

## *Talent Management and Measurement 2010: Taking the Long Term View with Recovery in Mind*

Caroline Paxman - Chief Product Officer, PreVisor

*With economists declaring that the recession has ended, employers and employees are looking toward a more hopeful future – perhaps through different lenses. Workers across industries and locations have felt the pinch of reduced hours, income, and jobs in general – and many are getting itchy for something better.*

From the employer's perspective, many were forced to lay off staff to stay afloat, which put additional stress on those who remained, and companies know there's dissatisfaction among the ranks. As the economy shows signs of strengthening, many organizations will need to staff up while trying to retain their current workforce. We saw similar conditions among the workforce in 2004 following the much smaller 2001-2003 economic slowdown and we learned some lessons.

This scenario presents many challenges for HR professionals, who have already been under pressure to help business managers make smart talent decisions within a climate of flat or reduced HR budgets. How best can HR, especially talent management specialists, stem a tide of departures while at the same time lay a strategic foundation to acquire new talent? By making a strategic organizational commitment to create a workforce culture based on talent measurement using objective insights to drive better hiring, development and promotion decisions which impact business outcomes.

### **Begin with the end in mind**

Strategic HR programs need to measure success and demonstrate value back to the organization, proving their impact on business outcomes. Success measures must be considered and prepared for in the very early stages of a program's inception. What are the business goals? How will you measure the impact of the program? What data is available and is it linked to the HR program? Does the organization value those particular data points?

Jana Fallon, Vice President of Recruiting for Prudential, knows first-hand what it's like to make tough decisions and manage staffing challenges through up and down cycles. She works with business leaders within her organization to set goals, and relies on objective data to monitor and improve the overall function of her talent management programs. "Scientific measures guide our strategy and inform our tactics. We are constantly finding new ways to measure, report, and most importantly take action based on our customers'

(hiring managers and applicants) feedback. We have a responsibility to our people to systematically measure our contributions in order to tell the value story."

### **Start by creating a strategic talent plan**

Every organization should develop an accurate staffing model, identifying key skills and competencies that exist across current employees as well as those that may be required to support future business objectives. This allows companies to make informed decisions about talent and react more quickly to changing circumstances when they arise.

Many of the most successful companies create talent dashboards to highlight areas of organizational strength using key competencies needed for the job, as measured by both assessments and performance ratings. Talent management leaders can use objective data to engage in strategic conversations with business leaders about the various strengths and areas needed for development within their departments tied to business outcomes. These conversations can lead to improvement through:

- Targeted employee development plans to increase strength in key competency areas
- Identification of critical skills and abilities that need to be brought in from outside the department or organization
- Insights into what kind of skills might be required to support future business strategies

### **Finding round pegs for round holes**

With high levels of unemployment, companies across the board have reported receiving higher numbers of applicants for every open position, but not necessarily better qualified applicants. This has increased the need to incorporate tools within the hiring process that can be used to rapidly uncover applicants' potential for success in an efficient (i.e., process candidates faster) and effective (e.g., more quality hires) manner.

Combining online technology with assessments measuring critical competencies for particular jobs and used early in the selection process has proven to be highly effective in the selection of candidates with the greatest potential for success. In fact, competency-based assessments combined with content designed to measure an applicant's personality fit to the company's culture have shown impact to improved retention. If you can identify those candidates who show

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a preference for the work and the environment, and whose values align with those of the hiring organization, they are more likely to stay – and to perform.

At The Body Shop, an international beauty and personal care products retailer specializing in natural, sustainable ingredients, the use of assessments has had exactly this impact. “We needed to provide consistency in the hiring process and find high quality candidates who fit our culture,” said Al Kong, director of human resources for The Body Shop. “Retail assessments were implemented for our sales associate positions about two years ago, which realized productivity gains while unwanted turnover decreased. We now use the assessments for most of our customer-facing positions including

our store and district managers. Managers reported from the field that these hires are of a higher caliber and continue to meet goals.”

Similarly, the discipline and rigor companies use in measuring talent during the selection process should be applied to promotions. We often hear about organizations using well-developed selection processes including assessments to select entry level staff, but not to fill critical first level leadership positions. [See sidebar story] However, first level managers can be critical in influencing the retention of the entry level staff. Assessing individual contributors for the ability to manage, coach and develop others is critical to ensuring their success as a front line leader.

## Are We Structuring and Measuring What is Critical to Creating a Culture of Talent?

Sarah Fallow, Ph.D.

Are organizations using structured processes to create a culture of talent, and utilizing appropriate measures of success for such initiatives? Results from the 2010 Global Assessment Trends (GAT) Survey from ADP and PreVisor demonstrate that companies around the world currently have or intend to implement HR programs to select, grow and retain talent, but fewer are structuring and measuring these programs to ensure that they meet overall strategic goals. Some key findings from the survey of over 200 organizations include the following:

- Quality of Hire is the key business outcome that 72% of companies are trying to improve with pre-employment assessments, among others including productivity and retention. However, just over half (56%) of companies reported that they collect metrics to show the value of tests to their overall hiring process. Less than half (42%) of companies are required to demonstrate a link between assessments and business outcomes by internal stakeholders.
- Likewise, nearly all organizations agreed applicant reactions are important (83.9%), but less than 41% of companies get feedback from applicants, a group that is made up of potential high-performing employees and current or future customers.
- While the overwhelming majority of organizations use assessments for pre-employment testing, less than 50% of companies use them for measuring the talent of their current workforce. Of those who do, most organizations use or plan to use them for Career Development, Promotion, and Training Needs Analysis initiatives within their organizations.
- Only 28% of companies have a structured process for promoting

leaders. How can a structured process help drive a culture of talent, demonstrating to the entire organization that leaders are being selected carefully and thoughtfully? Sound talent decisions require past performance data plus measures of critical leadership competencies.

