DRAKE Business Review

HELPING YOU MEET THE CHALLENGES IN YOUR BUSINESS – RIGHT NOW VOL.7, NO.1

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WHY HR NEEDS TO ADOPT METRICS AND PREDICTIVE ANALYTICS

THE BOARD'S ROLE IN TALENT MANAGEMENT

WHAT DO GREAT CEOS DO?

DRAKE INTERNATIONAL

DRAKE
Business Review

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Using Workforce Analytics *to* Drive Strategic Business Decisions

Workforce analytics are playing an increasingly important role for business executives as they highlight human capital issues that could negatively affect the overall business strategy. Armed with this in-depth knowledge and intelligence, they can then make the right decisions and changes. There is no doubt that, unlike finance or procurement, HR used to lag behind in using analytics — to understand and maximize the value of its workforce. This is rapidly changing, as more studies are being conducted on the effectiveness of workforce analytics overall and as more companies are buying in. A survey conducted by the research firm Bersin by Deloitte found that "more than 60% of organizations are increasing their investment in talent analytics."

Dr. John Sullivan, Professor of Management, San Francisco State University in the US, also stated in his informative article in this issue, "Why HR needs to adopt metrics and predictive analytics", that the advanced firms that most effectively managed their workforce by using analytics improved their firm's profit by as much as 65%. This figure from a 2013 study by the Harvard Business Review group is a profit improvement figure that is difficult to ignore.

> **"More than 60% of organizations are increasing their investment in talent analytics."**

The question the HR corporate talent function has to ask itself is: What is the value of our workforce to our organization's bottom line? This is a key reason why workforce analytics has become a critical tool in the decision-making process. Having in-depth data about your workforce and connecting the critical data points throughout your company, such as finance and business intelligence, empowers your entire business strategy.

For this reason, Drake International, driven by client need and innovation, added Drake Synergizer Workforce Analytics to its suite of Talent Management Solutions. Customized for your organization, this highly visual cloud-based solution provides real-time scenario modelling to provide the insights you need into your company's human capital investment. Find out more information on the benefits of Drake Synergizer and what makes it unique in our Workforce Analytics article on page 8.

Drake's foundation is built upon the principle of Productivity Improvement + Performance Improvement = Profit Improvement. When it comes to talent management, Prof. Sattar Bawany states in his article "The board's role in talent management" that a "board's oversight responsibility is well understood in the areas of risk governance, ethics, and corporate responsibility, but less often mentioned with regard to talent. Yet talent is an intrinsic part of the risk culture of an organization." How often does your board discuss and strategize talent management? Prof. Bawany's thought-provoking article, starting on page 30, stresses the key role boards play in "ensuring that talent strategies are in place". It's an important read.

When it comes to your people and especially your top performers, do you know what they think about your company and what issues are concerning them? Do you know if they are fully engaged or looking to leave? You track revenue and other business measures, but do you track the attitudes and behaviours that drive those metrics? When was the last time you asked? Engagement surveys play a critical role in examining the health of an organization and guiding what needs to be done for improvement.

Prof. Bawany states that "talent is the one thing that can distinguish a company from its competitors. Without the right people to execute and deliver the organization's strategy and objectives at all levels, the business will fail to reach its full potential." The point is, if you don't know what concerns and issues are on the minds of your staff, you risk losing them. Your goal is to ensure your employees are motivated, feel vested in your organization's success, and will go the extra mile. Drake's online engagement survey solution is an easy way to get qualitative data on employee attitudes that drive performance, indicating where you are strong and which factors are holding your company back. The article "Do you really know what your people think" starting on page 14 provides valued input on the important benefits of engagement surveys.

> **"Engagement surveys play a critical role in examining the health of an organization."**

How a company manages and monitors its talent and its business overall continues to undergo tremendous change. This is understandable when you consider the ongoing advancements in technology and the challenges of a global economy. CEOs and business executives must keep looking at ways to reduce costs, increase profits, and keep their competitive edge, while also hiring effectively and retaining and engaging their staff.

From back-end office processes to HR-related functions, increasingly more companies are adopting business process and HR outsourcing as a way to achieve these objectives. When a specialist provider has the economies of scale to provide lower costs, better quality, and more flexibility than an in-house function, it is wise to outsource that process. You can read more about "The strategic benefits of outsourcing" and how it can help your organization on page 18.

I started off my message by talking about Workforce Analytics, and it's a perfect place to close. Having the right analytic tools to obtain the intelligence needed to drive business growth is crucial. Workforce Analytics provides business leaders visibility into HR/workforce data enabling them to make the right decisions that impact their overall strategy and operational efficiency. It's no wonder more and more companies are coming on board.

Bill Pollock

R. W. Pollock, Chairman

10 WAYS TO KEEP VIRTUOSOS ENGAGED

In tough economic times, retaining average talent presents no problem: People want a paycheque. But in good times and bad, keeping truly gifted talent is an ongoing challenge. Finding the specialists that offer what you need poses the first problem; keeping them in your doors, the second.

Large companies face this challenge, but their sheer number of employees mitigates it considerably. This is not true for smaller firms. When small companies hire well, they thrive for a given time but constantly worry that the exit of a key person will set them back. They can't stack up talent in the corners like so much firewood. Instead, they have to find creative ways to keep exceptional employees engaged and motivated, even when there's little room for advancement or promotion. Here are ten ways they can do that.

1 Compensate fairly

Don't pay an average wage unless you want average performers. Exceptional performers know their worth and resent those who don't recognize it, too. If you offer them the same pay that everyone gets, fail to give them merit raises, or otherwise keep too tight a grip on the purse strings, they will leave out of disgust for your poor decision making as much as for a desire for higher compensation.

2 Model the management behaviour you want others to emulate

Give feedback, delegate, and conduct performance reviews. Don't micromanage. Communicate, set time frames, establish goals, and get out of the way. Talk to them about what needs to be done, but let them decide how they will go about it. Delegate everything that you don't have to do yourself. Let them make all decisions for which they are qualified. Give them entire projects, not just parts of them.

"A" players want to play on the "A" team, so no matter how small the organization, run it like the top-notch company it needs to be. Set a clear strategy with specific key performance indicators for each person. Measure results and hold people accountable.

Establish trust as a two-way street. People who don't trust their leaders lose their motivation first and their desire to work for the un-trusted leader next. Be consistent in your behaviour, mood, and policies. Conduct your personal life with the same integrity that you do business, and trust others.

> *"When small companies hire well, they thrive for a given time but constantly worry that the exit of a key person will set them back."*

3 Help solo performers learn to manage

Send them to management training, provide opportunities for them to develop management skills, and hire them a coach. Give them feedback about their management style and practices, not just their technical abilities. Tie rewards to developing others. Give them real responsibility for results, hiring, and spending money.

Not all virtuosos want to manage others, however. By nature, virtuosos often tend to be solo performers, wishing to create their own destinies rather than counting on others to define their success. If you can offer both tracks, you stand a better chance of addressing the preferences of the individual.

> *"Give virtuosos feedback about their management style and practices, not just their technical abilities."*

4 Give virtuosos access to you, your top clients, investors, and others important to the organization

Take them to meetings outside the organization. Introduce them to the important people in your world, and give them opportunities to develop relationships with these people. Even when their current job does not demand this access, provide it.

5 Provide opportunities for virtuosos to specialize and improve

Top performers thrive most from doing a job exceptionally well. They tend to learn quickly and eagerly, so the benefits will quickly become apparent. When you provide opportunities for them to leverage strengths, they get excited and feel motivated.

6 Offer tuition reimbursement for those who want to specialize or cross-train

If you notice you need specialized help in marketing, finance, or some other function, instead of hiring a new person or a consultant, consider sending your top performers back to school. You may pay $20,000 in tuition for two years, but that is much more cost effective than the alternatives, and you'll build enthusiasm and loyalty from the star.

7 Let top performers cross-train with other departments

This costs nothing and pays back mightily. For example, nearly everyone needs to know more about finance. When you have a need, consider moving someone to the finance function for a period of time. Also, rotate positions of power. For example, most small firms don't need an HR director. People can train for this function without formal schooling and assume its responsibilities rather quickly.

8 Recognize top performance

Without recognition, virtuosos feel cheated and devalued. Stars require praise, but unless you offer it sincerely and specifically, they will dismiss it. When you provide it, they repay you with loyalty and exceptional performance.

9 Allow for life balance

Top performers tend to be overachievers in all aspects of their lives. Just as they expect to do exceptional work when they are on the job, they insist on outstanding relationships in their private lives. Clever people know the difference between critical and unimportant uses of their time. If you insist on long hours, rigid schedules, and busy work, they will disengage.

10 Surround your best with other top talent

Star performers, by their very nature, come through your door motivated and ready to engage. They want to contribute to the success of an important organization and work with other "A" players. Make your organization a place where the clever choose to work, and your stars will become your best magnets for other top performers — and all will stay engaged.

> **"Surround your best with other top talent."**

How often have we heard "Our people are our greatest asset"? The facts tell a different story. Only some people — the virtuosos — are true assets. The point is to spot them, nurture them, and know when to leave them alone. These people will make the difference between your company surviving and thriving, between outrunning your competition and tripping at the finish line.

No matter what you do, however, you will suffer some attrition of your virtuosos. They tend to be a restless lot, constantly on the hunt for greener pastures and more excitement. They learn rapidly and bore easily. Therefore, you must be prepared to lose top talent in a small business. If you don't have a Plan B, then you don't have a Plan A.

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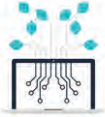
Reprinted with the permission of Linda Henman. For over 30 years, Dr. Henman has worked with executives and boards of directors to help them set strategy, plan succession, and develop talent. Author of Challenge the Ordinary: Why Revolutionary Companies Abandon Conventional Mindsets, Question Long-Held Assumptions, and Kill Their Sacred Cows; Landing in the Executive Chair: How to Excel in the Hot Seat, *and* The Magnetic Boss: How to Become the Boss No One Wants to Leave, *she has worked with Fortune 500 companies, small businesses, and military organizations. www.henmanperformancegroup.com*

Focus on WORKFORCE ANALYTICS

WHY HR NEEDS TO ADOPT METRICS AND PREDICTIVE ANALYSIS

Dr. John Sullivan and Drake International



Why Workforce Analytics Matters

"Given the importance of talent and people, it's time to move beyond instinct, gut, and tribal wisdom in making workforce decisions. If you're not using workforce data and analytics to drive your talent decisions, you may be behind the curve — and at risk of losing your competitive edge. As HR works with business leaders on the front lines, analytics are becoming critical in making more effective decisions related to workforce planning and recruitment, compensation, development programs, and deploying critical talent." This excerpt from Human Capital Trends 2011 – Revolution/Evolution by Deloitte quickly captures why workforce analytics matters.

