Corporate Governance Research Program at the Stanford Graduate School of Business. Larcker was the primary conductor of the aforementioned survey.

Dual Competencies Required

Succession planning can be viewed in two related but separate buckets. The first is more of a continuous, long-term plan that should start at least several years in advance of the actual transition.

"You want to look at who is eligible in the next couple of layers below the CEO, but companies that do this right are actually looking several layers below and starting to identify high potentials a couple of years after they join the company," said Ana Dutra, CEO of Korn/Ferry Leadership and Talent Consulting. "In the process of doing this identification and development, companies need to start working on retention as well, because even across this high-potential pool, there are a couple of people they are at risk of losing along the way."

The second bucket to consider is having a contingency plan in place, so if a CEO was hit by the proverbial bus, the company's leadership can identify who will take over immediately.

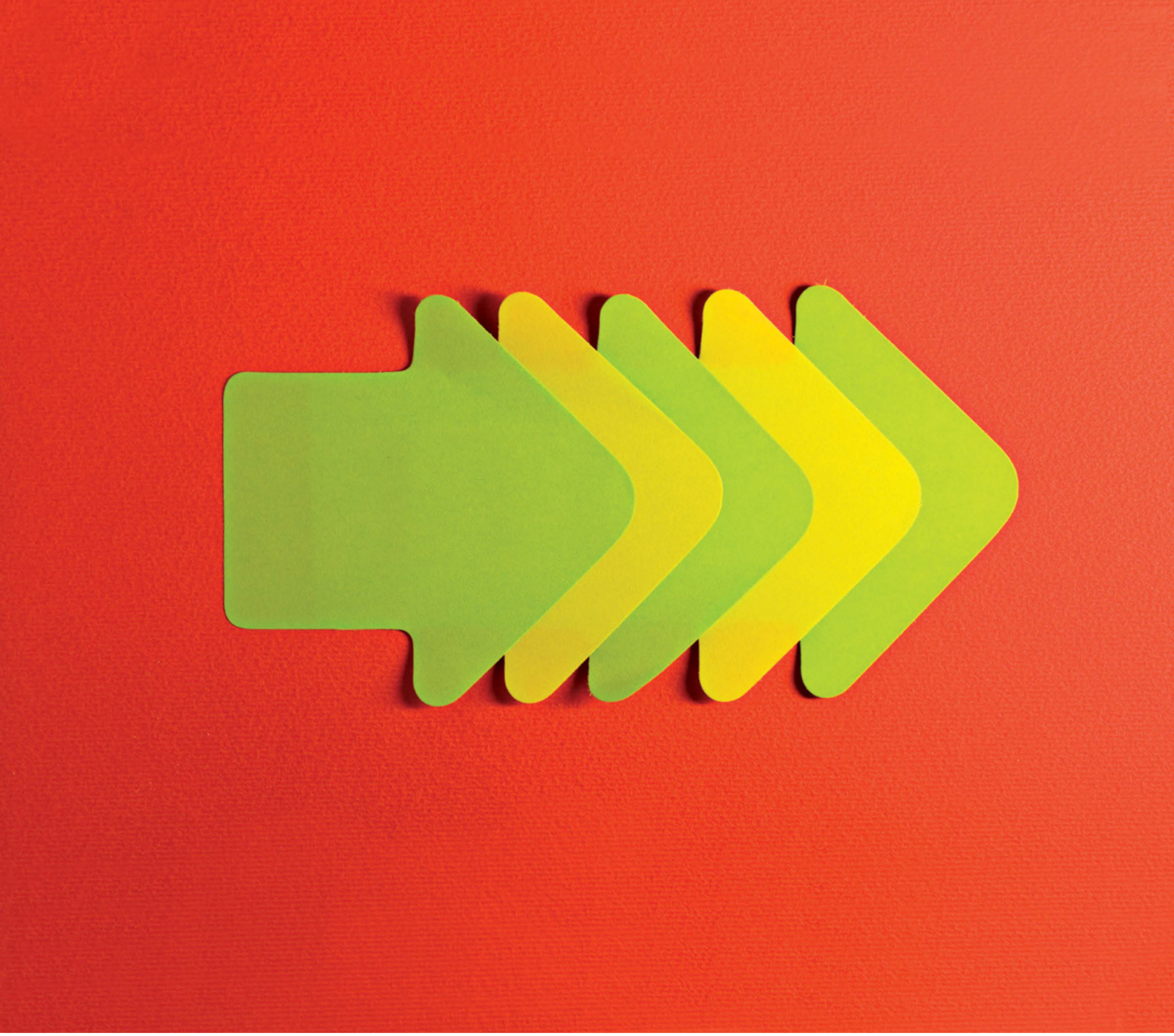
"Companies that do it right address both pieces [of the puzzle]: Who takes over immediately if the CEO drops dead? And: How are we going to think and execute on succession planning strategically and throughout the organization?" Dutra said.

How long it takes a company to appoint a new CEO if its existing one gets fired or leaves is an indicator of whether it has a reasonable succession plan, Larcker said. Savvy companies can appoint a successor within the week. For others, the process may drag out six to nine months. "It's devastating for the operation of the company [and] reflects poorly on the board," he said.

Adopt a Long-Term Approach

The crux of a successful succession planning process, especially given today's volatile business environment, is to adopt a long-term approach.

"If you look at the changing demographics — there's more globalization and the war for talent is not just in the U.S. or Europe or Asia — we're all fighting for each other's top talent. So there's a price tag that goes with having to recruit and retain people that come from outside your organization," said Sharon Daniels, president and CEO at AchieveGlobal, a workforce consulting firm.



When talent leaders think about pipeline talent and planning based on those demographics, she said a longer-term approach, looking at more levels in the organization and being thoughtful about what the talent needs to look like during the next three, four or five years to be sufficiently developed and groomed to meet the growing business needs, is the right way to play.

The first step talent leaders must take to build a long-term approach to succession planning is to initiate a discussion among the board or leadership team on what competencies the next leader or leadership team needs to successfully execute the company's strategy, Dutra said.

Once talent leaders and the board agree, the next step is to assess the company's current leaders against those competencies.

"We do also assess [leaders] on what we call learning agility, which is the highest measure of high potential because you want to have leaders who are not only great at what they are doing right now, but if you move them into a different position, they will get it really fast — that's what learning agility is all about," Dutra said.

Talent managers can then plot leaders' and high potentials' positions on a nine box according to performance and potential.

"Now you know [ABC] could be ready for the next role in a year, [XYZ] could take the CEO role in three years, so what do we do to one, develop any gaps they have that we need to develop and address — and what programs or assignments are suitable to do that? Two, is there any risk of losing these people, and what do we need to do to retain them?" Dutra said.

Hitting the Succession Sweet Spot at PepsiCo

Deanna Hartley

PepsiCo's approach to succession planning can be boiled down to four fundamental stages, said David Henderson, the company's senior vice president, chief talent development officer.

1. **Needs assessment:** "That's planning the size and shape of our talent demands and connecting [it] firmly back to our business strategy," Henderson said.
2. **Gap analysis:** This step examines the organization's talent pipeline to determine supply versus demand.

   "That's the bridge looking at the needs of the business with measures in terms of capability and where we'll need the talent, both to secure our leadership pipeline for the future, but also to secure the capabilities that we need for the organization moving forward," he said. "Gap analysis is how we look at that against the current state of the organization."
3. **Broaden, buy, bond:** Once the gap has been identified, PepsiCo leverages what it refers to as the three Bs of talent management to close it.
   - Broaden — "How are we going to broaden the talent that we have? How are we going to develop our internal talent to maximize potential?" Henderson said.
   - Buy — "Where do we want to hire external talent into the organization to diversify existing capabilities and plug gaps that we believe we can bridge internally?"
   - Bond — How do talent leaders retain key talent for the long term? "How do we use financial and non-financial measures to make sure we have a secure supply of talent?" he said.
4. **Measure:** "How do we track and monitor progress and make sure we're driving continuous improvement as we build our leadership teams around the globe?" Henderson said.

