

Managing HR Performance Metrics, Measurements and Analytics

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HR must get a seat at the table.

Link HR/Leadership strengths to business strategy

Drive HR/ Leadership process with a customized
competency model.

Link Leadership Strengths to Business Strategy



The Organization and Management Development Review (OMDR) Strategy



Why Competencies?

- Translates business strategy into the requirements for individual superior performance
- Provides a common language to describe people and positions
- Increases objectivity in management of people
- Clearly links succession planning to business strategy
- Mobilizes employees toward business strategy

Define the Model: Define and develop core leadership competencies of Strategic Agility, Personal Excellence, Leadership Ability, and Execution

Four Leadership Imperatives: The Leadership Model

- Strategic Agility
- Personal Excellence
- Leadership Ability
- Execution

The Leadership Model Critical Success Factors

- Relevant
- Measurable
- Observable
- Consensually- validated

Competency Model must be used across all HR/Leadership functions

- Performance Management
- Multi rater processes
- Succession Planning
- Annual Reviews

Everything plays to one model.

Key Questions

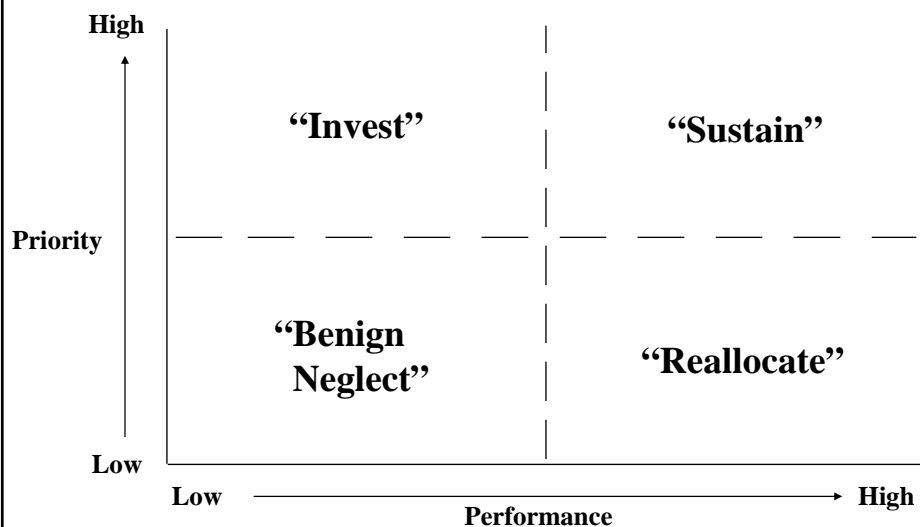
*How does our organization's structure impact our performance?
How well are we organized to achieve our strategic objectives?
Is the way we are organized a performance accelerator?*

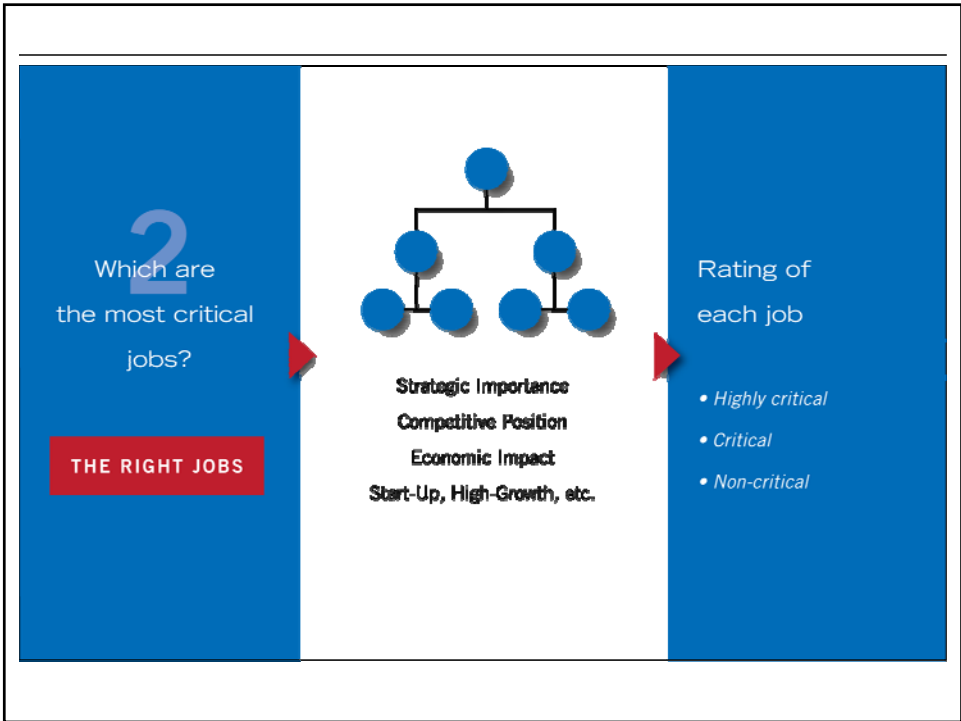
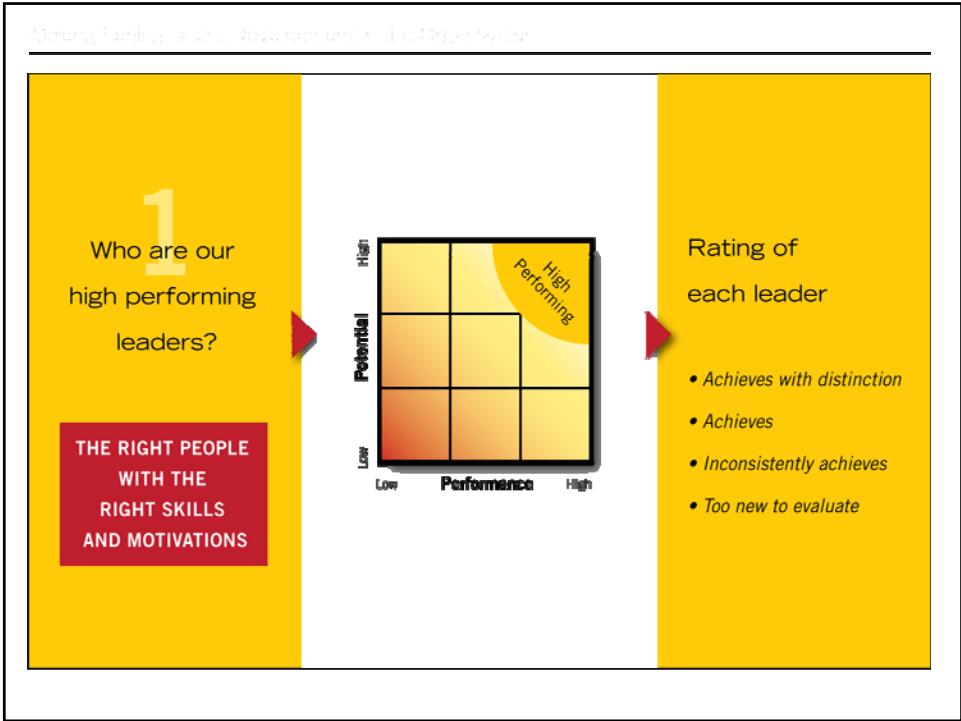
*What are the key positions?
What are the key job skills required to perform those roles?
Do those in key positions have ready successors?
Do we have top talent in key positions?*