"Only about 4% of HR departments are using any form of predictive analytics today," said Josh Bersin of Bersin by Deloitte, a research and advisory services firm. However, workforce analytics are becoming an increasing focus for many organizations, and an executive survey by the firm found that "more than 60% of organizations are increasing their investment in talent analytics."

Drake's work in workforce analytics

Every company needs the ability to make well-informed HR decisions. However, many organizations have not invested in capturing and analyzing workforce data to the same extent as other areas, such as finance and procurement. As Bersin noted, this is changing as a larger percentage of organizations increase their investment in talent analytics.

Driven by client need and innovation, Drake has added Drake Synergizer Workforce Analytics to its suite of Talent Management Solutions. This unique, highly visual, cloud-based workforce analytics solution provides HR departments with access to accurate, multidimensional workforce analytics in real-time scenario modelling, generating powerful insights into an organization's human capital investment.

What makes Drake Synergizer unique is our Workforce Analytics Dashboard that brings static data to life and provides workforce details when and where you need them.

Our Dashboard is the only platform to provide these benefits:

Predictive analysis

Connect the critical data points throughout your company — finance, business intelligence, human resources, and more in a user-friendly way that everyone can understand.

Human capital financial statements

Measure your human capital ROI by integrating financials with key talent management metrics to quantify the bottom-line impact of recruiting, training, productivity, turnover, trend shifts, and more.

'What if' scenarios

Leverage the dashboard to perform predictive and cost-based analytics, including workforce planning, forecasting, and modelling.

Affordable solution for small to large workforces

Customize this cost-effective solution to match your business needs at a price-point you can afford.

Drake Synergizer's Workforce Analytics Dashboards help forward-thinking leaders by transforming data into real meaning to provide powerful insights into the ROI of their human capital investments. Deeper insight and actionable business intelligence enables business executives to make better decisions about their people.

Drake Synergizer Workforce Analytics provides your HR department with real-time scenario modelling, generating powerful insights into your organization's human capital investment.

To find out how Drake Synergizer can help you effectively calculate the ROI on your human capital investments and connect the critical data points throughout your company, contact the Drake Talent Management Solutions team below. You can also click on Talent Management Solutions when you visit drakeintl.com to learn more.

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Dr. John Sullivan, Professor of Management at San Francisco State University, has written extensively on workforce analytics. Below he shares his views on the importance of workforce/HR analytics.

Why HR Needs to Adopt Metrics and Predictive Analytics

A 2013 study by the Harvard Business Review group found that the advanced firms that most effectively managed their workforce by using analytics improved their firm's profit by as much as 65%. A 2013 AMA/i4cp survey reviewed the most frequent users of analytics and metrics in the corporate world. Finance was ranked #1 as the most frequent user of analytics and metrics. And the executive team came in #2 because, along with finance, they are at the forefront of demanding more metrics and analytics from HR. HR itself ranked at the very bottom, with only half of its functions being classified as advanced users of analytics. The remaining business functions — operations, R&D, marketing and sales — all had a higher percentage of advanced metrics users than HR.

> *Advanced firms that most effectively managed their workforce using analytics improved their firm's profit by as much as 65%.*

Reasons for HR corporate talent function to embrace metrics and a data-based decision model

To improve business results and increase profit: As noted in the survey, an organization's profit can be dramatically improved using workforce/HR analytics.

To demonstrate your business impacts: Working with the CFO's office, it is possible to quantify the dollar impact that HR actions have on business goals. Quantifying the business impact in dollars makes it easy to compare yours with those of other more visible business functions.

To influence managers and executives: Executives and managers are frequently fanatical about numbers, so numbers can be used to influence them and to change their behaviour. As Google said, "The best thing about using data to influence managers is it's hard for them to contest it. For most people, just knowing that information causes them to change their conduct."

To reduce error rates: Because metrics highlight errors, their use and distribution will dramatically pinpoint the number of major errors that have occurred and the weak decisions made in the HR function, including bad hires, preventable turnover, and delayed termination.

To get everyone focused on the right things: Selecting what to measure and what not to measure lets everyone know what is important and what is not.

To find out if existing HR approaches are working: Metrics can help HR leaders see which of their existing programs and tools are working and which are not, so that they can stop using them or fix them.

To assess the effectiveness of new programs: All new talent programs should have goals and performance metrics so that program leaders and executives can quickly see the effectiveness of new HR programs.

To make the HR function more businesslike and results oriented: Because many other business units shifted to a data-based decision model a long time ago, the use of metrics makes HR more businesslike and results oriented when it finally makes the shift.

To provide "I know" responses: To give accurate advice, the use of metrics enables HR to use data to make informed decisions and know what works and what doesn't.

To funnel resources into high business-impact areas: Once HR knows the highest business-impact programs and the ones that are not working, they can more accurately allocate their budget and staff to the areas where they can have the highest impact and ROI.

To speed up and increase the consistency of talent decisions: By periodically gathering and reporting metrics, HR's decision making will be faster as well as more consistent and accurate. And because most metrics are in electronic form, it will be much faster and easier for decision makers everywhere to have access to the same data and information.

> *Because metrics highlight errors, their use and distribution will dramatically pinpoint the number of major errors that have occurred and the weak decisions made.*

To increase funding/executive support: Since CEOs love metrics, incorporating them into HR's plans and proposals will increase the likelihood that they will get more executive support and funding. By reporting the ROI of individual talent programs, HR will be able to compare their effectiveness to those of other business functions.

To enable HR to use the CFO's language and logic: Metrics forces those in HR to use the language of business (dollars and numbers) and to present the information in a way that's consistent with the business presentations of other functions.

How to raise your HR metrics efforts to the next level with predictive analytics

While HR metrics reports on what happened in the past, predictive analytics analyze past and current data and reveal patterns and trends that may allow you to accurately predict upcoming people management problems and opportunities.

To sell your leadership on switching to predictive analytics, you can give them these 11 reasons that make predictive analytics worth the extra effort.

1 ***They initially make you aware of shifts in historical patterns:*** Forward-looking predictive metrics begin by searching for patterns, so they can let you know which historical patterns will remain steady and which ones will no longer hold true. This information can inform decision makers that their current HR programs may no longer work.

2 ***They enable you to stop guessing about the future:*** HR leaders can reduce "off the top of my head" guesses and instead routinely make informed decisions about what is likely to happen in the future.

3 ***They alert you so you have time to prepare a plan:*** A fast-moving world presents many opportunities to be surprised by unpredicted events. Because predictive analytics are forward looking, they tell you what is about to happen. And because managers are alerted in advance, they have time to prepare a plan to mitigate the damages or even avoid the upcoming problem altogether. They can also warn decision makers about upcoming positive talent opportunities like a period of reduced talent competition in the recruiting marketplace where you can fill your jobs with top talent more easily. You will dramatically decrease costs because you mitigate problems before they get out of hand.

4 ***They provide the opportunity to be strategic:*** Being strategic implies being forward looking. So implementing predictive analytics can demonstrate to executives that you are acting strategically by forecasting, assessing risk, and preparing

for the future. Because strategic metrics are predictive, they make it more likely that elements of the HR plan will be integrated into the strategic business plan.

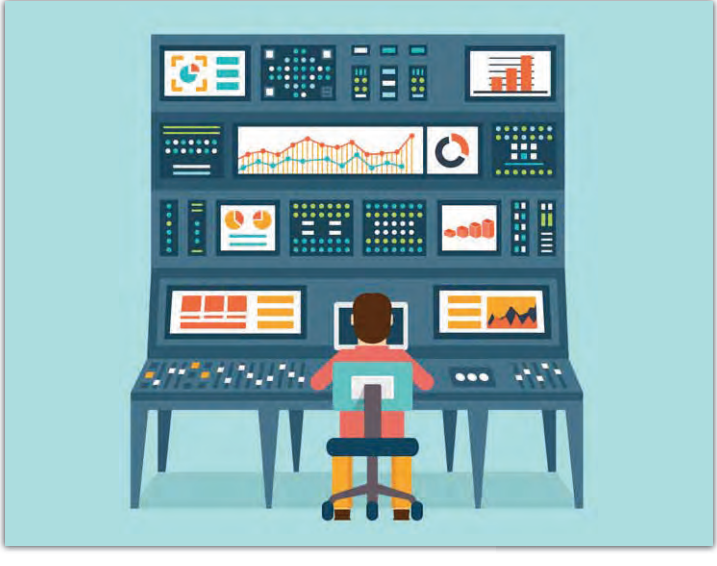
5 ***They enable you to understand why shifts are happening:*** The best predictive analytics identify not only which factors are changing but also why they are changing, so decision makers can implement solutions that best fit the root cause of the problem.

6 ***They increase the odds that decision makers will act:*** Actionable predictive analytics are designed specifically to increase executive action, as executives are more likely to act when they read them. Actionable metrics advise decision makers on the impact on business with estimated costs of upcoming problems, the cost of doing nothing or delaying, and which actions have the highest probability of completely solving the predicted problems.

7 ***They reduce the time to respond to an executive query:*** Making decisions quickly in a fast-moving world is vital. Because most predictive analytics approaches are electronic and more integrated and comprehensive than traditional HR metrics, the time it takes to get an answer to a decision maker's query may be reduced dramatically.

8 ***They allow you to model different approaches:*** Advanced analytics processes allow decision makers to develop models allowing them to test alternatives and vary constraints and the assumptions to see how the results would change. Such models, or 'what-if' scenarios, can excite decision makers, while helping them avoid major errors because new approaches have been mathematically simulated.