More than a year ago, the snacks, food and beverage conglomerate rolled out its 10-year career plan model as a means to engage its highest-potential, highest-priority talent.

"More recently [we've] put a lot more focus on the individual career plans and trying to tie individual, personal considerations into those career plans," Henderson said. "It has given our talent a sense of what the long term looks like, and it's also encouraging us to be bold and proactive in terms of applying a 'future-back' mindset and mapping out how we make the required critical experiences happen."

The top 300 roles at PepsiCo merit special attention as the company has spent time designing them to be developmental.

"What is the caliber of talent that we have in those roles and do we have the right leadership profile in those roles?" Henderson said. "If the majority of those are highly developmental, do we have high-potential talent coming through those roles? Are those roles blocked? If so, what do we need to do to free them up to promote talent through the organization so that we're building sustainable succession for the long term?"

Development isn't exclusive to the upper echelon of the company, however. At PepsiCo leaders try to match talent with assignments that enable high potentials to focus on forward development.

"At the entry-level, [we] encourage our leaders to build breadth to operate across different business scenarios," he said. "One experience would be working in a very operational business where they're driving a very executional P&L, but complement to that would be going into a corporate strategy-type role where they're operating at a horizontal level in the organization across multiple markets in a portfolio-type of experience.

He said the company encourages employees to think not just in terms of reinforcing the experiences they've had, but actually putting themselves into roles that require a steep learning curve because often they're going into an environment where they don't have all of the right skills, and they need to learn them.

"At PepsiCo, we call this 'assignmentology,' building skills and capabilities on the job," Henderson said. TM

Build a Pipeline of Leaders

Take UPS, for example. Most of the package delivery company's leaders rise from within its ranks, and there is a strategy in place to identify as well as develop high potentials.

"A formal succession planning system is in place for tracking and capturing job history, performance evaluations, developmental plans, areas of interest, education, assessment results and target positions," said Anne Schwartz, vice president of global learning and development for UPS. The company's learning and development group is housed in HR, and both work intimately on succession planning efforts.

Schwartz said the succession planning process allows for lateral rotations as well as promotions so succession candidates can gain experience. The company also provides executive education recommendations and interventions candidates can take for further development.

Career development meetings are also a key element of the company's succession planning process. These occur once a year at all levels to identify high-potential talent.

"The common goals of these meetings are the identification of key talent and development of people to prepare the organization for the transition of leadership and to build bench strength," Schwartz said. "They also ensure that no manager's career is overlooked.

"[This] process allows managers the opportunity to make known the strengths, potential contribution and development needs of their people. The platform allows for visibility of talent across business units and around the world."

Talent leaders must understand the strategic as well as tactical challenges associated with long-term succession planning.

"The strategic challenge is to really elevate the conversation and really link talent and leadership strategy to the overall business strategy," Dutra said. "[Some companies] put the talent and leadership strategy in the HR bucket and put the business strategy in the executive bucket, which is a fallacy, so learning how to merge those two together is important."

In December 2010, AMA Enterprise, the talent transformation arm of the American Management Association, conducted a survey of senior managers and executives that revealed fewer than one in 10 large organizations integrates management development and succession planning with strategic business objectives.

At fewer than a fourth of organizations surveyed, the HR department does most of the succession activity, while another quarter admits to not undertaking succession planning at all.

With regard to tactical challenges — the ability to retain high performers, for example — solving them is often easier said than done.

"If a global company realizes that for somebody to rise to the C-level, that person needs to be seen and [have] experience as a global leader, how do we make it work for people who don't have mobility, who cannot just serve the company for five years in China and three years in Brazil?" Dutra said. "How do you give that person global and international experience [while] understanding the limitations and not handicapping some candidates over others?"

Make Long-Term Succession Work

Daniels cited AchieveGlobal research conducted in August 2008 — "Ensuring Leadership Continuity: Current Trends in Succession Planning for C-Suite Executives" — that identifies common challenges organizations face in this arena and how they can turn these into opportunities:

1) **Identify the right people to develop.** Talent leaders must have parameters around how they define high-potential employees and how they evaluate who should be in the succession pool at different levels of the organization.
2) **Build in time.** Sufficient time must be built into the succession planning process to ensure its success.
3) **Ensure executive buy-in.** Talent leaders need to have buy-in from senior leadership to have a successful process in place.
4) **Maintain focus.** Issues such as downsizing or mergers can cause organizations to push leadership development and succession planning to the back burner.
5) **Ensure implementation and follow through.** There needs to be some accountability for the process. Nowadays, it's not uncommon for senior-level teams or boards to demand regular reviews to ensure progress is made.
6) **Assess and measure.** As talent leaders work to identify and elevate/promote individuals, boards and senior leaders typically demand quantitative measures of progress.
7) **Retain high potentials.** If there are a handful of individuals in contention for a position and one person gets it, the others may opt to take their talent elsewhere, so organizations need to have plans in place to avoid losing talented employees.

The second quarter of 2011 saw the exits of 319 CEOs — an 11 percent increase from Q1 this year — according to a report on CEO turnover released mid-July by global outplacement consultancy Challenger, Gray & Christmas Inc.

These statistics accentuate the need for talent leaders to intensify their succession planning efforts to avoid disrupting business continuity in the event of an unscheduled leadership departure. Organizations that heed the aforementioned counsel should be well on their way to developing a solid, long-term succession plan. TM

Managing the Older Worker

Peter Cappelli

Experience counts, especially when a talent pool lacks tacit knowledge, needs to meet unusual demands at peak times, or needs to contain on-boarding and turnover costs.

Talent managers continue to complain about the job applicant pool. The problem isn't lack of academic skills. Poor work ethics, lack of interpersonal skills and not enough work experience head the list of complaints. What's missing is the tacit knowledge that can only be learned on the job.

Talent managers also complain they don't have the time to train or develop employees, though they admit employees need skills to do their jobs. To find a pool of qualified applicants who have the experience needed to succeed, companies can stop looking to India and the developing world and instead look in their own backyards at the huge, growing pool of older workers.

Older workers do better on every relevant measure of job performance. They are absent less, have less turnover, have better interpersonal skills and are better at job tasks they have been performing for years. They are already trained, and many are not looking for career advancement.

Nor do they cost more. Wages are higher for experience in the labor market because that reflects better job skills and performance, but there is no premium for age. Using retired employees, for example, is especially effective as it saves the organization the cost to on-board a new hire, or bring in a temp or contract worker, and the retirees also know the culture and the organization's operating procedures.