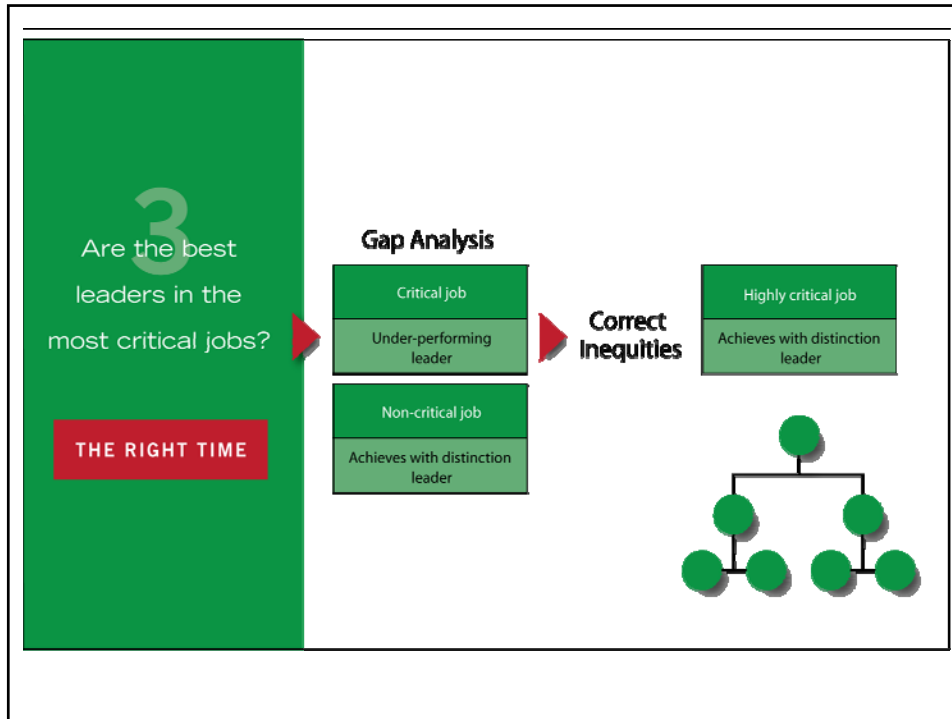
*Who are our top leaders?
Who are the rising stars?
What are their strengths...weaknesses?
Will they be prepared to step up when called?*

*How deep is our leadership pool?
Where do we need a better bench?
What are the key gaps?
Do we have the talent necessary to meet opportunities?*

Business Issue Matrix: Example







Findings...

- Many members of management have moved up vertically within one organization, building upon too many similar experiences. Rotation should be increased to broaden the executive, promote information sharing, reduce functional myopia and promote sharing of management talent across functional/business boundaries.
- Bright, talented individuals are sometimes moved too quickly - not left in their jobs long enough to substantially develop skills. Individuals are often promoted based on good performance to jobs they do not adequately understand.
- Promotions are often based on style, loyalty, or social relationships, rather than primarily on performance and competence.

Findings...