9 ***They provide your company with a competitive advantage:*** If your talent competitors don't develop predictive analytics, the predictions provided to your decision makers can give your firm significant talent and business advantages.



10 ***They cover all critical talent areas:*** Predictive metrics can provide alerts in all important talent areas, including recruiting, retention, leadership, performance management, and internal movement.

11 ***They make you aware of new relationships in talent management:*** Predictive analytics can reveal new relationships between talent factors that did not exist in the past. For example, a policy shift requiring part-timers to work under 30 hours per week to avoid health insurance costs may have the unintended consequence of significantly hampering recruitment and increasing turnover problems in jobs that had no past history of recruiting or retention problems.

Summary

If you have been hesitating to completely implement traditional or predictive analytics, their multiple benefits should convince you that the time to act is now. In the business world where every function makes decisions based on data, HR and talent management can no longer be looked upon as a laggard in this critical business area. Instead of guessing, it's time to know with reasonable certainty what is about to happen in talent management.

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Used with the permission of Dr. John Sullivan, Professor of Management, San Francisco State University and a thought leader on strategic talent management and human resource practice. For more information, email Johns@sfu.edu or visit www.drjohnsullivan.com

Key Metrics That the Recruiting Process Omits

Dr. John Sullivan

Ask your leaders if they routinely measure the key metrics listed below that recruiting omits. You may be surprised to find that many of the measures that are essential in other functions simply don't exist, or they only get lip service in recruiting. Because so many other business functions already do them on a regular basis, it's hard to argue that the numerous omissions presented here are hard to do. These are the measures that we don't bother to calculate in recruiting:

We don't measure the failure rate of new hires: Even though the failure rate of the hiring process has been reported to be as high as 46%, recruiting functions do not define process output failure or measure it.

We don't calculate the new hire success rate, the quality of hire based on new hire performance on the job: Talent acquisition rarely measures the actual percentage of improvement in new hire performance compared to last year's hires.

Even when we calculate quality of hire, we don't use the information to improve recruiting: About 30% of firms measure the quality of hire, but almost no one uses that data to better identify the factors that predict new hire success on the job.

We don't calculate the ROI of the recruiting function: ROI ($ of return compared to $ spent) is the most commonly calculated metric throughout the business. However, because recruiting does not quantify its business impact, recruiting leaders can only report the costs in isolation.

We don't quantify our overall business impact in dollars: Every major business function calculates its overall yearly impact on key corporate goals like revenue, profit, customer satisfaction, and productivity. However, recruiting routinely fails to put a dollar value on its results.

We do not continually measure user satisfaction rates: Rarely does any corporate recruiting function continually measure satisfaction with the hiring process among each group of its users, including prospects, applicants, candidates, new hires, and hiring managers.

We provide only historical metrics and no predictive analytics: Every metric in recruiting is historical, exclusively reporting what happened last month or last year. Other business functions have learned that to improve their decisions they need real-time metrics that tell what's happening today. To become forward looking, recruiting must also develop predictive analytics to avoid surprises.

We don't calculate the unintended hidden consequences of excessive cost cutting: Most business leaders are experts in limiting budget cuts to their function. Many influence their business leaders by calculating the often partially hidden negative consequences that follow excessive cost cutting. For example, business executives may think they're saving money when they cut the recruiting budget, but that saving dissipates quickly if the lower level of training that "saved" $10,000 actually resulted in hiring salespeople who sold $20,000 a month less.

Do You *Really* Know What Your Employees Think?

Because employees have a huge impact on the bottom line, companies need to ensure their workforce is engaged and committed. Numerous studies have linked employee loyalty, customer loyalty, and financial results with one another. Employee dissatisfaction leads to lower productivity and higher turnover, having a significant impact on organizational performance. Therefore, anything that can reduce the investment of time and money currently channeled into sourcing, hiring, and training new employees is beneficial.

Enterprise surveys enable business leaders to find out what their employees really think and what issues need to be addressed. Through the survey, the organization can communicate to employees that their opinions matter and so increase employee morale, understand key organizational issues, and build an engaged workforce. Carrying out a well-orchestrated survey — and listening, consulting, and acting on the results over time — will have a positive effect on a company's bottom line.

An enterprise survey is a structured process in which staff can openly discuss their opinions of the organization without fear of reprisal. They can review key areas that the organization has deemed important (e.g., culture, company strategy, career development, reward systems, training, onboarding, orientation, and customer service) and provide input and ideas on what is working well and what is not. The aim is to present staff with a method that encourages them to give honest answers on a variety of topics in a manner that they find comfortable.

Why conduct an enterprise survey

Would you like to uncover key organizational issues that would lead to demonstrable improvements? Do you want your workforce to provide feedback and suggestions on how to improve and feel more engaged and committed to your company?

Employee engagement is a central goal of a smart company that understands that it is only as good as its employees and that there is great value in knowing their opinions, drivers, and behaviours. Numerous studies have established that a moderate increase in employee engagement can garner huge returns for a company. Being aware of what employees are saying about their work experience provides insight into a company's key issues and makes available crucial information that can be positively applied to the future.

An organization can reap many benefits from conducting an enterprise survey:

- It's a strategic organizational tool to identify important issues.
- It provides an assessment of current organizational culture and gauges the level of employee engagement.
- It allows employees to communicate views and concerns.

- It isolates the root causes of such continuing problems as high turnover or low productivity.
- It enables companies to find solutions to issues that will lead to profitable improvements.
- It fosters stronger employee relations by creating an environment of openness and trust.
- Empowered employees lead to higher retention rates, lower absenteeism, improved productivity, better customer service, improved morale, and measurable savings.

How to conduct an enterprise survey

To implement an enterprise survey, you must plan — to create governance policy, clarify objectives, establish timelines, allocate resources, identify topics, and define a reporting structure. Once you have dealt with these elements, you need to develop survey items with the input of key constituents. You must also address administrative details, including who will receive the survey, communication, and timing, and then create your plan of action to analyze and identify priorities. Over time, you implement and monitor key recommendations, ensuring that you provide regular updates and communicate progress.

Your organization must keep your employees informed through all phases of the survey, including preparation, data collection, action planning, and implementation. You need to develop a communication plan to get out the key messages — objectives and rationale, timeframe, importance of participation, how results will be reported, and action priorities identified add implemented. Be sure to allow for two-way communication.

Explain suggestions that cannot be implemented in a timely manner and tie changes that are made back to the survey. Communicating effectively throughout the process establishes a solid foundation for future surveys.

When employees see the changes that take place as a result of their feedback, they will understand the connection between that and their response, leading to an improvement in future survey scores.

Timing the enterprise survey

If you conduct a survey only once, you lose the survey's value in monitoring progress over time and uncovering new or developing issues. If you conduct surveys too often, fatigue can occur. To be effective, you should schedule the survey process so that any initiatives that come out of it can be incorporated into the business planning cycle.

Once it has been distributed, allow enough time for staff to consider their responses before completing the survey. Providing the opportunity to fill it out while at work will increases response rates.

Once collected and compiled, release the data to all employees without delay to signal that the information collected matters and that management has given it high priority.

Action planning and implementing results

There is little point in conducting enterprise surveys unless the information is going to be used to make your company more effective. Without action and follow through, there is no value.

The results need to be analyzed and presented in an efficient and cost-effective manner. How do you keep on top of the volume of information without letting the process weigh you down? How do you respect privacy issues? Effective evaluation of enterprise survey outcomes requires you to identify trends and patterns of key issues perceived by the workforce. Benchmarking the results from one period to the next enables you to compare valid data and opens the opportunity to monitor progress.

Outsourcing

Many dedicated HR departments do not have the time or skill to gather or analyze the data or implement the recommendations they reveal. Outsourcing an enterprise survey frees up the time of internal resources by enabling a third-party provider to oversee the design, facilitate planning, provide guidance, and implement and coordinate the survey in a way that minimizes demands on employees and their managers.

As well, employees who are not fully engaged will not provide honest input unless an external advisor assists in prioritizing results based on objective, statistically reliable data. To ensure that your organization capitalizes on the potential rooted within the results, a third-party provider is ideal.

Results

A well-designed and implemented process will guarantee that the concerns identified by your enterprise survey are the right ones. Equipped with this crucial information, your company will be in a position to address key issues, which will result in greater employee engagement.

By managing it properly, using the right resources, asking the right questions, processing and responding to the answers, and using the information to create necessary change, you can convert enterprise surveys into one of the most valuable management tools your company has.

> *"You can convert enterprise surveys into one of the most valuable management tools your company has."*

Drake International's Enterprise Survey solution makes the design and development of survey questions efficient, effective, and specific for your company. The enterprise survey solution goes beyond the needs analysis and technology to include the proven expertise of Drake's project management experience. Once a Drake Enterprise Survey is established for your company, it can be easily deployed in the following years without incurring the initial set-up cost.

Visit www.drakeintl.com to read this entire Drake white paper and others on a variety of talent management solutions.

DBR

Let Drake do the survey work for you.

Our fully customizable Enterprise Survey solution will make your survey an effective productivity and retention strategy that will deliver the results you need. Contact Drake for more information on how our HR consulting services and Enterprise Survey solutions will help your organization drive organizational productivity and profitability.