Hiring Older Workers Is a Good Move

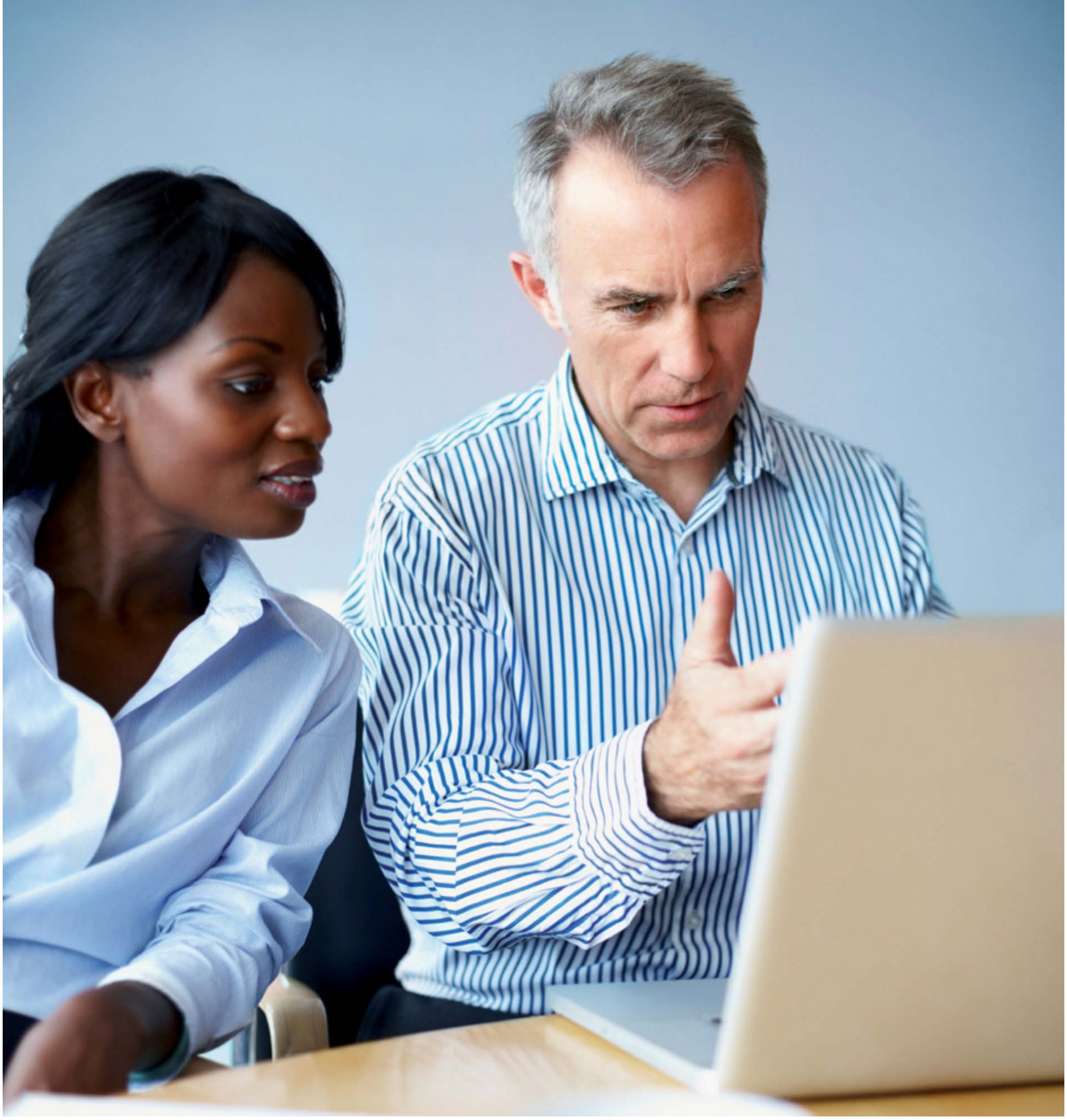
The growing life expectancy of baby boomers is an important factor driving the need to employ older individuals. Longer life spans mean people both want and need to keep working.

Older workers often experience a fundamental change in their employment relationship related to age. This may happen via retirement policies or late-career layoffs causing them to seek new jobs or work in a different way. Older workers are also victims of age-related prejudice, which can appear as young as 40 for workers in some industries, and in the United States that is when legislative protections against age discrimination begin. In professions where skills are portable, it may be later, into the 60s.

Discrimination against older individuals is common and especially pernicious because it eventually affects everyone who lives to their life expectancy. The difficulty they face securing employment relates in part to misunderstandings about their abilities, in part to management practices that don't allow employers to engage them, and in part to outright prejudice. To prevent recruiters from discriminating and to get older individuals in the door, talent leaders need to ensure their recruiting materials show older employees. They need to train recruiters to focus on experience rather than age — some companies have moved to phone interviews to reduce age bias — and they need to highlight success stories about older candidates.

Employers are trying to figure out how to engage young workers, fixating on trivial differences in the interests of Generation X, Generation Y and whatever name comes next, while ignoring the massive workforce represented by older workers.

The biggest obstacle to getting access to jobs lies with younger managers, who are often concerned that hiring older workers will lead to conflicts when they are managed by younger supervisors. It could happen, but it won't if talent leaders ensure younger managers know how to manage older workers, and if older workers are taught how to get what they need from younger managers. The military often has to address the supervisor-subordinate conflicts when junior officers lead older and more experienced personnel. To address these challenges, West Point rotates majors and captains from command positions back into the academy



to offer practical guidance to cadets on the challenges of leading in the field, and the issue of working with older noncommissioned officers features prominently in those discussions.

The Naval Academy takes a more structured, classroom-based approach to the topic through its required leadership course. Donald Horner, a leadership professor there, said the underlying model begins with an understanding of the attributes of the officers and of the personnel they command: How do differences or similarities in age between us affect the approach I should take to lead each group?

Different Management Practices Make Sense

Managing older workers requires a different approach than what is traditionally used. Trying to motivate employees with money, promises of promotions and career advancement — and at least implicitly with the fear of being fired if they don't perform — doesn't work so well with older individuals, who likely are near the end of their careers. Older workers are an asset for almost any organization, but they are not identical to their younger colleagues. Their reasons for working are typically different and can lead to mismatches with many employers' management practices.

Older workers may not care about an opportunity to compete for promotions. Those who have had career success already have experienced the joys and headaches of leadership positions at the top of hierarchies. Those who have had less success in climbing the career ladder are unlikely to be motivated by the possibility of a promotion toward the end of their careers. They may not have the time left for the prospect of an eventual promotion to be attractive.

It also can be a mismatch to focus on financial rewards. Money is of interest to older workers, but not always as much as for younger employees who still face financial challenges such as buying houses, funding college and saving for retirement.

The third and perhaps worst mismatch is to rely on the fear of being fired to motivate and manage older employees. Few talent managers will threaten employees with dismissals to keep them in line, but many do fall back on the fear of being fired as a default management technique because they don't offer much else to motivate and manage their workforce.

To make better use of the mature workforce, begin by offering opportunities to extend the employees' working life. To become an employer of choice for this talent pool, companies should:

Lead with mission: Older workers are often motivated by the chance to contribute something. There are two parts to that sense of mission. The first is the importance of doing good, of contributing something important to the community and to others. To attract older workers, companies can highlight the social purposes their organization serves, perhaps assigning older workers to projects that target community interests and good works. A second more general aspect of mission gets at the more basic sense of being useful, of making a contribution. Individuals should be able to see the connection between what they are doing in their individual jobs and the service or product being produced.

Build social relationships: It's important for older workers to develop and maintain relationships with others. GlaxoSmithKline builds social relationships and support systems for older employees via an affinity group. Its Prime Time Partners Network, which began in 2007, is targeted to mid- and later-career employees, and brings them together for lunch-hour meetings and other programs on life-phase transitions that focus on older workers and retirees who have come back for project work.

Promote flexibility and work-life balance: Younger workers aren't the only ones interested in work-life balance. Flexible work arrangements could include: when the employee works (outside the traditional 9 to 5); where the employee works (telecommuting); how the employee works (job sharing); and what the employee receives for working (benefits are dependent on an employee's needs and stages of life).

Train to upgrade skills: Older workers also can be motivated by offering opportunities to upgrade their skills. The chance to learn new things can be compelling for older individuals who want or have to keep working, and training may be especially important for older workers whose self-confidence in changing jobs or roles is low.

Some companies expand these opportunities to alumni who may have left before retirement. A few novel arrangements have developed where companies make their retirees available to each other, effectively swapping them back and forth. Cigna, for example, has been bringing back its retirees for the past 20 years with its Encore Program. Under this program, Cinga retirees can work up to 80 hours per month. They are considered hourly part-time employees and as such can receive retiree medical insurance coverage and can contribute to their 401(k) plans.