- The selection process often ignores or passes up highly qualified individuals within the organization to fill positions.
- Little knowledge exists across divisions about available qualified candidates; divisional managers are secretive about such information in order to retain those individuals.
- There are few specific guidelines to indicate what promotional opportunities are available or how one can move to the next step in the organizational ladder.

Findings...

- There is a tendency in evaluating managers to categorize them based upon past images rather than regularly making a candid review.
- The performance/reward system is inequitable. Management tolerates substandard performance, while not giving recognition for well-done jobs and new ideas.
- Solution... Cross business/function/ product line/ geography movement, involvement, placement.

OMDR Issues - Succession Planning

What is it?

- Inventory of *critical jobs*, incumbent performance review and gap analysis to ensure highest performing people are assigned to the most critical jobs.

Purpose?

- Ensure right person, with the right skills and motivations is in the right place at the right time.
- Engage in a disciplined review of incumbent performance and potential.
- Identify developmental opportunities for each individual and use as the basis for job move discussions and decisions.
- Focus executive development on stretch job experiences and continuous learning.

How to identify/select them?

- Consider all possible candidates when making job decisions; *not simply the person in immediate reporting line-of-sight*.
- Create a list of possible candidates for each opening, *including people from outside the business unit*.
- Consider the full set of options with the reporting supervisor before making selections.

What to do with them?

- Enhance coaching, feedback and mentoring.
- Ensure:
 - Balanced focus on leadership development and business needs.
 - Movement of people across organization boundaries when appropriate.
 - Risk-taking on high potentials.
 - Increased exposure to a broader base of Executive Management.

How to review them?

- Implement OMDR Roundtables. Utilize strategy-driven, leadership-model-based process. Coach leaders on giving more candid feedback. Link feedback to Key Result Areas.

Quality of Talent Matrix (Template)

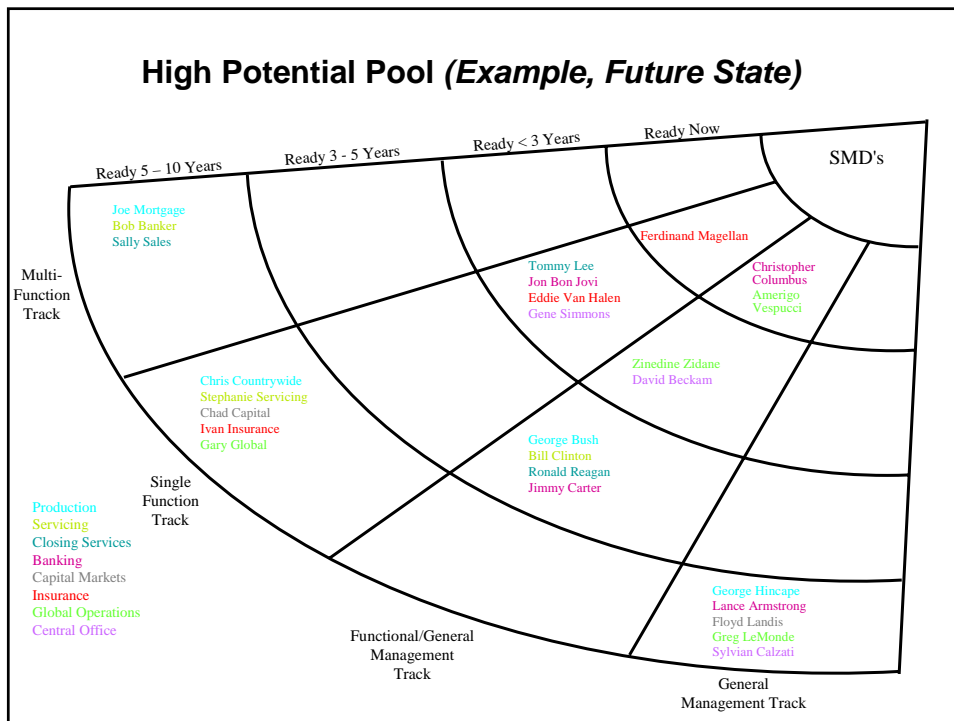
As a way to distinguish the talent in your organization, complete the grid below. Identify the performance and potential of your direct reports by writing their names and years/months in position in the appropriate squares. Circle the names of those individuals you feel would place us at considerable risk if we lost them to a competitor. Be prepared to discuss the development priorities for highest potential/highest performance individuals and the actions planned for the lowest potential/lowest performance individuals. As a guideline, the top and bottom 10% of your organization.

Performance = Consistent, observable performance against position requirements and agreed upon objectives.
Potential = Capable of advancing two levels or more beyond their current position.