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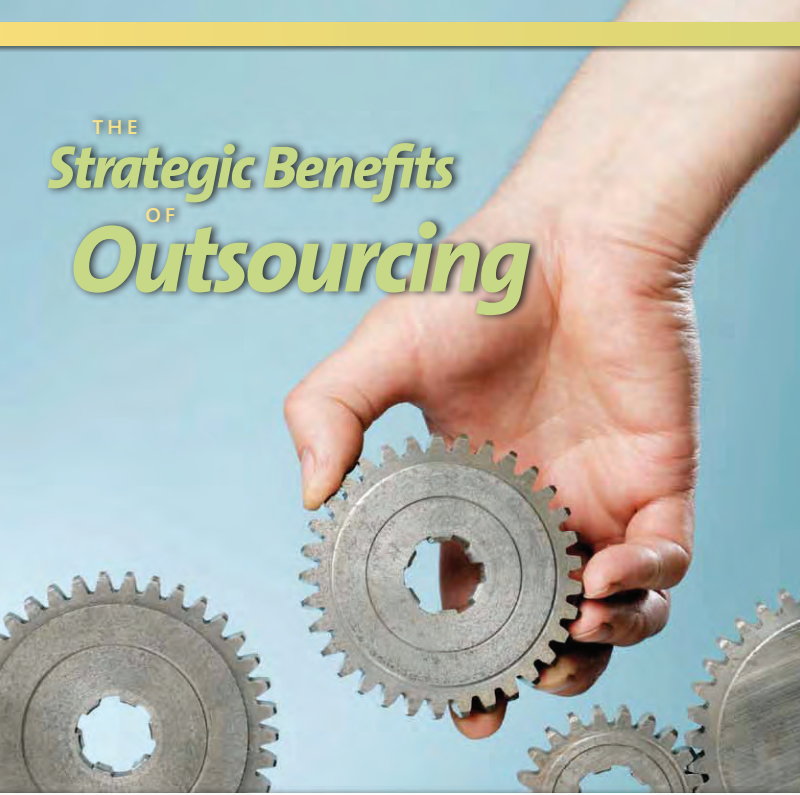
THE Strategic Benefits OF Outsourcing



Outsourcing enables companies to focus on their core business activities and their bottom line without sacrificing quality or service in the back office. Companies that adopt business process outsourcing (BPO) also realize its benefits in periods of rapid growth when back-office operations also expand and start to consume resources, both human and financial.

BPO refers to contracting out activities or functions to a third party to bring about economies of scale and specialist expertise to business processes that are not part of a company's core business. By outsourcing non-core activities and functions, companies can convert fixed costs into variable costs, thereby releasing capital for investment into other parts of their business.

How does BPO work?

The outsourcing specialist company meets with management of your company to map out business processes and come to a clear understanding of what you need and how the outsourcing can best be implemented.

> *"Outsourcing enables companies to refocus on their core business activities and their bottom line without sacrificing quality or service in the back-office."*

A service-level agreement specifies clearly what will be delivered and at what cost. Consultants work with you to develop a thoughtful change-management plan that covers all the issues in moving a business process over to the outsourced company. Pricing and investment planning allow you to tailor a solution to your needs, including options like unit pricing, cost-savings rebates, profit-sharing models, and other variable pricing methods.

What are the benefits and payoff?

- Equal or superior quality of service at a reduced cost
- More time to concentrate on your core business
- 100% compliance with your business processes and objectives, as well as statutory and legislative requirements and changes to these requirements
- Flexibility so that the level of service fluctuates along with the demands of your business

The many back office functions that can be outsourced include:

- payroll
- accounts payable
- call centres
- shipping, receiving, and logistics
- interim manufacturing steps
- assembly processes
- facilities management
- housekeeping services

What are HR outsourced solutions?

Companies are also outsourcing critical HR-related functions. Small- to medium-sized employers don't have the luxury of large internal HR teams, so too much of management's time is spent dealing with operational people issues rather than adding strategic long-term value to the business.

Whether small or large, companies are turning to BPO as a way of handling nearly every HR function, from payroll and benefits to time and attendance. Outsourcing can provide solutions in these HR areas:

- expert industrial relations assistance, including on-site representations with union or employee representatives
- workplace grievances and disputes
- termination of underperforming employees
- on-site OH&S consultation and advice
- implementation and coordination of company induction programs
- outplacement and redundancy services
- retention and employer branding strategies
- recruitment and selection mentoring
- management of workers compensation claims, including reducing employer premiums
- drafting and implementing HR/ER policies and procedures
- employee training and development workshops, e.g., bullying and harassment awareness

> *"Whether small or large, companies are turning to BPO as a way of handling nearly every HR function, from payroll and benefits to time and attendance."*

As BPO adoption increases, organizations are also looking at options for outsourcing more strategic talent management functions such as workforce analytics all the way up to leveraging comprehensive outsourcing suites.

What is the payoff?

Growth and expansion can consume resources, both human and financial, and the core activities that make a company successful can be affected. Outsourcing enables organizations to refocus on core growth functions as well as quality and service. Outsourcing also provides economies of scale by lowering costs and providing more flexibility than an in-house function.

When a specialist provider has the economies of scale to provide lower costs, better quality, and more flexibility than an in-house function, it is wise to outsource that process.

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To find out more on how Drake's business process and HR outsourcing solutions can assist you with critical back office and HR related challenges, visit www.drakeintl.com and click on Talent Management Solutions.

9 Characteristics of an Effective Executive Team

The ultimate measure of a senior leadership team's success is the organization's results. And yet some companies, due to favourable market conditions, do quite well in spite of their dysfunctional leadership teams. Imagine what could happen if the team at the top could get its act together.

Is your leadership team effective? Evaluate them on these nine attributes.

1 **A meaningful purpose:** They have a clear and compelling reason to work together. Executive team members are each responsible for a specific company function. One could argue the CEO should be the glue that coordinates the activities, but everyone's primary concern should be their area of responsibility. In high-performance teams, a commitment to the team's purpose should be at least as important as the commitment to the purpose for the area each member leads.

2 **Shared goals:** The team needs to focus on a set of outcomes that all members are committed to achieving and that require contribution by everyone. If it's truly a team goal, everyone will feel equally responsible for its achievement. These are not necessarily the same as the company's goals.

3 **The right mix:** Team members have complementary skills, experiences, and styles necessary for fulfilling the necessary roles and responsibilities. People know each other's strengths, weaknesses, preferences, and aversions. They use this knowledge to create synergy. Members see the value of each person's presence on the team. There's a sense of equality among all the players.

4 **Strong interpersonal relationships:** People can be themselves because they genuinely like each other and will do what they can to look out for and support their team-mates. Members trust each other and are trustworthy. The cohesiveness of the team is obvious to people outside the group.

5 **Helpful operating principles:** These agreed upon ways of working together might include a shared set of values, processes for making decisions, ways of communicating within the team and to other employees, and tracking activities.

6 **Problem solving:** The team recognizes when a problem exists, analyzes it, identifies alternatives, and works through conflicts. Once the decision is made, everyone commits to supporting it. Often this is best demonstrated by someone's willingness to raise a thorny issue in the first place and in the members' willingness to fully engage in finding a resolution to the problem.

7 **High levels of candour:** People say what needs saying in a direct and respectful manner. Members are receptive to hearing tough messages without becoming defensive. Heated discussions are viewed not as a problem but rather as a positive activity as long as the discussion stays focused on issues or behaviours rather than on personalities.

8 **Mutual accountability:** Members hold themselves and others to the commitments they have made. While the CEO often has the primary responsibility for holding employees accountable for keeping their promises, each person shares in this activity.

9 **Measuring the important:** Effective teams track those things that are most important to their success—progress on key initiatives, performance results, or even behaviours expected of each other—and take action when things are not meeting expectations.

Carve out time at your next executive off-site meeting to discuss the effectiveness of the team and determine how to strengthen its performance.

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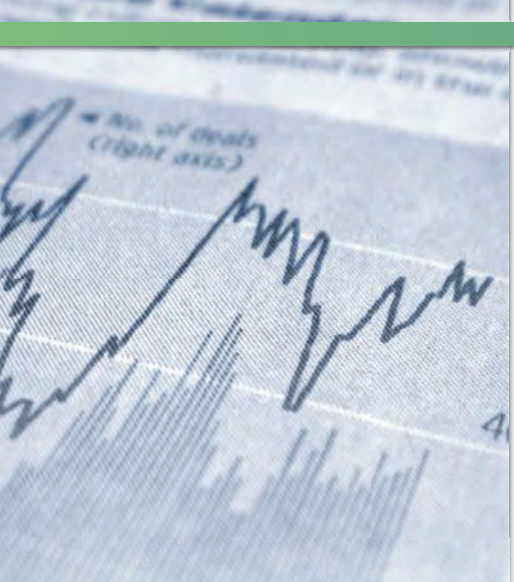

Human Capital Financial Statements:

The Missing Link between Human Capital and Financial Results

For hundreds of years, owners and managers have sought to quantify workforce productivity. This search has intensified each decade into the 21st century due to the increasing complexity and sophistication of business, technology, and the workforce. In today's competitive global economy, it is more important than ever for companies to quantify, assess, and differentiate the value that their top performers contribute over the average performers.

When most jobs were direct sales or product manufacturing, the workforce was easier to measure by traditional metrics, such as sales per salesperson or number of widgets made per worker. However, in a world driven by services, data, and the Internet, measurement of productivity and talent has become increasingly difficult, yet more critical, due to the cost of technology and skilled workers needed to operate and drive today's organizations.

> ***"For hundreds of years, owners and managers have sought to quantify workforce productivity."***

Modern workforce productivity is not easily quantified. It requires a new approach and a consistent process to measure it in aggregate and, more importantly, by job role. It must also work across industry, geography, size, and complexity.

Why we haven't disclosed human capital data in the past

Human capital data has not been disclosed in any significant way because it is not required by public company–reporting entities. Organizations have executed unprecedented restructuring, retrenchment, and downsizing in recent years, yet most still lack the metrics to measure the workforce. Or they measure everything and are unable to determine which numbers matter in a meaningful way.

"Human resources can readily provide the number of people it hired, the percentage of performance evaluations completed, and the extent to which employees are satisfied or not with their benefits. But only rarely does it link any of those metrics to business performance."

Keith Hammonds, Fast Company (Why We Hate HR, August 2005)

Workforce complexity, fluidity, a shortage of analysis skills in HR, and missing standards have contributed to the lack of confidence and minimal human capital reporting in existing financial statements.

Measuring and reporting human capital

What if it were possible to value the impact of human capital and quantify its contribution in the form of productivity or return? And what if the return on human capital could be definitively measured, quantified, and linked to business results by company, business unit, and even job role?

Imagine today's financial investment marketplace without standard financial statements. Investors would be left on their own with little to no objective information with which to determine whether a company was a worthwhile investment. They would be left to rely to a great extent on the company's own potentially skewed information.

"What if the return on human capital could be definitively measured, quantified, and linked to business results by company, business unit, and even job role?"

In such a situation, investors could be overwhelmed by unsubstantiated positive claims by organizations disclosing what they consider fair and objective information that puts the best possible light on their performance.