Monsanto's Retiree Resource Corps is built around an advanced database outlining the skills and competencies of its retirees who want to work part-time, full-time or on special assignment.

The Benefits of Experience

Older workers can meet special needs in organizations that younger workers cannot. Some of these have to do with talent management issues, including:

- **Knowledge transfer:** Older workers have tacit knowledge their younger peers have yet to acquire. Even in technical roles where knowledge dates quickly, experienced individuals understand issues around application and execution about which the latest college graduate has no idea. Attempting to capture all of the knowledge in advance of an older worker's retirement is a huge undertaking. A good process to follow is to keep on the employee as a mentor, consultant or in-house expert, rather than trying to pay two employees during the knowledge transfer process or to copy down all the knowledge in advance. This process is cheaper and ensures the transition isn't constrained to a fixed period.
- **Mentoring:** Experienced employees, especially those who have finished their careers and are officially retired, make excellent mentors for younger employees, as the former know a lot about the organization, no longer have a personal stake in office politics and can be objective. They typically are at the point in their lives where giving back and helping others is important, which can make them excellent coaches.
- **Solidifying culture:** Experienced workers, especially retirees returning to an organization, already know the norms and values and are able to pass them along to new hires in a credible way. "I was there when this happened" beats having a trainer tell a story about company history every day.
- **Unusual demands:** Older workers can serve as a just-in-time workforce for special projects, meeting peak/seasonal business demands and other one-off needs. Using retired employees saves the organization on-boarding costs for new hires or temp or contract worker fees, and retirees already know the culture and operating procedures. Even if they are not former employees, older workers often have an understanding of how things work that lets them fit in and figure out what needs to be done without a lot of explanation.

Efforts to make better use of older individuals in the workplace represent one of the greatest opportunities available for business. The question is, how long will it take for organizations to decide which way to go: be at the front of the trend and get the benefits first, or lose out by trailing behind? TM

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Communication Key to Promote Commitment

Lois Melbourne

Companies can foster emotional attachment through meaningful work and performance-based rewards to build commitment, interaction and involvement.

Senior talent executives may be surprised to learn that a sizable number of people who are highly engaged at work don't intend to stay with their company for long. Talent leaders don't have to just wave a sad goodbye to their employees, however. Offering career enhancement and work opportunities as well as performance-based rewards can act as effective retention tools and foster high levels of engagement to ensure not only that employees stay at a company, but they give the organization their all.

High engagement can be a critical component of a company's success. The typical employee engagement definition includes elements of commitment to the employer, willingness to interact to help reach the company's objectives or goals and full involvement in and dedication to individual work responsibilities. But engagement goes deeper than that. According to research and consulting company Scarlett Surveys, "employee engagement is a measurable degree of an employee's positive or negative emotional attachment to their job, colleagues and organization which profoundly influences their willingness to learn and perform at work."

Goals and the Engaged Employee

So while meaningful work, performance-based rewards and attractive career opportunities are useful retention tools, companies have additional opportunities to foster that emotional attachment through employee commitment, interaction and involvement. The two biggest influences on employee engagement levels are clarity of company goals and regular communication.

Employees who know what the company is committing to, how their own actions and responsibilities influence those goals and how the company measures employees based on achievement of those goals are typically more engaged people who deliver more value to the organization. Open communication channels, such as weekly/quarterly/annual meetings, show an organization's commitment to keep employees aware of and involved in company issues. When leaders also take the opportunity to listen to employee suggestions, concerns and ideas, they open the door for further engagement by encouraging interaction and showing respect for the individual.

An engaged employee intentionally helps the company reach its goals. To do that, employees need to be crystal clear on what those goals are, which makes communication a critical consideration when building retention programs or promoting specific behaviors. Managers cannot expect an employee to stay engaged in reaching a goal that is ever-changing, out of touch with the market or artificially created to mask some other agenda. The objectives employees work toward need to make sense so they can contextualize their efforts in goal achievement.

Once goals are defined, ongoing support by management is a key factor in reaching those goals. Asking employees what they need from their manager to complete a task shows managers are committed to an individual's success. If a goal is established and communicated only once to the employees, but they never receive proper funding or further support, putting their effort into that goal may feel like a waste of their time and dedication. Alternatively, goals that remain visible, are measured regularly and rewarded for successful achievement lead to greater employee satisfaction.

Talent managers also should be careful not to set goals that are impossible to achieve; this happens more often than leaders would like to admit. Employees know they can't cross a particular finish line, and rather than

be on a losing team that has been set up for failure, they may simply leave the company. Setting goals that are too esoteric or poorly defined can be an engagement trap as well. In this situation, employees may find it difficult to map their tasks and projects to support the corporate goal.

Here again, communication is critical. Scheduling discussions that break down corporate goals to departmental, team and individual goals is time well spent so employees understand clearly how influential their contributions are to the organization's success. Sharing the effects of not meeting goals also can spur employee commitment and interaction. By illustrating the domino effect of not meeting deadlines, for example, employees can understand why certain metrics were chosen and how their own success or failure directly affects other people in the organization.

Talk It Out

Successfully creating a high-performing, engaged workforce requires constant communication. The interactivity of listening, exchanging ideas and providing feedback is critical to harness employee commitment and discretionary effort. Those who feel able to contribute suggestions or have a meaningful conversation with a superior without apprehension are likely to contribute more because they feel respected as an individual and feel they matter within the organization. If leaders treat employees like key players, they will act like key players and deliver more value.

It's important to note that communication styles vary. While this can occasionally cause misunderstandings or difficulty in working with others, there are ways to address it. It can be helpful to conduct a departmental exercise to learn how each person in a team or group receives information and communicates most comfortably. For example:

- Are numbers best delivered via list format for some people but in charts for others?
- Are voicemails neglected but text messages promptly addressed?
- Does one person want only the big picture while another needs every background detail to feel comfortable making a decision?

Once team members know the best way to give and receive communication, information flows much more easily. When information is flowing, the connections between individuals get stronger, thus engagement and retention is increased.

Different personalities respond to different types of rewards or environments. There are some elements that can be fundamentally rewarding for professionals yet are often undervalued by employers. The commitment of an employer to invest in employees beyond the typical balance sheet items can yield tremendous returns in the form of employee engagement and retention.

Employee respect: Respect costs the bottom line nothing, yet it is the best investment a company can make in its employees. This includes giving employees the benefit of the doubt. Trust employees to have good intentions, even if the results aren't stellar. Talent managers who allow staff some leeway to explain their actions or to make another attempt at fulfilling a goal instead of being judgmental are less likely to stifle initiative. Trust and respect are reciprocal investments. People are much more likely to respect and follow someone who respects them in return.

Technology investments: Technology hurdles can raise an employee's frustration level with the company as a whole. Talent managers must remove these barriers from employees' daily work environment. For example:

- Does a laptop continuously crash, wasting time and disrupting work? Replace it.
- If individuals are expected to be accessible when out of the office, put a corporate phone program in place and supply the team with smartphones.
- Allow access to online meeting technologies and educational resources to allow employees access to educational opportunities, reduce travel time and other expenses.

Adopt new forms of communication: By opening the door to more forms of communication, companies increase interaction and visibility between peers, bosses and employees. Having more options available with which to communicate also gives employees the opportunity to access information in ways they feel comfortable with, and can increase productivity and remove barriers to work or collaboration. For example, instant messaging can provide real-time communication throughout the day, during conference calls and meetings. Texting can provide quicker access and a faster response by those users who prefer it over voicemail.

If half the workforce is texting or instant messaging to communicate quickly, while the other half steadfastly sticks to email and voicemail, which group is probably better informed? Managers can succeed in implementing various technologies by teaching people how to use technology respectfully and intentionally while acknowledging changing communication styles and mediums.