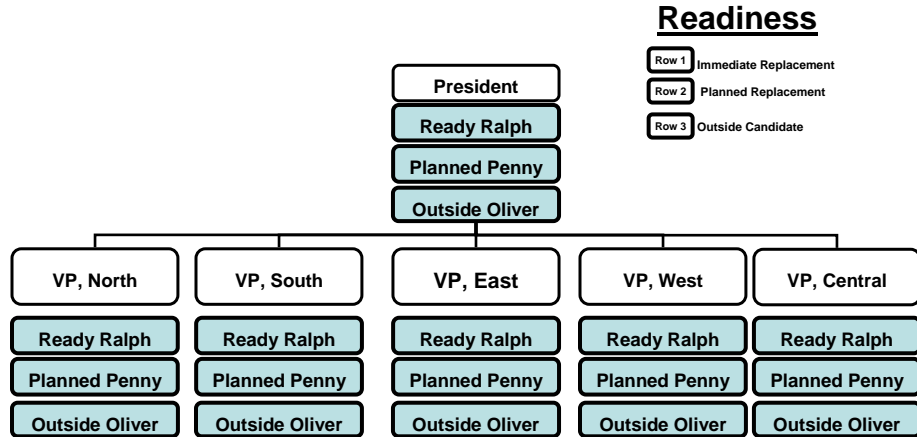
Potential	Highest-Potential			
	Growth Potential			
	Plateaued			
		Inconsistently Achieves	Achieves	Achieves with Distinction

Talent Matrix: Performance, Promotability and Suggested Development Actions

Performance ↑ Highest-Performance Achieves with Distinction ↓ Lower-Performance Inconsistently Achieves	Achieves with Distinction/Plateaued <i>Definition:</i> Operates at peak performance and not expected to advance to more senior or complex position. <i>Development Approach:</i> Maintain Motivation: Provide new opportunities for skill enhancement, special assignments, coaching or mentoring others.	Achieve with Distinction/Growth Potential <i>Definition:</i> Operates at peak performance and expected to advance one more level or to a moderately more complex position. <i>Development Approach:</i> Develop Full Potential: Enrich current position, offer stretch assignments with new challenges and responsibilities, provide coaching, appoint short-term assignment to back-fill more senior or complex position.	Achieves with Distinction/Highest-Potential <i>Definition:</i> Operates at peak performance and expected to advance 2-3 more levels or to a significantly more complex position. <i>Development Approach:</i> Develop to Full Potential: Enable participation in leadership development programs, stretch assignments on accelerated schedule, rotational assignments to ensure well-roundedness and provide coaching.
	Achieves/Plateaued <i>Definition:</i> Operates at expected performance and not expected to advance to more senior or complex position. <i>Development Approach:</i> Maintain Motivation: Through continued skill enhancement and appropriate recognition.	Achieves/Growth Potential <i>Definition:</i> Operates at peak performance and expected to advance one more level or to a moderately more complex position. <i>Development Approach:</i> Develop to Full Potential: Enrich current position with stretch assignments that provide new challenges and responsibilities.	Achieves/Highest-Potential <i>Definition:</i> Operates at expected performance and expected to advance 2-3 more levels or to a significantly more complex position. <i>Development Approach:</i> Develop to Full Potential: Enable participation in leadership development programs, carefully monitored stretch assignments, rotational assignments to ensure well-roundedness and provide coaching.
	Inconsistently Achieves/Plateaued <i>Definition:</i> Operates below expected performance and demonstrates little potential for advancement. <i>Development Approach:</i> Improve Motivation and Performance: Pinpoint reasons for underperformance and create definitive action plan. If no evidence of improvement, remove.	Inconsistently Achieve/Growth Potential <i>Definition:</i> Operates below expected performance but has potential to advance provided performance improves. <i>Development Approach:</i> Improve Motivation and Performance: Pinpoint reasons for underperformance and create definitive action plan. Focus on assessing fit between individual and current job. Consider move to new, more appropriate assignment.	Inconsistently Achieves/Highest-Potential <i>Definition:</i> Operates below expected performance but has potential to advance 2-3 more levels or to a significantly more complex position, provided performance improves. <i>Development Approach:</i> Improve Motivation and Performance: Pinpoint reasons for underperformance and create definitive action plan. Focus on assessing fit between individual and current job. Consider move to new, more appropriate assignment.
	← Plateaued Lower-Potential	Growth Potential	Highest-Potential Highest-Potential →
	Potential		

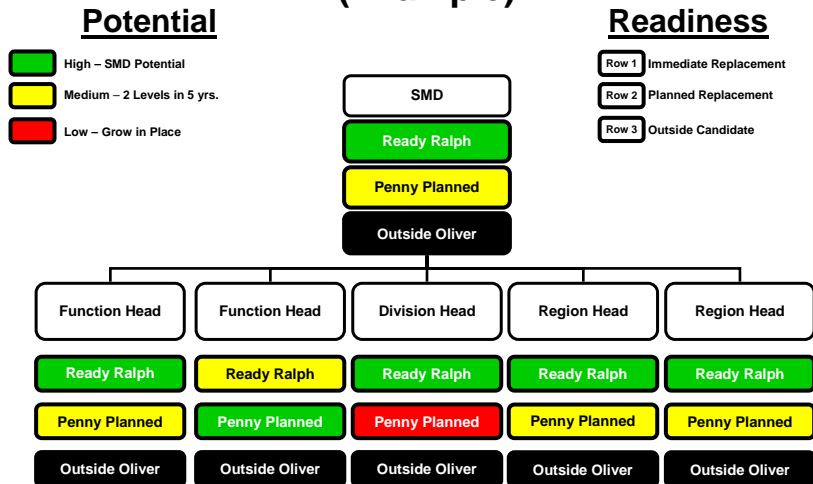


Section II - Succession Chart – New Business* (Example)



** Requires completion of OMDR to populate*

Section III - Succession Chart – Potential (Example)