When it comes to evaluating an organization's human capital, an environment similar to the one described above exists in HR. Organizations are open to make unsubstantiated talent claims regarding productivity, engagement, career path, training, and innovation. Nowhere in current disclosures or reports are they required to substantiate statements with facts or data.

Introducing Human Capital Financial Statements

Just as traditional financial statements allow investors to compare companies, gauge financial performance, and evaluate risk, so too can Human Capital Financial Statements (HCF$™) provide bottom-line impact, tell a deeply contextual talent management gain and loss story, and spotlight human capital risks. Further, the flow of human capital can be measured and predicted in the manner of workforce planning, enabling HR to devise and implement strategic interventions to optimize building, buying or leasing talent, optimizing costs and critical roles, among other strategies.

HCF$, developed by Human Capital Management Institute (HCMI), fulfill functions similar to traditional financial statements — telling a comprehensive, contextual story that connects workforce performance to financial performance across multiple dimensions. The three unique statements provide a wealth of value to companies and investors:

- Human Capital Impact Statement. The human capital equivalent or supplement to the income statement measures quarterly or annual impact of human capital on financial performance for a given reporting period.
- Human Capital Asset Statement. Like a balance sheet, this statement quantifies the total value of the workforce, specifically the value of human capital at cost and the total value added over and above cost. It breaks down differential value contributions by job category and can drill down into critical job roles at a micro level to measure ROI of specific job roles.
- Human Capital Flow Statement. Similar to a cash flow statement, this schedule traces the flow of human capital across headcount, cost, and movement by a period, such as a quarter or year, showing where and how human capital is allocated and used in an organization.

"Human Capital Financial Statements represent the endpoint HR has been searching for to standardize measurement and enable comparison of human capital performance across industry and geography."

Dr. Jac Fitz-enz, recognized as the father of human capital measurement.

A supplement to financial statements, not a substitute

HCF$ are not a substitute for financial statements but rather a tool to measure and provide insight into the workforce and a key success differentiator supplement. These statements quantify trends in workforce productivity, costs, and value creation across the talent management lifecycle. Now we can clearly demonstrate a relationship between an organization's financial performance and its workforce.

In practice, these statements can lead to a radical change in how organizations think and make decisions about their human capital. HCF$ answer many questions, including:

- What impact does human capital have on financial performance?
- What is the right number of employees and workforce cost?
- What is the marginal return of $1.00 invested in the workforce?
- What is the human capital value creation by different job roles?
- What is the true cost impact of turnover?

Gains from adopting HCF$ begin with the following:

1. Greater transparency into an organization's stated most valuable asset, the workforce, and insight into management effectiveness with it. Transparency into knowledge capital fills a critical gap in today's disclosure reporting.
2. A method to value knowledge capital. The world of business has changed, and it is time that reporting and market disclosures change with it. Knowledge capital has been classified as intangible since no measures existed to make reasonable and accurate valuations. The Human Capital Asset Statement bridges this gap and gives everyone — from credit rating agencies, banks, public reporting entities, and individual investors — an objective set of numbers and values with which to make better decisions about the true drivers of value.
3. Improved investment decisions with better information leading to improved ability to assess future growth, particularly innovation and long-term value creation. This can lead to more efficient and effective deployment of human capital in organizations.
4. Standards for human capital reporting and analysis of human capital data for human resources and the business. HCF$ actually exceed the Society for Human Resources (SHRM) Human Capital Investor Metrics voluntary reporting standards. Further, these statements provide not just metrics but also a methodology and framework with which to show whether the workforce and HR are creating significant value for the organization.
5. Benchmarking and comparison of a critical expense and identifying best practices on a broad scale. Today's benchmarking is often more anecdotal than objective and quantitative.
6. Linking financial results to the workforce with both definitive measurement and a contextual story via high-level productivity metrics and quantifiable impact as well as by individual talent management life cycle segment, such as recruiting, internal mobility, management and leadership, training, performance and engagement, and turnover/retention.

Such a set of metrics and reports enables HR and finance departments to integrate financial results with human capital metrics that quantify bottom-line impact in recruiting, mobility, training, productivity, retention, and more. Ultimately, the possibilities for workforce optimization are limited only by data availability and by systems that create a repeatable process.

While complex, human capital reporting can be done and is being done by 100+ organizations today. The real question is: If human capital is a critical differentiator in your business, why aren't you doing it?

For more details on these and other foundational concepts, as well as details on the metrics and calculations involved, go to www.hcminst.com. Also see the groundbreaking white paper entitled Human Capital Financial Statements.

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Reprinted with the permission of Jeff Higgins, CEO of the Human Capital Management Institute, and the driving force in workforce analytics and planning, helping to transform workforce data into intelligence and ROI. For more information, email jeff.higgins@hcminst.com.

It All Starts with a Talent Management Strategy

People are the most important resource in our global economy. And whether or not companies are willing to admit it, their employees make the difference to their bottom line. To remain competitive, employers need to know what their employees are doing, what skills they have, how they're developing, and how they fit into the business today and in the future. One way to do this is with talent management. Companies need to assess how managing their talent fits into the overall business strategy.

What is talent management?

Talent management generally is the process of attracting highly-skilled workers, integrating new workers, and developing and retaining current workers to meet current and future business objectives. But talent management has additional meanings to different organizations: For some it's about finding and developing top talent; for others it's about the overall management of all workers, highly skilled or not, within the organization.

Before embarking upon a talent management initiative, it's important to understand what you hope to gain from integrating talent management within your organization. For this, you need to take a step back and look at HR.

> ***"To remain competitive in today's job market, employers need to know what their employees are doing, what skills they have, how they're developing, and how they fit into the business today and in the future."***

The changing face of HR

From an administrative perspective, the human resource management (HRM) function includes a variety of activities, but it's mainly responsible for the human resources, the people making up the organization. This includes determining staffing needs, recruiting and training the highest-skilled employees, addressing performance issues, and ensuring that personnel and management practices conform to compliance regulations.

The HRM function has undergone tremendous changes over the past 20 to 30 years. In the 1970s and 1980s, the personnel department was charged with managing the paperwork around hiring and paying people. In the 1990s, however, organizations began to see the HR department as playing a major role in staffing, training, and helping manage employees, so that they and the organization could perform at their maximum potential. Through this process, the concepts of strategic HR and talent management emerged. Today talent management is an established HR function across many large and medium-sized companies.

From a technology perspective, talent management differs greatly from traditional HR. While the HR role itself has changed over the years, so too have the systems used to manage people. However, just because you have an HR department and you've purchased an HR system, that doesn't mean you're managing your

talent. While some HR systems have added different talent capabilities, many options are available, making the process of deciding on which one best fits your company's needs rather difficult. Knowing which one is right for your business has as much to do with your talent strategy as it does the type of features and functions you will need from a software system to manage your people processes.

It all starts with a talent management strategy

Recruiting and retaining top talent should be the number one priority for your talent management strategy. However, properly managing human capital is still a big challenge for many organizations. Technology Evaluation Centers (TEC) conducted a poll that asked readers, "What has been your biggest roadblock in effectively managing your talent?" It yielded these answers:

- 47% didn't have the right people and/or technology in place to make it work
- 33% lacked executive buy-in to implement an effective talent management strategy
- 13% were told that their current HR system and processes were enough
- 7% didn't have any roadblocks and were managing their people just fine

> ***"Recruiting and retaining top talent should be the number one priority for your talent management strategy."***

While the largest number of respondents cited not having the right people and/or technology in place, it appears that HR professionals are faced with the pressing challenge of developing an innovative strategy that will meet their current business demands and that their executives will buy into. It's important to focus on innovative and creative strategies that will attract and retain the talent needed to meet the needs of the organization today and for the future.

These are some elements of a solid talent management strategy:

Adopting a culture of talent within your company: being willing to invest in your people from the beginning and throughout the employee lifecycle, and having a sustainable approach toward talent management, even in an economic downturn

Understanding the business: clearly understanding your organization's current and future business strategies and where people fit into that strategy

Investment in people: having the necessary people in place, including those who will be involved in implementing the software, to establish your strategy

Continued process improvements: providing training and conducting performance assessments as part of an ongoing process toward strategy improvement

Readiness quiz: What's your talent management IQ?

If any of the above elements don't fit in with your company's philosophy, you're probably not ready for talent management, or even talent management software. But just to be certain, take this quick quiz to see how ready your organization is to properly manage its human capital.

1. *Does your organization have a talent management strategy in place?*
2. *Is your talent management strategy aligned with your organization's mission and goals?*
3. *Do you know which measures can make your talent management strategy more effective?*
4. *Are your employees engaged within the organization through the use of surveys?*
5. *Do you know your organization's workforce demographics?*
6. *Can you easily determine which employees may pose a flight risk?*
7. *Do you have a succession plan in place?*
8. *Can you readily determine the training needs of your employees?*

If you answered "no" to any of these questions, take a closer look at your talent management initiative. You may have a deficiency in the information systems you're using to monitor and analyze employee data. If you are a medium-to-large organization doing business globally, your people initiatives may be in serious trouble.

If you answered "yes" to some of the questions, your organization somewhat has a grasp on managing human capital but should look to further strengthen processes. You may have adequate people management systems in place but are probably not using them to their full potential.

If you answered "yes" to all of the questions, chances are your talent strategy is properly aligned with your overall business goals, your talent management or related HR management system is being used to its full capabilities, and your organization is successfully managing its talent.

Technology: too much, too soon

Whether you're a small company with fewer than 50 employees or a medium-to-large firm, there's a place for talent management in your organization. But the decision to buy a talent management solution, as when making any large software purchase, should be based on your talent management readiness, company size, and considerations of the current software systems.

Talent management software is usually offered in modules, which make up a suite. Many talent management and human capital management (HCM) software providers offer their solutions this way, allowing their clients to pick and choose the modules they would like to start with. It's important, however, to choose modules in line with your talent management strategy.

Some studies have shown that many companies are not maximizing their talent management investments to best suit their needs, thus impeding their success.

Conclusion

Skilled and talented employees are hard to recruit and retain within any organization. Retaining such people is particularly challenging for small businesses competing on unequal footing with larger firms offering better compensation packages.