Get it right early: The first 90 days on the job are often most critical to set a new employee up for success. The highest level of turnover occurs during those first months, which is why effective on-boarding can be so critical. Are there systems in place to properly assimilate new employees? Will those systems familiarize them with the resources and people they need to be aware of? Also, will any on-boarding process in place make their first days a positive, memorable experience?

Training people on how and why things are done is necessary to ensure a successful future. By making the investment to train people properly and help them feel connected to the company's goals and their co-workers, organizations gain real returns.

Be flexible: No one likes to miss important family events. Nor do managers want team members to neglect their health by not getting to the doctor or the gym when they need to. With the technology available, telecommuting is possible for most positions in most companies. Even the flexibility to work off site occasionally can significantly impact employees' view of the company's investment in them. It's unrealistic to expect individuals to always make the company their first priority. Instead, talent managers should actively promote a work-life balance strategy to encourage employee engagement and gain their commitment.

Provide continued development: Engaged employees crave challenges. Providing them with challenging work, personal development and a career path is an investment in retention.

In the end, engaged employees are high performers, team motivators and dedicated workers. More importantly, they are the keepers of company culture, valuable evangelists and the best recruiters. Take time to invest in them in multiple tangible and intangible ways to keep these assets engaged and loyal. TM

Lois Melbourne is co-founder and CEO of Aquire, a workforce planning and analytics technology provider. She can be reached at editor@talentmgt.com.

by Kellye Whitney

Creating a Sense of Community

Talent management is a 24/7 proposition for Whirlpool, one that holds leaders accountable and differentiates its talent needs and brand proposition in different markets.

At Whirlpool, the best talent wins. David Binkley, the company's chief human resource officer, is well versed in how best to promote a successful, disciplined talent management system that is not only always on, but is as rigorous as any of the organization's other operating systems.

TM: Describe Whirlpool's approach to talent management.

BINKLEY: We refer to it as always on, 24/7, and it is a core business process. When we put the system together, starting about a decade ago, it was our intention to really build this like any other operating system in the company. We manage it like we manage market share. Leaders are held accountable in their performance, and ultimately their pay, for the execution of our talent systems. It is operationalized through a calendar that starts with our strategic planning process and gets deployed into annual goals. There are hard metrics for everything, and it's a board approved process, and the board is very actively involved in the whole system.

TM: What kind of challenges impact talent at Whirlpool?

BINKLEY: There are several. It starts with the fact that we're a global company. Talent strategies are incredibly different as we go across the enterprise and around the world. Growth rates in the U.S. and in Europe are moderate, and the talent challenges that go with that of retention, investment and development, making sure that you have appropriate flow through the organization are very different than the challenges we have in Brazil, India and China. There is more turnover, incredibly fast growth. There is clearly a war for talent. The talent strategy itself may not be different, but diversification and the differences going on in the markets drive different execution, different speeds of execution and different focus depending on where you are in the world. Competition for the best talent is very intense, in every market, and that's at the intake level, the university level, or at the professional level when we need to go to market for unique skills or leadership talent.

TM: How do you deal with those talent challenges?

BINKLEY: To answer that let me tell you a story. When I was in New Delhi a couple months ago, we hosted a breakfast for HR and business people at other large, multinational companies to understand what kind of issues they had in the market and to create goodwill and a sense of community. We talked about the biggest issue going on in the markets right now, and we talked about hiring. It's explosive because these are very fast, high growth markets. To add, train, equip the staff to be able to deal with the growth opportunities, we concluded over the next three years, just those 12 companies were going to hire a quarter million people, and we're all competing for the same people. We need to have a very compelling brand proposition in that marketplace. We need to be recognized as a leader, as an employer of choice. So we have put strategies in place to tell the Whirlpool story, creating our reputation in the marketplace, making sure we have a distinctive offering in India, Latin American and China. Once in the system, given double digit wage inflation, etc. to retain people requires high levels of engagement and great jobs. We make sure people can have great jobs early in their career. We spend a lot of time on employee engagement, and we understand the drivers of engagement in each market so we can drive retention, business performance and a winning culture.

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

BINKLEY: The culture of the company is highly engaged. At the performance level and the leadership talent assessment level we drive very deeply our spirit of winning, diversity, no right way of doing the wrong thing. Our values that we drive, teamwork across the organization are very much embedded in all of our performance tools. It's a culture of teaming, it's a culture of winning, it's a culture of pay for performance. We have a highly differentiated pay for performance system that allows the best performers in the company to earn well above market pay. It's a very values based culture.

"We start out with the premise that whoever has the best talent wins."

— David Binkley, CHRO, Whirlpool

TM: How do you handle succession planning?

BINKLEY: There are a couple of answers to that question. We have a board level succession. Our entire August board meeting is devoted to talent management, which will get into talent broadly, but also get very specific in the top 100 vice president level globally, and then executive level, C-position, executive committee, chairman, etc. If I take it down a notch, we go through a process every year, our strategic planning process, where we set the company's priorities, including the people priorities, for the next three years, with a focus on the next year out. Through that process we identify the top 10 succession gaps globally through regional talent reviews, and those get a lot of attention. The action is to close them out. Then twice a year we have CEO talent reviews. Throughout the year we have two executive committee half days during our strategic planning process devoted to nothing but talent. The focus there is next level talent, next generation leadership and succession. It's very hard work and never done. Once you think you're done, something could change in the market, business conditions in another part of the world, unanticipated retirement earlier than planned. Things happen. It's an always-on process.

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

BINKLEY: We start out with the premise that whoever has the best talent wins. It's obvious in emerging markets where you have this fast growth that you want to make sure you get more than your fair share of — when we put the best team in the market, we outperform our competitors. Unfortunately the reverse is also true. We've had cases where if we didn't have the most compelling leadership talent you didn't win in that particular market. We have a lot of different financial and talent metrics to measure that. The other piece of that would be where we decide we're going to start up a new business where we've been recognized as one of the most innovative companies several years in a row.

When we decide that we're going to go into something that's not in our core and we put new next-generation talent in place on those teams, the growth rates as opposed to the growth rates you'll see in some of our core business areas, are absolutely phenomenal. When you start looking for real hard, quantitative numbers where you did x and you got y, that's a little harder to prove out. the other aspect that I would

INSIGHT continued on page 48

by Paul Leinwand and Cesare Mainardi

Building a Capabilities-Driven Company

Top-performing organizations know what they do best and then focus on opportunities to leverage those capabilities.

Anyone who engages frequently with senior executives on topics such as strategy and how to focus their teams probably detects frustration. Based on years of work serving large organizations, the professionals at management consultancy Booz & Co. determined the frustration comes from a core place — how companies actually develop and execute strategy. In a survey of 1,800 executives on five continents in industries such as automotive, financial services and utilities, the firm set out to uncover how to parse executive frustration.

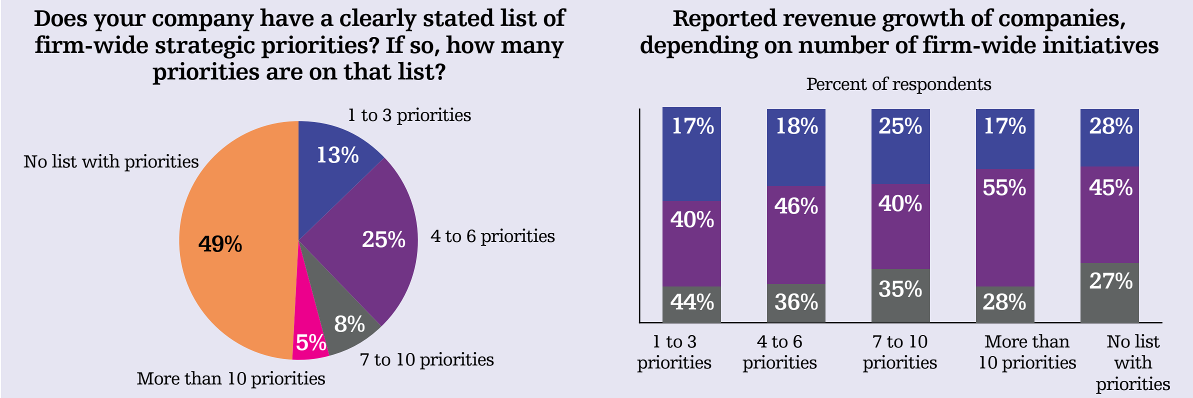
The survey data was gathered during the first quarter of 2011 and results were dubbed the Coherence Profiler. They demonstrate that executives are disappointed with the effectiveness of their companies' growth strategies. Fifty-two percent of executives said they do not think their company's strategy will lead to success; half said setting a clear and differentiating strategy is a significant challenge; even more — 56 percent — said ensuring day-to-day decisions are in line with strategy and allocating resources in a way that really supports strategy are their biggest challenges.