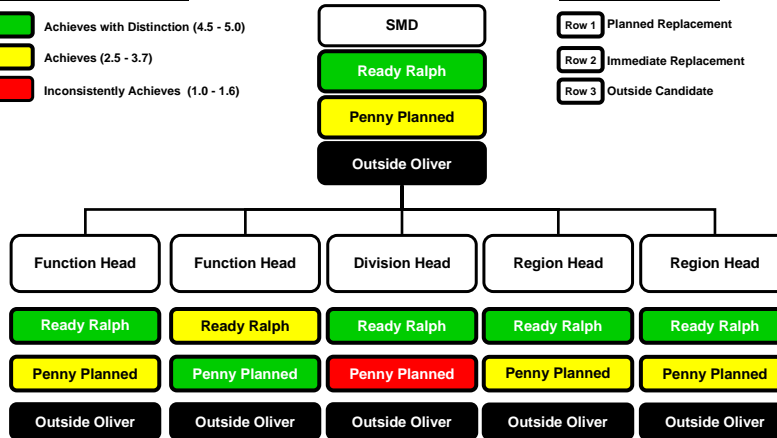
Section III - Succession Charts - Performance (Example)

Performance

- Achieves with Distinction (4.5 - 5.0)
- Achieves (2.5 - 3.7)
- Inconsistently Achieves (1.0 - 1.6)

Readiness

- Row 1 Planned Replacement
- Row 2 Immediate Replacement
- Row 3 Outside Candidate



Succession Chart - Performance (Example)

Performance - Consistent, observable performance against position requirements and agreed upon objectives.

Accomplishments — Major objectives accomplished/unaccomplished and any conditions that positively/adversely affected outcome.

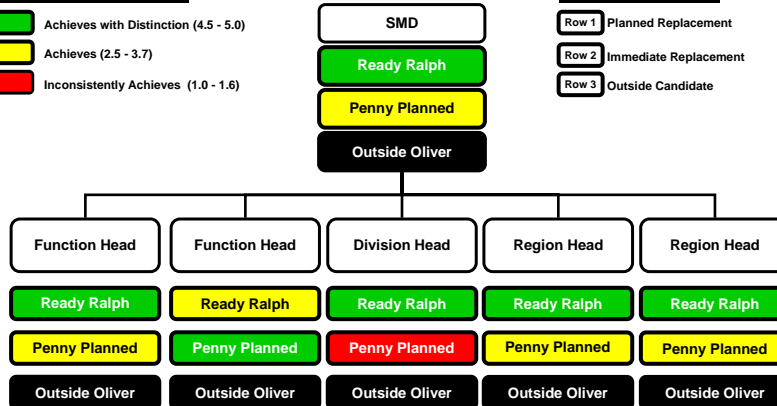
Strengths — All aspects of the individual's personal, business and/or managerial attributes. Includes specific management qualities that the individual has shown that make him/her successful in the current position, and will benefit him/her toward attaining personal and company objectives.

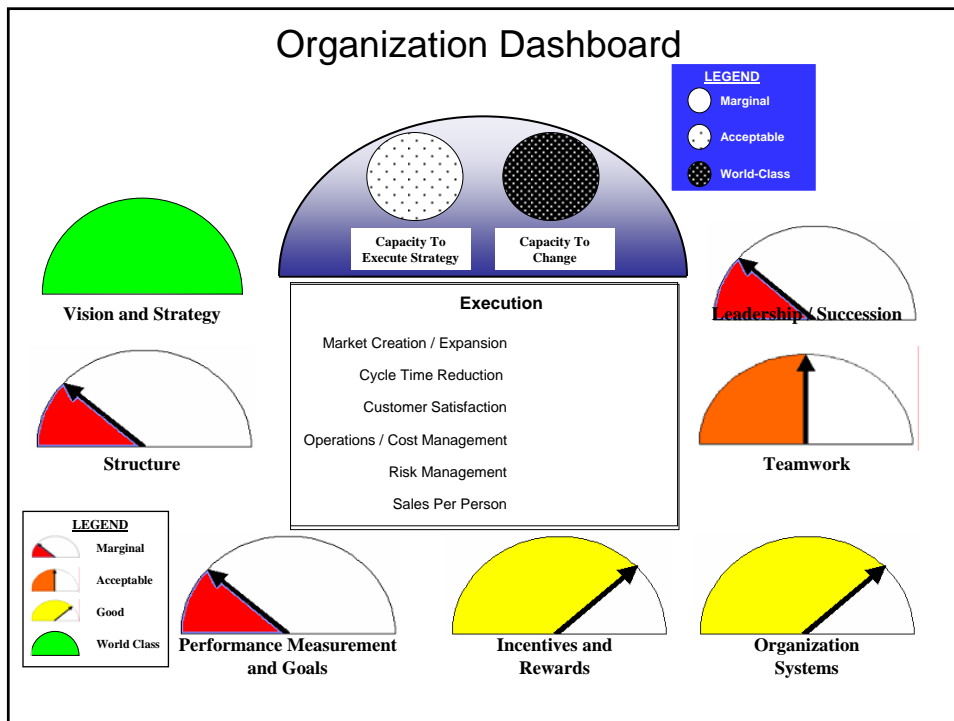
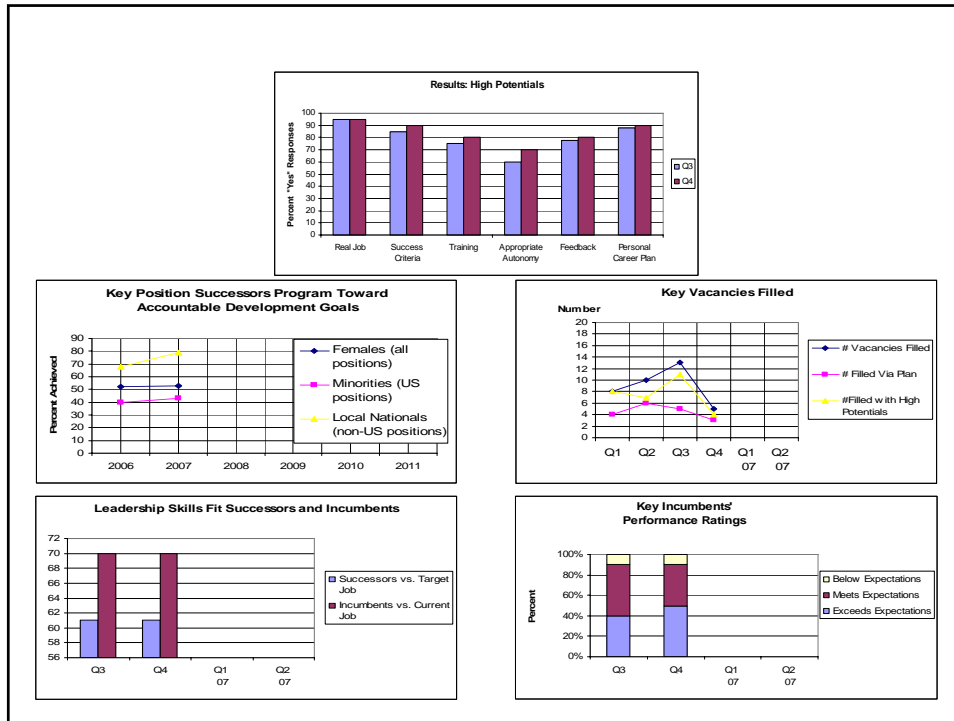
Performance