Talent management is not just about finding the right candidate for the job. That individual must be nurtured and given ample opportunity to develop and grow with the company. Companies that neglect to manage their talent effectively end up losing key talent.

Before jumping on the talent management technology bandwagon, you need to assess whether your organization is ready to embark upon such an initiative. If your organization does not have a well-defined talent management strategy in place or still manages its businesses processes with several disparate software systems, then a talent management system will probably end up hampering your business activities more than anything else.

But if your organization has a well-defined and structured initiative for managing talent, now and for the future, it is ready to take advantage of technology to streamline its talent management processes. Software systems can provide the necessary functionality for recruiting, managing, and developing key employees. When this is aligned with the overall business strategy, it ensures the growth and success of the organization.

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Excerpted from When Is Talent Management Really Right for Your Business? *by Sherry Fox and reprinted with the permission of Technology Evaluation Centers (TEC). TEC helps companies research, evaluate, and select the best enterprise software solutions for their needs. To learn more, visit http://www.technologyevaluation.com*

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The Board's Role *in* Talent Management

In today's challenging economy and hypercompetitive business environment, CEOs and senior executive teams face enormous challenges to achieve and sustain breakthrough operating results. The intensifying war for talent, globalization, economic change, more stringent regulation, and tougher governance make realizing shareholder value increasingly difficult. But the tougher challenge is identifying and developing new leaders — critical for developing the sustainable competitive advantage for the organization and its eventual success.

Talent management and retention is perennially one of a CEO's most pressing worries. A company's leadership pipeline is expected to deliver its next generation of ready-now leaders. The key to ensuring an organization has the leaders it needs, when it needs them, is to accelerate the performance of future leaders, including high-potential employees, so that their skills and leadership abilities are as strong as possible when they are needed, particularly as leaders transition from role to role.

According to Ram Charan's article in the 2005 *Harvard Business Review*, as CEO tenure continues to shrink with two of every five new CEOs failing in their first 18 months, it has become absolutely critical for companies to cultivate internal candidates for top positions. Yet corporations are realizing that executive geographic and organization culture succession pipelines are broken and will adversely affect the ability to identify and nurture future leaders. This can be alleviated by establishing ongoing programs that correctly ascertain the high-potential executives and provide them with meaningful and measurable development.

The payoff is a supply of leadership talent that simultaneously achieves targets, bolsters and protects ethical reputation, and navigates transformational change in pursuit of a bright competitive future. Unfortunately some boards and CEOs neglect their talent management accountability, and consequently their pipelines run dry. When this occurs, the downward spiral of competitive capability becomes discernible, the edge is lost, and the magic disappears. The competition begins to outwit, outflank, and outperform these companies.

In most organizations, talent is the essential resource. In fact, talent is the one thing that can distinguish a company from its competitors. Without the right people to execute and deliver the organization's strategy and objectives at all levels, the business will fail to reach its full potential.

> ***"Talent is the one thing that can distinguish a company from its competitors."***

A board's oversight responsibility is well understood in the areas of risk governance, ethics, and corporate responsibility, but less often mentioned with regard to talent. Yet talent is an intrinsic part of the risk culture of an organization. Instances where talent is at the core of major organizational risk are increasingly prevalent. Talent is, however, an area of organizational risk where boards often fail to implement comprehensive controls.

> *Without the right people to execute and deliver the organization's strategy and objectives at all levels, the business will fail to reach its full potential.*

Oversight of an organization's talent clearly falls within the board's responsibilities. Traditionally, talent had been focused on hiring the chief executive officer, determining executive compensation, planning senior executive succession, and recruiting and developing board members. Yet the board's responsibility for talent extends well beyond those duties. The ability to attract, develop, and retain talent, particularly at the leadership level, has become a major factor in all capital investments, business strategies, and organizational growth. As a result, it is an important consideration for boards of multinational and owner-managed businesses alike.

Helping the organization attract, develop, and retain talent

Boards play a key role in ensuring that talent strategies are in place to execute overall business objectives, as well as manage the talent-related risk inherent in the commercial world today. In this role, the board should confirm that its organization has an effective and robust talent management program capable of delivering value for shareholders. Talent is one of the five critical governance elements — performance, strategy, governance, talent, and integrity — over which the board provides active oversight and cannot delegate to management.

> *The board should confirm that its organization has an effective and robust talent management program capable of delivering value for shareholders.*

The board of directors should ask these questions:

1. What are the key talent risks associated with our core business strategies? With our major investments?
2. What is our talent bench strength? How is our organization mitigating succession risks?
3. What plans are in place to bring about smooth succession or substitution of our key talent, if the need arises?
4. How can we strengthen our talent-related due diligence in joint venture and M&A situations of any of our holdings or subsidiary entities?

The talent-intelligent board

Risk oversight is the foundation for the board and management to govern the organization and make sound business decisions. Organizational risks include talent-related risks and are frequently identified by organizations as some of the most critical issues they face.

Talent-related risks include lack of succession planning; planned or sudden loss of key personnel; lack of return on leadership investment or senior external hires; and failure to attract, develop, and retain talent. These risks can extend to poor talent planning to support capital investments and business strategy; for example, limited leadership bench strength reputational exposure, productivity risk, and inability to execute due to lack of workforce planning.

To more effectively oversee risks related to talent, boards should periodically and proactively consider these talent-related risks identified in a Deloitte report:

- **Reputational risks:** Financial missteps, ethical breaches, legal problems, or even poor performance by executives can have an impact on a company's revenue, profits, and market value for years to come, particularly when publicly reported in the media. This is particularly important because decisions are often made by one or more key individuals in an organization.
- **Crisis management:** "Black swan" events — low-probability events that have far-reaching impact —are increasingly common. Does senior management have a detailed crisis management plan that governs how the organization addresses these issues? Risks include changes in economic and market trends, the sudden departure of business-critical talent, poaching of whole teams by external sources, and health and safety incidents.
- **Business and regulatory risks:** Boards should satisfy themselves that their talent strategies, compensation, and incentive plans are aligned to create a culture that supports the pursuit of business goals within regulatory constraints.
- **Broader HR risks:** HR risks have expanded beyond compliance with labour regulations. While those remain important, companies now face a broad range of talent-related risks that can undermine organizational performance, including security, intellectual property, employee fraud, financial risks, incompetence, poor judgment, and lack of loyalty.

Improving board oversight of talent-related risks

Improving the oversight of talent risk begins with understanding those risks and management's approach to addressing them. Boards should follow these five key steps in their talent oversight role.

1. **Review talent-related risks:** Many boards have adopted a twice-a-year talent review in which the chief human resources officer (CHRO) summarizes the external talent trends and workforce and talent strategy for the business, including a comprehensive review of talent, HR risks, and the associated mitigation strategies.
2. **Develop measurable outcomes:** The board should request a benchmark analysis that covers employee engagement, top performer and executive attrition, and other factors related to talent retention at the senior levels and for other critical positions. This can be accomplished by leveraging industry or HR data and/or using historical organizational data as comparisons.
3. **Assign the responsibility:** More and more boards designate a director and/or members of the remuneration committee (often a former or current CHRO) to address talent-related issues and risks, and ask for frequent in camera sessions with the board on talent-related risks. The head of HR could report to both the CEO and the board. For the board, this designated director can help raise awareness of talent issues; moreover, this individual has the appropriate background to question management and inform the board about talent-related risks and how management is addressing them.
4. **Monitor the talent pipeline:** Talent supply and demand data should be reviewed as part of capital investments and business strategy reviews at least annually but ideally more frequently. In addition, the need to develop new products, enter new markets, or combat new competitors will dictate the demand for specific experience and skills. The board should ascertain that management and the HR team have plans in place to meet that demand.
5. **Align the talent and business strategy:** In reviews of strategy, the board should ask management how it aligns the talent strategy with the business strategy. Forward-looking talent strategies maintain this alignment while helping target investments in talent development for optimal efficiency and effectiveness. The board should also be aware of talent issues related to any initiative that comes up for its review or approval. For example, in a merger or acquisition, talent due diligence is often neglected, and talent the organization intended to acquire on day one may be lost.

Sound talent management strategies and programs can greatly reduce risk, improve sustainable performance, and improve the organization's ability to attract external talent. Board oversight into this process can not only provide experienced insight, but also help to identify and reduce the risks and take talent management to the next level.

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How to Handle Exit Interviews

A person who resigns from your organization is probably leaving for one of these three reasons: a new career opportunity, an unsolicited job offer, or a grievance that has not been handled correctly. When a person resigns for voluntary reasons, it's often a surprise, and it can be expensive to replace a valuable team member.

An exit interview process will help you and your organization understand why people leave and indicate where you need to make improvements. One that also offers closure is both healthy and productive prior to an employee's departure.

Some employees move on for very legitimate reasons unrelated to their tenure with the company. They may have changes in career interests, or they or their spouse might be moving out of the area, or a commuting problem that did not exist when they joined the organization may have become unmanageable.

However, the primary purpose of the exit interview (sometimes just done in questionnaire form) has always been to resolve outstanding concerns of both the employer and employee, basically to determine the actual reasons for the individual's resignation. However, the interview can also address such routine employment matters as the continuation of insurance benefits, vesting in retirement plans, and getting back a company vehicle, pager, cellphone, and other property of the organization.

The exit interview offers the opportunity for willing employees to point out deficiencies in the organization, such as poor management or supervision, complete lack of supervision and support, and poor communications. If your organization is honest with itself, it will use these responses to look into the claims and make any corrections.

Sometimes, the employee reveals that they have had a problem for several months, which they could not resolve, remained quiet, and decided that it was better to switch than to fight. If the employee is worth keeping, this is an ideal opportunity to relate the organization's dispute resolution procedures, which may give the individual a way to express grievances that can indeed be resolved. It is less expensive to retain a potentially or proven good employee than to find a replacement.

This may be a good time for the organization finding itself remiss in addressing the problem to offer a new procedure or better communication that can resolve the conflict and possibly even retain the employee. The action your organization takes to improve deficiencies can certainly make it a better place to work for present and future employees. However, do not promise a resolution that will not take place. Such promises may become contractual, and if the individual is giving up an opportunity with another organization, your organization may well be liable if a resolution is not reached or a necessary and "warranted" procedure implemented.