The findings suggest the root of the problem is too many companies grab too hastily for what seems like the next answer to growth. They don't have a solid framework to decide which opportunities will lead to sustainable success. So, they end up stretched thin, trying to play in too many disparate markets. The vast majority of executives — 81 percent — said growth efforts at their company lead to waste at least some of the time, and 64 percent said they believe their companies are chasing too many conflicting opportunities to achieve growth. In the same vein, 49 percent said their company has no list of strategic priorities.

A Capabilities-Driven Strategy

The solution, based on the track records of top-performing companies, is to develop a clear idea of what the organization does best and how it creates value, and then focus on the opportunities that will best leverage those capabilities. Companies need to make hard choices about differentiation and stick to them. They need to decide how they will add value, for example as an experience provider, a custom-

Figure 1: Firms With Fewer Strategic Priorities Report Higher Revenue



Sum may not total 100% due to rounding.

Source: Booz & Co., 2011

izer or a value player. And, equally important, they need to determine and invest energy and resources in the distinct set of capabilities that enable that differentiated identity. Sometimes making those kinds of choices seems limiting, but this discipline can pay off. The survey results bear this out: Executives who said their companies have very few — one to three — firm-wide strategic priorities were the most likely to say their companies have above-average profitability and revenue growth, when compared with those who reported having more firm-wide strategic priorities, or no list of priorities at all (Figure 1).

It sounds simple, yet too few companies adhere to this capabilities-driven approach to developing strategy and making decisions. Only 43 percent of executives said their company's philosophy about strategy starts internally, observing what they're great at and finding markets that capitalize on those capabilities. Instead, according to the survey, most companies pursue growth through unrelated acquisitions, adjacent markets or expansion into emerging markets. They look everywhere — at customers, markets, competitors, partners, suppliers — but not inside the company.

Companies that do grow consistently and profitably, such as Wal-Mart, Target, Procter & Gamble and Coca-Cola, recognize and double down on what the company is great at and thus focus on where the company can win. These companies also take a capabilities-driven approach to developing, managing and organizing talent; they are clear about what they will focus on. They translate their capabilities priorities into a clear view about how many people, with what capabilities, they need; how they will develop those capabilities, and how they can connect the right people to create a capabilities-driven system where individual capabilities reinforce one another.

Many companies set their strategy based on answers to the wrong questions. They ask, "Where do we want to go?" and "What do we want to do?" They should be asking, "Who do we want to be?" and "How should we be different to create value?" Answers to these questions will enable a company to define a strategy that differentiates it from its competitors and fits its identity.

To do so, an organization must identify, understand and double down on its unique capabilities system. Capabilities can be defined as the interconnected people, knowledge, systems, tools and processes that translate to value. Think about Wal-Mart's efficient supply chain management or its no-frills store design, or about Amazon's retail interface design or its strong merchandising and promotion of attractive products.

The survey data shows companies that build a system of three to six reinforcing capabilities, and let those capabilities drive all of their strategic decisions, perform better than their peers. Their capabilities focus provides them with a clear framework to allocate capital, make decisions in line with the strategy, and focus the organization with a clear set of priorities (Figure 2).

A company's top priority should be homing in on central capabilities and capturing headroom in the markets it already serves.

A Connection-Driven Development Approach

Given most companies haven't followed a capabilities-driven approach to develop strategy and pursue growth, it's no surprise there's disconnect in terms of how employees think about and approach their work.

DASHBOARD continued on page 47

by John Hagan

Boost Workforce Vitality

To overcome low managerial performance, St. Luke's Hospital & Health Network promoted advocacy and internal brandings.

St. Luke's Hospital & Health Network emphasizes workforce vitality, in which all leaders, staff and volunteers feel valued and recognized, view themselves as company advocates and the organization as the employer of choice.

In June 2007, St. Luke's conducted its first formal network-wide employee opinion survey. Managers were presented with scores to indicate their employees' perceptions on their performance as a supervisor, their opinions of their workgroup's health and their views of the organization as a whole.

Upon receiving the results, managers were asked to attain positive survey scores that fell into the good to very good range — 65 to 74 percent — when benchmarked against other best-in-class hospitals.

In 2008, St. Luke's conducted a second survey, which indicated significant improvement. However, approximately 25 percent of managers were unable to achieve the improvement goal. Those scores fell into fair/mediocre — yellow- and red-flag areas. Robert Weigand, director of management training and development, and Tanya Markovich, director of workplace initiatives, were charged with designing an intervention to address managers whose results fell into the lower tier.

Using Assessments to Promote Growth

Weigand and Markovich designed a program to help managers identify underlying challenges and create individual development plans to address them. Plans were linked to St. Luke's core leadership competencies, including business acumen, command skills, developing direct reports and others, interpersonal savvy, self-knowledge, managing vision and purpose, customer orientation, accountability and responsibility. The ultimate goal was to partner underperforming managers with top-performing managers to help them add value to their work and increase job satisfaction.

Using a variety of assessments, St. Luke's produced a program aligning potential growth areas identified by the survey with psychometrically validated characteristics and preferences. Along with survey data and a sampling of low-performing managers to identify negative trends, these assessments laid the groundwork for measurable change.

In April 2009, St. Luke's initiated a tailored coaching process that started by meeting individually with participants to create personalized development plans. The 60 managers who were previously unable to achieve the improvement goal were given the aforementioned assessments and met with Weigand and Markovich to review results. Based on the identified growth areas and the insight gained through the assessments, each manager was guided through a process to create an individual development plan — with input from each manager's supervisor — that provided a blueprint for progress. While the training that followed varied by participant, it largely focused on tying areas of improvement as revealed by the survey data to practical methods that participants could employ to improve their situation.

One of the primary goals of the assessment process was to increase managers' self-knowledge. In one-on-one sessions, using a number of creative techniques, including metaphors as teaching aids, managers were able to see their own behavior through other people's eyes. For example, some used Chinese fingercuffs to illustrate the dangers of inflexibility in management. Based on participants' specific needs, they also read literature on various subjects, such as John Maxwell's *Developing the Leader Within You* and Milton Erickson's *My Voice Will Go with You.*

The CPI 434 and Myers-Briggs assessment helped to bridge various areas of concern identified in the survey. For example, a high score on the dominance scale of the CPI 434 assessment could be linked to a manager's inability to obtain necessary team feedback. Typically such a score correlates with low scores from the manager's staff on survey questions such as "Are you listened to?" "Is your voice heard?" and "Do you have an opportunity to give feedback?"

Weigand said the CPI 434 score combination of high dominance, low tolerance, low flexibility, low sensitivity and low empathy is particularly deadly when it comes to communication. These scores typically reveal a manager is inflexible and does not value input from his or her team.

Participants were often unaware of these problems. Creating greater self-awareness, therefore, empowered them to change their behavior. Further, linking

growth to characteristics identified by a scientifically validated instrument helped managers discover ways to alter behaviors that stifle open discussion.