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Success Indicators: Vision & Strategy

<ul style="list-style-type: none"> • Clear Vision for Business Direction • Common Vision Broadly Communicated • Activities and Efforts Driven by Vision • Strategies Support Group Vision • Successfully Manage Short/Long-Term Agenda 	<ul style="list-style-type: none"> • Vision and strategy are well communicated at the business unit level although tend to be near term and operational in nature. • There is little tie in to corporate strategic direction. Activities at the unit level are not driven by a shared corporate vision. • Several people talked about the vast number of initiatives with no prioritization. When asked one told me he had 45 another said he had 82! Leadership can't decide on priorities and focus. We manage to fires and do not focus on key issues. Leadership keeps saying they will, and then adds 20 more.
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Success Indicators: Performance Measurement & Goals

<ul style="list-style-type: none"> •Performance Measures Support Vision & Strategy •Clear, Appropriate Performance Goals •Clear, Appropriate Performance Metrics •Performance Measures Promote Efficiency •Performance Measures Promote Operating Synergies and Cooperation 	<ul style="list-style-type: none"> •"People are not pulling in the same direction. The financial people are compensated on margins, the area sales managers on revenue, and the SRVP's and DVPs on DPC (a profit indicator). Everyone pulls in the direction that benefits them." Ultimately the customer and the corporation suffer. •"Nobody here works for <i>the entire company</i>, we are just not rewarded that way. We work for our division." What is best for the customer and <i>the company</i> is often at cross purpose to the goals and rewards the business unit. •There is a delay in the roll out of scorecards to the frontline of the company tied to strategies, goals and objectives. The 2007 bonus targets have not been disseminated as recently as the last week of April. As a result, our goals do not drive our activity most of the year.
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Success Indicators: Organizational Structure

<ul style="list-style-type: none"> •Roles Defined/Agreed Upon •Resources Aligned with Priorities •Drives Decision-Making to Appropriate level •Appropriate Spans & Layers •Promotes Clarity of Roles & Responsibilities within & between organizations 	<ul style="list-style-type: none"> •Multiple sales channels often compete for any given deal. The ensuing negotiation erodes margins. •Authority is not commensurate with responsibility causing leaders to behave in one of the following ways: <ul style="list-style-type: none"> ▪Make decisions and wait to be second guessed ▪Float the decision up the chain of command and Wait ▪Make the decision and hide the effect ▪Avoid making a decision •"I don't think our Division president has sufficient autonomy to do his job. I'm surprised at what corporate wants to look at. We need to be able to run our business." •There is little sharing of "Best Practices" across organizational boundaries. Each group has their own approach to underwriting, margin management, etc.. Often parallel process improvement efforts occur that duplicate effort and arrive at different conclusions." •"Secondary Marketing is a black box. We need to adjust price and they are totally backlogged. I guess they are understaffed. They don't consider us [in the divisions] to be their customers. They have one guy who is assigned to talk to all of the divisions. We can't talk to the traders to know what's going on in the markets. It all has to feed through one guy."
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Success Indicators: Incentives & Rewards