- Over half of companies (62%) use career development as a retention strategy, but only 29% of companies have a formal career development process in place.

While having structured processes in place for key initiatives makes sense from a business outcomes perspective, it also demonstrates an overall commitment from the organization to consistency and objectivity in talent decisions. This type of commitment can have a positive impact on the overall attitudes of employees and potential recruits towards the overall employer brand.

However, it's clear that the economy is having an impact on such initiatives. “What's clear from our results, too, is a definite ‘wait and see’ approach to implementing new programs within organizations,” says Dr. Andy Solomson, co-author of the GAT. “The key is not to wait too long to structure programs that can make a difference in retaining top talent as the economy improves. This shift in focus illustrates the reduction in need to hire externally, but it should be used as an opportunity to re-evaluate and enhance current practices to ensure organizations are ready for the next edition of the ‘war for talent’,” continues Solomson. “Put the emphasis on internal programs and career paths, and include these newly enhanced programs as part of your overall recruiting efforts.”

In summary, companies intend to use formalized talent management and measurement strategies to help create a culture of talent, but fewer companies are actually structuring those programs and/or measuring the outcomes of such programs. More information and results may be found in the complete 2010 Global Assessment Trends report, available at: <http://www.previsor.com/resources/gat/2010>. **TM**

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## Strengthening what you've got

Snagging the top talent is all well and good, but talent management encompasses far more than finding the new and shiny. Developing existing employees, particularly when budgets are tight, becomes increasingly important. Experts in the field of industrial-organizational psychology, those who've studied how people behave at work and in their jobs, have found that top performing companies are often "people-centric" - where employees feel they are valued contributors and they are given a chance to develop new skills.

"Making employees feel valued and worthwhile vis-a-vis opportunities for continued learning and growth is a smart business strategy," comments Lillian Eby, Ph.D., Professor of Applied Psychology at The University of Georgia, an expert on mentoring and career development. "Employee development not only helps employees continue to feel challenged and motivated at work, it can also help fill critical skill gaps that exist in the organization and allow for greater flexibility in meeting customer needs."

Successful companies understand the value of structured, internal talent programs and link those to employee interests. "Creating internal job opportunities now can help us retain our top talent when the job market recovers," adds Prudential's Fallon. "One aspect of a people-centric culture that we have focused on this year is ensuring our employees have direct access to our job opportunities across the company. We now match jobs and push out information to people to suggest new roles they may be interested in applying for. It is one way we can focus on our people, and it does not add to our budget or headcount because it is a feature of embedded technology."

Many leading companies also allow employees to identify their own competency development needs and link those to internal career paths and opportunities. By providing tools for employees to self-assess their skill level and then choose from recommended training and development offerings (often self-paced and provided online), companies are giving employees access to – and responsibility for – self-development.

Similarly, companies do not need significant overhauls and major budget infusions to drive other impactful talent management programs. Effectively leveraging successful, informal initiatives can help retain talent, develop key competencies, and meet strategic objectives. "There are many developmental activities that are low-cost and potentially high return", says Dr. Eby. Examples of informal talent programs with the potential for high impact include:

- Mentoring programs provide employees with direct access to a leader or more-experienced professional, and can provide coaching opportunities and a voice within the organization;

- Stretch assignments create hands-on opportunities to take on larger, more complex initiatives and the potential for greater visibility within the organization;
- Job rotation experiences and cross-functional task force assignments provide opportunities to try new roles and develop new skills.

## Getting back to the value

Talent management leaders can make more of an impact on the organization when they present the results of programs implemented in an effectively communicated manner – not unlike a marketing campaign. One way to show the value of talent measurement is through a value roadmap, or four levels of value with more quantifiable impact demonstrated as you advance through the levels:

- Level 1 - Gather anecdotal feedback about your program from those impacted (applicants, employees, hiring managers etc.).
- Level 2 - Show improved efficiency/cost savings that are direct tangible benefits of implementing new processes, e.g. moving an HR process online = ease of access and less time spent, thus saving money.
- Level 3 - Utilize structured surveys to solicit responses from Hiring Managers on the customer service level of the HR team, or candidate quality of hire, or an employee's level of improvement in the case of a development program.
- Level 4 - Implement more complex impact studies examining business metrics via employee performance, e.g., linking test scores to sales performance (were high scorers on the assessment likely to stay longer and have higher sales numbers?).

## Talent Measurement guides great people decisions – in any economy

Economies cycle up and down, but a key lesson from this recent downturn has been the need to adapt rapidly by having a strong understanding of your existing talent. Best in class organizations consistently measure their talent at multiple stages through the employee lifecycle, but especially to support selection, promotion and development decisions – whether the economic times are good or bad. Companies that create a culture of talent based around talent measurement and focus not only on selecting the best, but also on the long-term development of their employees, will be the long term winners. 