"Without the benefit of the assessments, we'd only have the survey data," Weigand said. "We'd be able to identify the areas for growth but not necessarily have a means to address them."

St. Luke's has relied heavily on the Myers-Briggs assessment for training initiatives and as a general source of information regarding the managerial staff since 2001. In this program the assessment was used not just to identify the managers' preferences but also to enable them to better understand and identify with their staff.

"The majority of our managers have taken the Myers-Briggs assessment, and everyone's type is displayed on a chart that can be accessed through the company's intranet," Markovich said. "This helps managers understand how they can work within the larger team."

Approximately June 2009, St. Luke's issued an abbreviated version of the original survey, which showed 85 percent of participants trending positively toward their goals. The results — in combination with a leadership self-assessment, a supervisor assessment and a practitioner/coach assessment — were used to gauge progress.

This information provided reinforcement to show participants their efforts paid off and revealed when plans needed to be adjusted. Further, the data offered a means to quantify the impact on the business based on turnover and replacement costs, as well as the impact of managers' behavioral changes on their employees' perceptions and job satisfaction levels.

In May 2010, St. Luke's issued an additional survey at the 18-month mark, which indicated 94 percent of participants trending positively, a 9 percent increase over the six-month data. No substantive changes were made to the program between the six- and 18-month surveys, which indicated a need to allow participants adequate time to benefit from learning and practice their new skills.

Opening Communication Lines

While improvement is manifest in varied spheres, a few common themes persist, such as communication. In one instance a manager had been communicating with her team exclusively through email. She often failed to communicate the reasoning behind her decisions and exhibited poor timing in her communication attempts — behaviors often demonstrated by individuals with a preference for introversion, as indicated by the Myers-Briggs assessment, and a low social presence score, as indicated by the CPI 434.

Not surprisingly, this was a sore point for her staff. Her personalized program, however, gave her the opportunity to identify these challenges and offered development options to help her communicate in a manner that elicited positive responses from people with varying personality types. She also has recognized the importance of adequately explaining decisions, and giving her staff ample time to digest information.

There also has been a common challenge involving managers' inability to hold department members accountable, commonly reflected by a low CPI 434 responsibility score.

"When managers tend to avoid conflict, fairness and accountability issues typically begin to appear," Weigand said. "As these challenges have been identified and addressed, we've seen significant improvements in the ability of managers to fairly hold their staff accountable for their responsibilities."

The ultimate goal is to partner underperforming managers with top-performing managers to help them add value to their work and increase job satisfaction.

Leaders at St. Luke's have noticed significant improvement in these managers' ability to manage up. Challenges in this area were particularly evident in managers with low CPI 434 responsibility and tolerance scores and high good impression scores.

"In situations where they didn't agree with policies and decisions but didn't want to voice their opinions, some managers tended to shift blame up the chain of command, never communicating their opinions to their supervisor," Markovich said.

In many of these cases, the organizational development team helped managers understand the importance of expressing their opinions to the appropriate parties, overcoming fears and other hurdles, and developing productive ways to voice disagreements.

The program also has helped identify and address manager visibility challenges — a common theme involving managers expressing a Myers-Briggs preference for introversion as well as those with a low CPI 434 social presence score. In many cases, these individuals thought they maintained strong visibility with their staff, when in fact the staff felt very little and sometimes no connection with them.

The program helped to identify steps managers can take to create a stronger, more positive presence. For example, some managers increased their rounds on all work shifts, while others started having morning huddles and regular staff meetings. One manager has even begun posting her schedule on her door, increasing her availability for open communication.

Consequently, St. Luke's has noticed that as these managers' roles have strengthened, so has their staff's ability to relate to senior management.

Managers are fully immersed in this ongoing program, one built to transform them into satisfied, engaged leaders who use their best talents to move the company forward. In turn, this has improved the organization's overall level of workforce satisfaction and engagement.

St. Luke's is working on an initiative that will leverage online learning and social media to build on the benefits and insights provided by assessments and other elements of the training, which will enable managers to further develop their critical thinking skills. TM

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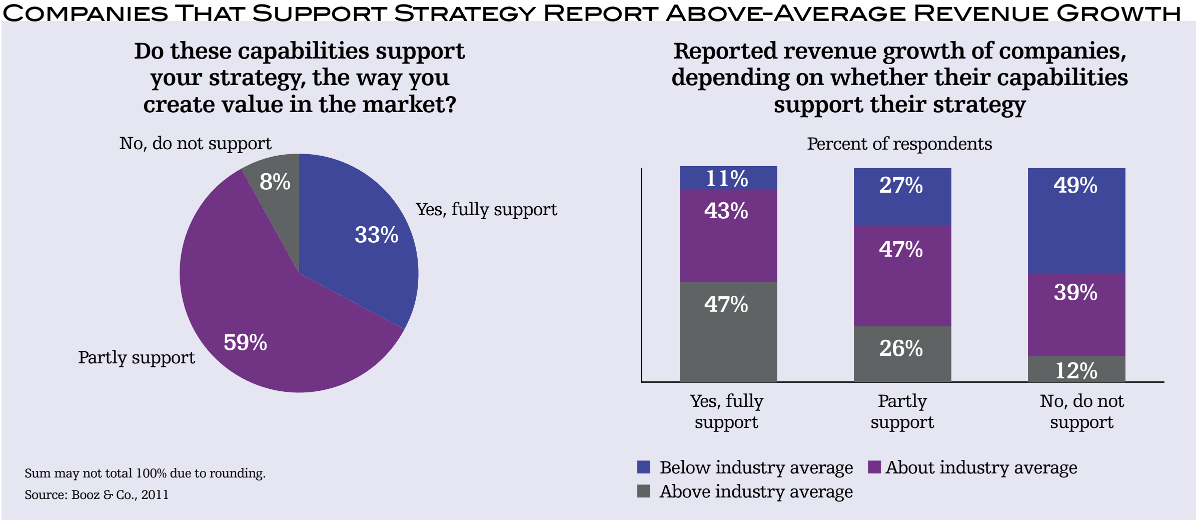
Figure 2: Companies That Support Strategy Report Above-Average Revenue Growth



Sum may not total 100% due to rounding.
Source: Booz & Co., 2011

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While most executives in the survey said their company has a clear way to create value, 53 percent said employees and customers don't understand it.

Again, in capabilities-driven companies, leaders commit to a few capabilities that make a difference. Those leaders tell employees that just about everything else isn't integral to the firm's success over time. Communicating what's important — and which parts of the organization or projects at hand are not — is hard to do, but essential. For instance, capable leaders will need to tell the marketing department to cut back on digital media, or IT to stop its investments into the customer relationship management system, if those efforts are not consistent with the company's strategy.

There is no way executive leaders can delegate communication of these priorities; it is a management task. This message needs to be reiterated consistently in every business meeting and needs to be transparent in every decision made. The benefits go beyond giving clarity to the company's current workforce. When leaders are clear, internally and externally, about what the enterprise's differentiating capabilities are, it is much easier to attract people who are interested in and adept at advancing those capabilities.

A powerful talent strategy is critical to successfully implementing a capabilities-driven business strategy. Talent managers should ask themselves what people with what capabilities they need to be successful in the company's chosen way to play. Only if the talent strategy is part of strategic discussions can companies achieve the required alignment between strategic intent and day-to-day decision making.

However, translating business strategies into talent strategies is often an area managers don't feel comfortable with; they may not have learned how to do it. But there shouldn't be any excuses. Once managers realize the importance of capabilities, including talent capabilities, for business success, they'll have to learn it — be it in management development courses or by watching what their mentors do.

The most differentiating and valuable capabilities are usually cross-functional. These kinds of capabilities are the most difficult to copy and thus lead to sustained competitive advantage over time. To support their capabilities systems, organizations need to be designed to promote cross-boundary connection. There's no one-size-fits-all approach, but some solutions have proven to be useful.