<ul style="list-style-type: none"> •Rewards Linked to Performance •Sanctions for Poor Performance •Risk-Taking, Innovation & Creativity are Encouraged and Rewarded •Prompt Performance Feedback 	<p>"There is no concept of a waterline here. No decision is too small or inconsequential to avoid second guessing from above. People learn to keep their head down and do exactly as told".</p> <ul style="list-style-type: none"> •Top performers do not get more resources. It is as if performance is a random occurrence. •Compensation is seen as a finance issue rather than a talent management issue. When a top salesperson was offered more money by a competitor, the manager had to go to finance. Finance presented a counter offer that was lower than the competitor's offer. •"We have a poor sales culture still. The Platinum Producers event is a golf centric event. At the Awards Banquet, the high performing sales people didn't get as much recognition as the winners of the golf tourney."
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Success Indicators: Organization Systems

<ul style="list-style-type: none"> •High Freedom to Act •Key Problems Impeding Effective Action Identified and Addressed •Minimal Bureaucracy •Management Takes Quick, Decisive Action Based on Clear, Accurate, Timely Information •Responsibility and Authority for Key Processes Delegated to Lowest Appropriate Level 	<ul style="list-style-type: none"> • The majority view is that there is a mismatch between levels of responsibility and authority and this slows velocity. No authority to decide, act and drive your business. However, a few stars recently hired from outside report that a well reasoned strategy will be met with support and needed resources. • Divisions and teams within divisions use same systems but do not coordinate, communicate, or share best practices. • Technology capabilities must be addressed. Lack of effective technology is compensated for by increased head count • Culture requires employees to invest substantial effort on internally-focused rather than customer or competitor focused activities. For example, sizable hours are spent preparing for, rehearsing for, and presenting Business Reviews. • "<i>Company</i> used to lead the industry with technology. Now, we've fallen far behind the competition and it significantly hinders performance. It's more difficult to create and roll out new products. Activities that could be centralized to reduce costs can't due the state of the technology." • 20% or more of the bureaucracy does not reduce risk or encourage standards, it is simply unproductive complexity.
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Success Indicators: Teamwork

<ul style="list-style-type: none"> •Divisions/ Departments Support Each Other •Communication is Open, Free-flowing •Teamwork is Encouraged •Minimal Politics, Gamesmanship •Synergy 	<ul style="list-style-type: none"> • Teams that need to cooperate for enterprise success report in to different P&L centers. As a result they do not cooperate, reducing profitability. JVs need MSA contacts. MSA hordes them. • Teams and groups are extremely territorial about their projects. No cooperation/coordination between groups. • Lack of shared goals or incentives that recognize need for and reward cooperation/collaboration. • Lack of enterprise incentives to encourage people to ask what is best for <i>Company</i> rather than simply what is in the best interest of their business. • One Division has a captive client base. Nothing motivates them to speed up the four to seven day waiting period for returning calls.
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Success Indicators: Leadership & Succession

•Strong Incumbent Performance, Potential, & Development

•Viable Insurance Candidate

•Managerial Bench Strength & Availability of Strong Successors

•Aggressive Plans to Address: Underutilized People, Marginal Performance, Plateaued Executives, High Potential Supply and Quality

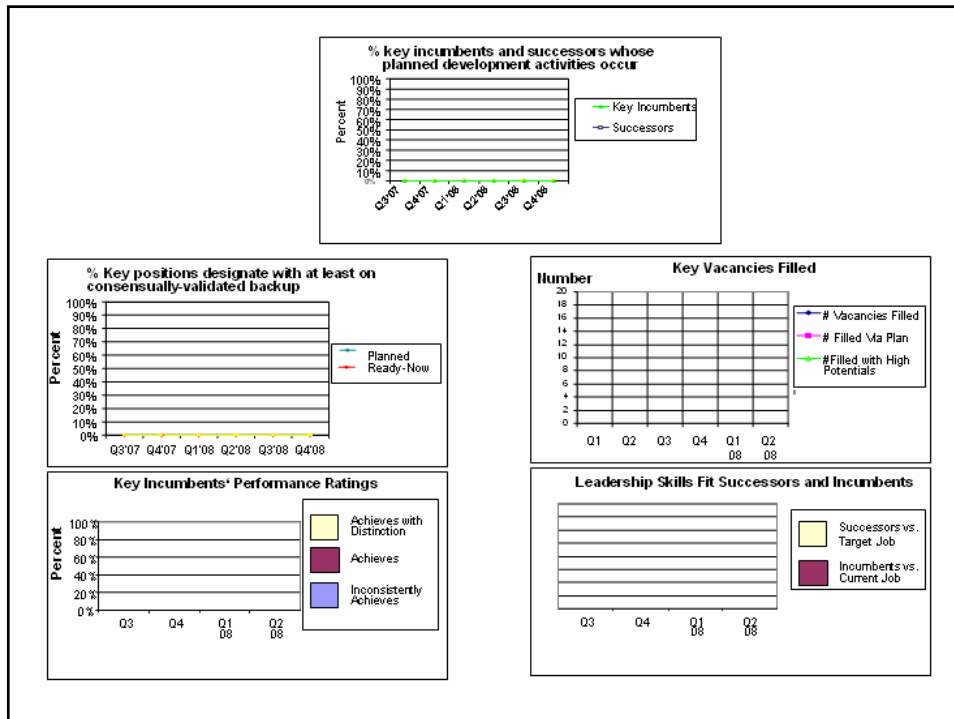
- Leadership and leadership succession are the Achilles heel of *the Company*. We are hiring superstars from the competition and putting them in placeholder positions.
- Managers often are not permitted to change out key roles because of loyalties at more senior levels. This causes great delay in key organizational changes.
- The organization has not defined the development experiences it requires for its executives. Many average performers are in place. We do not have the skills necessary to carry the organization to the next level.
- Too often, people are promoted too quickly to meet promotion quotas or to get them more money.
- We frequently leave talented people in roles where they are underutilized.
- We are only recruiting people from our industry. We already have the bulk of the top brains in the industry. We need to have some stars from outside the industry.
- HiPo's are consistently identified as "experienced", "hard-working", "good guy", attributes that do not a HiPo make.