And you must ensure that no matter what the employee says, there is no retaliatory action for their perceptions of the truth.

Rules of the interview

The exit interview should be voluntary. The information collected must be disseminated only to those who need to know. The employee should be allowed to request another person be present. If the interview is normally conducted by the HR manager, and the employee wants the department head or even the head of the organization, and it is possible, do it. Also, maintain the exit interview in a separate file from the employee's personnel folder.

Preparing for the exit interview

As you begin to review your exit interview process, look for trends that might point to deeper problems that might help you see new opportunities.

- The average length of employment
- The top three reasons why people leave
- The top three positions with the most turnover
- The turnover patterns within a specific department or group

Also, examine what you are doing on a personal level to prevent future resignations.

Conducting exit interviews

Determine how your organization will do the exit interview. You can create a form for the employee to fill out before the interview or mail back after they leave; or conduct a verbal exit interview, either in person or on the telephone.

Once you have created a custom exit interview form for your company and conducted exit interviews, summarize the findings. From this, begin to address the internal areas that will reduce employee turnover or make for a more productive and profitable organization.

Creating exit interview questions

Creating custom exit interview forms is the best approach. These are some sample questions.

- What did you enjoy the most about working in your department?
- What did you enjoy the least, and why?
- Do you think your skills were well used?
- Was your career path and future within our company made clear to you?
- Did you have sufficient development and growth opportunities?
- What suggestions or feedback can you share that would make our company stronger and more successful?
- Did we handle your complaint/grievance in an appropriate and timely way?
- What suggestions do you have for improving the work experience with our company?
- Is there anything you wish you had known before you took the job?
- Would you recommend our company to others as a good place to work?
- What would it take for you to stay, if that were possible?
- Is there anything else you would like to share that we haven't discussed?

If you handle exit interviews respectfully, your organization will gain a wealth of knowledge. In addition, a departing employee will more likely offer honest commentary about what is and is not working in your organization. Are you ready to take the action steps to resolve and improve whatever is necessary?

Getting the most out of the interview

- Inform the exiting employee of your desire to collect information that could help improve working conditions.
- Ask if the employee prefers talking with you (if you are the supervisor) or someone else, such as another human resources person or a line manager.
- Ask the employee to discuss any issues that would be useful to you or the company. Tell them the information will be kept confidential.
- Schedule the meeting during the last week of the person's employment.

During the interview

Hold face-to-face interviews in a neutral place, as your office may be intimidating. Consider having an exit luncheon for someone who has been a valued employee. Arrange the physical layout to promote a problem-solving discussion rather than a boss-subordinate interview. Sit next to rather than opposite the employee. Listen without being defensive. Record the details. Get as much information as possible from your exit interview questions, including job difficulties you were not aware of, corporate policies and procedures that prevented the person from doing the job effectively or caused annoyance, and anything else the person feels you should know. If the person is vague, prod with specific open-ended questions. For example, "Could you give me an example of that?"

Find out about the employee's new job. This information could give you ideas about what is wrong now. You might ask:

- What attracted you to the job?
- How does the new work environment differ?
- How do salary and benefits compare?

Turnover is costly, and to stop it, you need to know what is causing it. Carefully prepared and executed exit interviews will help you manage your staff turnover in advance.

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Excerpt from an article "Conducting exit interviews — How organizations can benefit!" *by Judith Brown, Georgia, USA.*

How to Help Others Resolve Conflict

Managers often wonder what they would do with the extra time if they didn't have to deal with difficulties between team members who are:

- upset or offended but refuse to raise the issue with the person concerned
- not working together well
- in outright conflict with each other and whose behaviour is affecting the team in general

> *"Managers often wonder what they would do with the extra time if they didn't have to deal with difficulties between team members."*

Sometimes employees simply get over upsets, or their manager encourages them to speak directly to the person concerned. However, there are times to bring the parties together to resolve their difficulties and develop an easier working relationship. Such meetings range from informal 'work-it-out' meetings, often facilitated by a supervisor or human resources officer, to formal mediation sessions run by an external professional. Most people don't find conflict easy and would prefer to avoid it, so bringing people together for such meetings may not come easy. However, the longer a conflict continues, the worse it becomes. So the sooner you resolve the difficulties, the better.

You can apply these general principles to meetings you convene to assist people with conflict.

1 **Be supportive and professional.** It is important that you be non-biased, non-judgmental, and supportive. You guide the process, not the content, so, unless you have been asked to arbitrate, do not make decisions on the parties' behalf. Avoid the temptation to take sides despite any personal feelings you may have. You must be seen to be neutral, so supervisors who may have a closer relationship with one party are often not the best person to mediate a conflict between team members.

> *"Avoid the temptation to take sides despite any personal feelings you may have."*

2 **Meet with the parties separately beforehand if possible.** This gives you an opportunity to build relationships with them if you haven't already done so; explain your role in the joint meeting; allow them to voice their perspective and any negative emotions beforehand; and, if they are open to your influence, to coach them on what they can do to build some goodwill and resolve the conflict.

> *"The longer a conflict continues, the worse it becomes. So the sooner you resolve the difficulties, the better."*

3 **Create a positive atmosphere.** Here the positive relationship you have already developed with each party will be helpful. Choose a neutral venue, which does not create a power advantage for one party. Arrange seating where the parties sit diagonally across each other rather than directly opposite around a circular table if possible. Provide refreshments to facilitate a more relaxed atmosphere and less formal interactions. Your demeanour of friendliness, confidence, and professionalism will be essential in setting the tone for the meeting.

Congratulate the parties on any positive steps they've already taken, such as recent improvements, as well as their past positive history or the fact that they have simply turned up to this meeting.

Be clear that your role is to help both parties get a good outcome, not to provide

them with solutions. They will need to work hard to find workable solutions. Explain that your role is to guide the process and keep them on track, so the conflict does not get out of control.

Inspire their confidence in you by being competent and professional, clear as to the agenda, how the meeting will be run, reminding people about any ground rules for the meeting, including no interrupting, keeping it respectful, and looking for solutions for the future rather than dwelling on blame or personal attacks.

4 **Speak about their common desire to achieve a good outcome.** This is best expressed by the individuals themselves if you ask them directly, "Why do you want this difficulty/conflict solved?" If they have difficulty expressing a reason, they may need some prompting, or you can assume the best, that they desire to get their relationship back on track, to get a fair outcome, or to agree on the way forward.

Discuss other reasons they want to resolve their dispute, some they may have in common, such as their need to have an easier working relationship.

5 **Encourage gestures of goodwill.** Hopefully, people will be open to any coaching you have given them beforehand and come to the meeting with a positive frame of mind. Goodwill can be demonstrated by words and actions, such as greeting each other pleasantly, agreeing where possible, and demonstrating flexibility.

One or both parties may be in a position to apologize for their part, for how their behaviour came across, or to express a hope that they can put their difficulties behind them for the sake of their relationship. Conciliatory behaviour, such as making amends or choosing to forgive or let go of hurt, are all helpful gestures you can encourage beforehand. Such gestures do not always elicit an immediate positive response; people must be prepared to take helpful actions but not expect others to immediately reciprocate.

6 **Interrupt problem patterns of communication.** When separate meetings beforehand are not possible, structure the joint meeting so that each party can share, without interruption, their perspective, concerns, and wishes for the future. It can be helpful if the other party is willing to acknowledge what they have heard and ask clarifying questions if needed.

You must be prepared at times to interrupt disrespectful, problematic communication when it takes place by reminding people of the ground rules for their meetings, redirecting personal attacks to the issue at hand, reframing complaints to what that person would find helpful, naming the behaviour, changing seating arrangements or the physical location, or separating the parties.

Sometimes people are simply not ready to solve a conflict or they are too heated or emotional. In such situations, consider rescheduling the meeting for a time when both can think more clearly.

7 **Guide the process.** Have a plan for how the meeting will be run, but be flexible. Guide the conversation toward a joint problem-solving approach, where the issues are agreed and prioritized and where each party's needs and concerns are taken into account. It is important that the real source of the tension be identified as parties can often argue over different matters.

Many facilitators or mediators often map the conflict by defining the issue and considering for each party: their needs, their concerns, solutions that are respectful to their positions, written agreements (sometimes witnessed by both parties), and a timeframe for review.

It is important to set realistic expectations. Your plan may not work perfectly, but any challenges that arise will help to fine-tune it.

At the conclusion of the meeting, congratulate both parties for having chosen to work at resolving the issue rather than continue the conflict. Things do not always go smoothly, of course, so be flexible enough to use strategies that are best suited for the situation.

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Ken Warren BA, MSocSc, CSP is a relationships specialist who helps teams perform at their very best. Through his positive interactive and engaging speaking programs, Ken helps people to: build stronger and more positive and productive teams; cope well with the stress and challenges of their work; and provide outstanding service to their clients, even the most difficult ones. Check out his free resources at www.positivepeoplesolutions.com.au

DOES YOUR Team Culture NEED A *Makeover?*

Some people ask, "Why invest in teamwork? There's no ROI in that." Well, we know that the culture of an organization has a dramatic impact on the bottom line. Moreover, every team within the organization has a dramatic impact on the culture and thus an impact on the bottom line. So, how do you know if your team's culture is in need of an overhaul — a makeover?

A great culture commonly leads to healthy results over the long run. Although challenging to define, you can actually feel it. Powerful winning cultures have three markers of equal value.

1 ***A sense of purpose:*** The culture is clear and compelling. The team and the organization as a whole have a sense of purpose, so everyone knows why they and the team are there and why others care that they are.

> ***"Great cultures commonly lead to healthy results over a long time."***

2 ***A mindset of continual knowledge development and personal growth:*** When this mindset is in place, evident from the top of the organization through to the employees, workers are willing to take calculated risks to achieve desired results.

3 ***An attitude of optimism:*** Recognizing that the glass is half full is essential to a successful culture. Optimism means not that everyone lives in a fairy-tale world but rather that they understand that connections as well as winning cultures are made through possibilities.

When all three of these indicators are strong, you have a winning and highly effective culture.