Some companies have put into place capabilities czars — people with responsibility for ensuring the necessary investments are made and the right people are communicating. Renault-Nissan took a different approach to ensure cross-functional cooperation. In the early 2000s it established nine company-wide cross-functional teams to provide formal structure for implementing change. The teams were deliberately set up so people from different geographies, functions and generations were working together. Each team was given accountability for a problem or a gap in capabilities such as product complexity, organizational structure or business development, and the team was given a set amount of time to develop a plan to fix it. Today these cross-functional teams still operate across the organization, challenging the status quo and illuminating opportunities.

Top-performing, coherent companies communicate with and deploy their people differently. Leaders at companies that are truly capabilities-driven help their direct reports see why changing their own behavior is important. Ultimately, these executives wind up leading an enterprise of purposeful, creative people who are used to winning in the marketplace and who understand why they're successful. TM

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Virtual work: Today, virtual work is something most people experience as an alternative to the traditional workplace. In tomorrow's workforce many people may not spend much time in offices at all, choosing to spend more time with customers or local affiliates at a mutually agreed upon location or on the Web. Because of this technology capacity, many organizations, from large firms like Cisco to smaller firms like corporate expedition facilitator WDHB, will select talent based on need and value rather than location. Letting people stay where they are will drive down hard infrastructure costs as organizations realize they don't need as many buildings and all but eliminate moving expenses. It will, however, drive up the need for social network management skills and for clear and transparent communications. It won't be as easy to assert culture or managerial will on a virtual workforce, so people will need to be more proactive about defining work outcomes and expectations, and communicating status and changes. Organizations that learn how to foster and nurture virtual relationships will find that capability a competitive differentiator in the decades to come.

In all of these shifts, performance management becomes a major issue as people decrease their physical work interactions. How organizations measure performance will become more isolated and more virtual as well, which may require a complete rethinking of performance management. The End Result's Spiegel said "organizations aren't paying enough attention to the disruptive nature of the new working relationships. We have already reached a point where most performance management systems are disconnected from the work people do, and the way they like to be rewarded." Some firms already may be walking wounded, losing people and their knowledge because they don't recognize the impact virtualization and technology has had on how they manage performance. Others are in the early stages of implementing commitment-based performance systems that rely on results rather than where, when and how. Programs like the results-only work environment being deployed at Best Buy and Gap Outlets point toward the type of performance measurement approaches likely to evolve as firms recognize the impact of these shifts and adapt.

The future has not been written, and issues will manifest themselves in different ways depending on the social, technological, economic and political changes in the world. These issues, however, will be important to any future in which organizations want to attract and retain the best talent. By thinking about them now, organizations can map out appropriate responses to change that align with their values, and the values of their employees and customers. TM

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add is diversity is very important to Whirlpool, and not only because it's the right thing to do. There's no question that as we try to drive innovation in our company, in our products, there's no question when we have the most diverse terms, diversity in the broad sense, that we have a more compelling, innovative outcome. We can show diversity linkages with the innovation and business growth also, which is real core to our talent strategy.

TM: How do you integrate talent practices?

BINKLEY: When we built our tools over a couple of years, they were built intentionally to integrate. The intention was to create a core business process, a management system as opposed to a one off system. It's a highly integrated set of tools; it's been operationalized to our corporate calendar. This is not episodic. These events are embedded into the core of how we run the business, whether that's our employee engagement survey, our management skills survey, our ongoing talent assessment and development plans. It's not hard to integrate them once you establish them as part of your core business process, and we have enabled these practices through technology. And, if we're going to innovate or add onto the system, we try to first get better faster every year. We also innovate from the core as opposed to changing the core and adding new systems and tools and processes. These are very well established, they link together very well, and they're very well understood.

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

BINKLEY: The next step is data and analytics. We use a lot of data and analytics to understand our talent population around the world. We're pushing that further, and getting smarter about that every year. We're into the [second] year of a three-year process, a very deep look at our global director population. There's 588 of them; we understand the demographics, performance, anything you would want to know, including those who we believe need accelerated investments; we manage them as corporate assets. We're also one year into a three year on over 3,000 managers — same work — to understand how can we segment that population, who's in it, how healthy is it, how can you take that population to the next level? We're segmenting the talent pool to get different cuts, areas of emphasis, priorities.

If I had to leave you with one big thing it would be how we've operationalized and embedded this just as part of our business system and a management process in the company. My boss Jeff Fettig, the CEO, said a number of years ago when we started this, "Dave, I want you to make this inescapable in the company," and I would say that we have achieved that. TM

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Looking for Logic in All the Wrong Places

Humans are not logical. If we were, wars would never begin and people wouldn't buy overpriced homes with no money down and loans they can never repay.

Humans are profoundly illogical. Yet we devote many of our waking hours to trying to find logic in situations where none exists. Our minds need order, fairness, equity and justice. But much of life is neither fair nor just. That's a problem for many of us.

If I had to pick educational backgrounds that breed employees who excessively look for logic, I would nominate engineers, computer programmers and math majors. Once the logical thinkers make peace with the fact that all decisions are made by real people — not logical computers — life gets easier, we make more of a positive difference and are happier.

Another place our need to be logical can kill our mojo is at home. Many of us lose mojo at home because of our need to use logic to prove that our partners are wrong in pointless arguments. This is so common ministers frequently remind newly married couples to ask themselves, "Would you rather be right or have a happy marriage?"

Sometimes, we hope logic will prevail against all odds to reveal to all that we are right, and we stick to our guns until the bitter, bitter end. This happened some years ago to a friend of mine named Tim who was working as a producer at a cable channel. Tim was in charge of all evening programming, and thought he was on track to run the channel someday.

Then the corporate parent installed a woman from headquarters as Tim's boss. She had no experience in broadcasting, but was very adept at impressing her superiors, providing good quotes to the media and shaping her executive persona.

Tim hated her immediately. He fought with her and complained about her to colleagues, making no effort to mask his contempt. Tim believed that in a logical world, her shallowness would be exposed and his brilliance rewarded. Tim thought his superior broadcasting expertise was a powerful shield, more powerful than the woman's power to fire him. He didn't count on running out of time. Within a year, the woman got fed up with Tim's belligerence and sent him packing. A year later, her ineptitude caught up with her and she was given the boot too. Tim might have been right about her, but that was small consolation. He had lost his job.

> **I think we can all agree the world is not particularly rational.**

If you're looking for your own view of logic to win the day, you may be looking in the wrong place. If you focus on making a positive difference, instead of being satisfied with feeling objective, you will benefit both your company and your career. You may ultimately increase, rather than damage, your mojo.

The next time you pride yourself on your superior logic and damage relationships with the people at work or at home, ask yourself, "How logical was that?"

Take bashing the boss, for example. Talent management consultant Development Dimensions International did some research that showed average Americans spend 15 hours a month criticizing or complaining about their boss. Many of us bash the boss at work, after work, even on weekends when our only audiences are captive family members. That 15 hours is more time than Americans devote to watching baseball, which suggests our real national pastime is bashing the boss. A little bit of boss bashing may be understandable, but whatever therapeutic benefit we derive is outweighed by the negatives.

It's not particularly attractive. Trashing the boss when he or she is not in the room makes even the most eloquent whiner appear small and cowardly. Nothing constructive will come of it. You won't build a better boss with your jibes; you'll only tarnish your reputation

More than anything, boss bashing is unproductive. Imagine what you could accomplish if you dedicated those 15 hours to something of consequence like going to night school or being with your family.

If you really have a problem with bosses, talk to them about it. If you feel you cannot talk with them, leave. If you cannot talk with them, and cannot leave, make the best of it. That's logical. TM

About the Author

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