How do you know when a culture shift is needed? Much like car racing in the desert when the wheels are spinning yet the car doesn't really seem to be getting anywhere, it's time to consider a change when the team seems to be going and going but isn't really accomplishing anything. Once they recognize that a culture shift is necessary, most organizations and teams believe that they are going to make a rapid 180° change. This is simply impractical, not to mention unrealistic.

The makeover or reshaping process of a team or organization where the culture is broken or working poorly must begin at the top: If an organization shift is necessary, then it begins with the CEO; if the team's culture is struggling, then it is the division or department manager.

Four components are essential to increase the likelihood of successfully remoulding the team's culture.

1 ***Strong leadership:*** It all begins at the top. Leadership must be purposeful. If you are a leader whose skills are perceived as ineffective, you must learn to be more effective before beginning this facelift. If you are unsure of your effectiveness, numerous tools are available to help you measure it, including *The Leadership Challenge* by James M. Kouzes and Barry Z. Posner, a truly 360° leadership feedback report. When the leader is present and heavily involved in the culture shift process, the likelihood of success increases dramatically

2 ***Individual change:*** Another essential leadership element is adaptability. Leaders must be willing to do things differently based on the situation and the current goals for the team. Getting stuck doing things the same way year after year is guaranteed to set the team up for failure. When leaders can create effective changes, others will follow naturally.

3 ***Rocket-launch momentum:*** In a NASA rocket launch, significantly more energy is burned in the first few minutes of the flight than at any other time during the mission due to the pull of earth's gravity. Thinking "that's the way things have always been done" often acts like a gravitational pull. In the beginning of the change process, a significant amount of focus and energy is necessary to move the process through this inertia before it begins to take hold and move on its own.

"When the leader is present and heavily involved in the culture shift process, the likelihood of success increases dramatically."

4 ***Concentrated viability:*** Tangible and efficient processes must be in place to ensure that changes in team culture are effective and strong. Leaders must be sure that systems in place can support the new culture. Set up a culture leadership team with key personnel to manage the transformation project. This team can address issues like communication, team chemistry, project assignments, and compensation quickly and efficiently so that team members can focus on team goals.

"If you are a leader whose skills are perceived as ineffective, you must learn to be more effective before beginning this facelift."

Think about it as if you were building a new organization from the ground up. What would you do first to create the winning culture you need to produce the results you want? Top organizations like Southwest Airlines constantly look at their team culture. Southwest has a culture of fun and job enjoyment. They also have been known to say, "The customer is not our number one customer. Our number one customer is our employee; if we take care of our employees our employees will take care of our customers." At the end of the day, culture is core.

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What Do Great CEOs Do?

Executive churn and subsequent chief executive officer succession planning is a major issue in many organizations. Retaining an effective CEO is very likely the board's single most important task in today's challenging and changing business environment.

Much that has been written about leadership has not really changed over the years. In fact, many of the descriptions about leadership are rather theoretical, considered important by many non-leaders, those who study and teach leadership but have never actually been tasked to lead others.

Based on many discussions with executives who truly made a difference, the mark of a solid CEO leader boils down to some very basic leadership attributes — not vision, charisma, or innovation. Rather, the solid leaders most often agree they routinely focus on and accomplish time-honoured basic and core actions for the organizations they lead. This holds true for both profit and non-profit organizations.

Great leaders create and influence the culture of the organization that inspires and engages its people. They set the mood and mange the emotions. They realize that a genuine congratulations on a job well done can motivate an individual and organization like nothing else. Great CEOs understand the mood they set may well be one of the most potent contributions they make as leaders. They know they must model the way. CEOs understand that the people they lead turn the organization's strategy into reality. Great leaders realize "it's all about people...theirs and yours".

> *"Great leaders create and influence the culture of the organization that inspires and engages its people."*

Interestingly, virtually every successful executive I've met are visual people. They don't need stacks of detailed information to lead, but choose to work off of bullet points, graphs, charts, and metrics, which state those things that they and the people in the organization should be clear on. They understand that it is very important for key individuals in the organization to know where they are, where they're going, and how they're going to get there. They paint a clear picture.

Great CEOs In any size organization focus on these nine leadership basics to effectively lead it to both sustainability and growth.

1. *Set the direction and strategy of the organization*
2. *Clearly communicate the picture to all stakeholders*
3. *Model a positive mood and tone for all to follow*
4. *Ensure that the appropriate measurements of success are in place*
5. *Recruit, hire, and retain the best talent and then delegate effectively*
6. *Insist on business execution at all levels within the organization*
7. *Make sure there is money in the bank to support both sustainability and growth*
8. *Do whatever it takes, no matter what, to ensure all of the above are accomplished even when unexpected events occur*
9. *Delegate all management actions to others*

More often than not, action beats brilliance when it comes to accomplishing these. Great leaders understand there is a time for discussion, but then there is a time to act. When faced with a possible setback or failure, they find a way to adjust and keep the organization moving forward. Doing whatever it takes in the face of adversity is the mark of a great leader, and the hallmark of a great organization.

> *"Great leaders understand that it is very important for key individuals in the organization to know where they are, where they're going, and how they're going to get there."*

Solid CEOs have developed the ability to do the right thing, at the right time, for the right reason, to accomplish the right objectives, for the greater good of the organization and those they serve. As easy as this may sound, this path often separates the leader from the follower. The right decision can often fly in the face of the popular assumptions of others.

Great CEOs are very aware of their own strengths and weaknesses, seek feedback, ask good questions, listen well, reflect, and are aware of their ability to influence. They also truly understand that what they do or don't do has a direct impact on the success of the organization they lead. And great leaders are adept at the difficult task of balancing the disparate needs and well-being of the investors, employees, and customers.

True leadership at the top can be both difficult and lonely, but also very rewarding for the leader. Great leaders take pride in leading individuals and organizations to a better place they would have never experienced without their basic leadership skills. Bottom line: Great CEOs focus on basic and time-honoured leadership principles.

Great CEO leaders also do more than simply apply sound leadership skills: They bring their own special insight, abilities, skills, and talents to bear. This helps make their own unique leadership style function well in their organizations.

They experiment and develop a special ability to operate at a level of leadership that few people ever attain. They are very much on a mission, sometimes bordering on a calling, constantly drawn and driven to effectively lead others and their organization to greater success. They constantly give nothing but their best effort and accept full responsibility for their leadership actions.

A Chief Executive Officer, or CEO, is a very important position for which few qualify, and more are needed.

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Take Control of Your Poor Performers and *Strengthen Your Team*

Different companies in different industries face diverse and unique challenges. However, they all face one issue — poor-performing employees and having to manage them. In a weak economy, the situation becomes even more difficult. The easy answer to dealing with bad performers is to treat them the same way you would in a great economy. But, like most things in life, knowing the answer is not nearly as difficult as acting on it. If it were, companies wouldn't have poor performers. In fact, dealing with these bad performers is one of the greatest struggles of most leaders, and making the right decisions becomes more vital to the organization's success.

The good news is: Just as good leaders become great leaders during poor times, the bad performers can become good performers.

Identifying bad performers

"Any Company" has an employee his manager describes as not great; but because he is a long-term employee who knows what to do, he keeps his job. The employee doesn't have a bad attitude, but he doesn't have a good one either. The manager says he is a good person, but that he tends to be grumpy or unhappy on occasion. He does just enough to get by, or does what he is asked to do but nothing above and beyond his duties. Everybody knows it, including the leader. This employee is a bad performer, an employee whom you would not recommend or want to duplicate. When evaluating a bad employee such as this one, a leader can ask: "Would I hire this employee again, knowing what I know now?" If the answer is no, this employee is a bad performer.

The need to address bad performers

Having identified a bad employee, the leader must address the situation for three main reasons.

First, not addressing the situation tells the entire organization that bad performance is acceptable. The supply and demand theory of goods applies to people

as well: The supply of motivated and talented people is higher in a poor economy than in any other economy. A great leader should use this opportunity to assess the organization's current talent pool, as well as the individual performance of each employee, to take advantage of the great supply of talent. In theory, there should never be a bad-performing employee during a poor economy. Every employee should understand the company needs everyone's contribution more than ever, and if that doesn't work, every employee should know there are thousands of motivated people looking for the right opportunity. This statement is not made to be a threat, because a person working under fear is a sure to performance poorly. Think of it more as a promise that they will be held accountable.

Second, a leader's job is to ensure the success of the team and maximize its performance. A leader cannot do this without addressing and resolving bad performance. Leaders who tolerate bad performance of others hurt their own. Their commitment is to the team, and no player is more important than the team.

> *"A leader cannot maximize the success of the team without addressing and resolving bad performance."*

Third, a leader's job is to motivate and challenge the entire team to make a difference. If their company is facing tough times, success is determined by the commitment of each individual and the accountability of all. A weak economy is a great excuse to be either successful or unsuccessful. Most people blame outside influences, such as the economy, for lack of sales, money, and professional and personal success. Of course, they don't blame those same outside influences when they achieve success. Great leaders don't blame the economy for their successes or failures; they use a poor economy to motivate their team and maximize their results. A leader's most important job is to motivate and develop their employees in any, and all, conditions.

How to address bad performers

Having identified the bad performers and knowing how to address the situation, a leader must define bad performance and great performance, and show the team what they both look and feel like. The team must understand the great challenges that bad performance creates, and these must be removed. This will explain to each employee why bad performances will no longer be acceptable, so when the leader addresses it in the future, everyone will understand why. A leader needs to show the level of importance each team member plays in the success of the organization, and the opportunities a poor economy brings.

> *"A leader must define bad performance and great performance, and show the team what they both look and feel like."*

What can you do? Set the expectations of each team member in writing and ask each employee to create a plan of action showing you how they will succeed. After you have made any necessary adjustments to each plan, put them into action. Review the plans on a weekly or bi-weekly basis, recognize the team members who achieve their tasks, and immediately address those employees who are not achieving their tasks. Hold these employees accountable. This is when most leaders fail — holding bad performers accountable is difficult yet imperative. As in everyday life, a small problem ignored only gets bigger.

Learn from those professional sports leagues that hold an annual draft to select new players. This challenges the current players to fight for, and earn, their positions. To effectively deal with bad performers in a poor economy is to treat every week like draft week; never stop looking for new talent, and continue to challenge current employees to reach new heights.

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