Key Incumbent Assessment

- "Very good" or "Excellent" job fit
- Meeting or exceeding targeted objectives
- % key incumbents with effective organization, culture and leadership survey results

Assessment of Successor Quality and Readiness and High Potential Identification

- % key incumbents and successors whose planned development activities occur
- % vacancies filled via the plan
- % positions filled with target group members
- % key positions designed with at least one consensually-validated “ready now” backup
- % key positions designated with at least one consensually-validated planned backup
- % key successors who meet current leadership skills/experience matrix



Questions and Comments

Appendix A

Four Leadership Imperatives: The Leadership Model

**Strategic Agility
Personal Excellence
Leadership Ability
Execution**

STRATEGIC AGILITY

- Communicates clear vision for future business direction
- Understands complex concepts and relationships
 - Makes sound, timely decisions
- Activities and effort are driven by vision
- Successfully manages short/long-term agenda
- Understands required core competencies

•**Strategic Thinking** – Thinks strategically about major trends affecting the business; seeks and accurately interprets competitive benchmarking data pertaining to organizational strengths and weaknesses in the context of customers, markets and competitors; conceptualizes viable strategic alternatives or “scenarios” consistent with overall strategic intent; identifies opportunities for “strategic leverage.”

•**Global Perspective** – Understands impact of global events on the organization’s plans, directions, and growth; keeps abreast of important trends that impact the business or organization (technological, competitive, social, economic, etc.); demonstrates ability to lead cross-cultural teams.

•**Client-driven Approach** – Keeps the organization focused on understanding and responding to the needs of customers; views customer satisfaction as the number one priority throughout the organization and the ultimate benchmark guiding decision-making; maintains sensitivity to the requirements of customers through personal involvement and a continuous drive for customer feedback.

•**Decision-making** – Able to make sound, timely decisions with limited facts, information or knowledge; gets to the heart of the issue quickly; willing to take calculated risks and to act bravely to seize business opportunities as they arise; acts decisively and with conviction by committing appropriate resources to support a course of action; assumes responsibility for the results of decisions made.

PERSONAL EXCELLENCE

- Highly principled
- Driven to succeed, driven to exceed and driven to excel
- Tolerates adversity with a realistic, but optimistic outlook
 - Persists when confronted with obstacles
- **Personal Drive** – Demonstrates a deep-seated need for achievement in excellence; motivated by internal standards, and consistently meets or exceeds other people’s expectations; thrives on challenges and persevering despite obstacles.
- **Personal Strength and Maturity** – Demonstrates resilience in response to short-term and sustained stress; tolerates adversity with a realistic, but optimistic outlook for the future; accepts the personal consequences of difficult decisions; has self-confidence, a sense of perspective and an ability to learn from mistakes. Projects self-assurance and unshakable confidence, stands up against criticism, and maintains high standards of personal integrity.
- **Integrity** – Applies sound business ethics; demonstrates consistency among principles, values, and behavior; builds trust with others.

LEADERSHIP ABILITY

- Inspires a shared vision
- Identifies, attracts and retains talented people
 - Communicates with precision
- Fosters collaboration among team members/teams
 - Fosters innovation
- Accurately identifies strengths and development needs
 - Insures availability of strong successors
- Addresses under-utilized, marginal and plateaued individuals

•**Inspires a Shared Vision** – Creates and communicates a clear, exciting, and inspiring vision for change, improvement, and customer focus based on the organization's overall business strategy; engages and mobilizes the organization's commitment through direct, open-communication; develops and maintains a long-term, big-picture view, while providing a framework to guide short-term action steps; passionate.

•**Staffs for High Performance** – Able to identify, attract, and retain talented people; understands the core competencies and skills required to meet challenging business goals; willing to surround himself/herself with highly capable staff and to encourage individual contributions; staffs for and builds effective teams committed to organizational goals; fosters collaboration among team members and among teams.

•**Fosters Innovation** – Produces significant performance results through the creation and/or management of major new initiatives and agenda; values and encourages innovation and its realization in new products and services; creates a work environment in which innovation is recognized, rewarded, and helped to flourish.

EXECUTION

- Consistently meets objectives
- Initiates bold action to move the organization forward
 - Conveys a sense of urgency when appropriate
- **Execution** – Has a track record of consistent success in meeting and exceeding targeted objectives; has appropriate focus and performance on profitability, growth, and results; tackles problems head-on; manages change; maintains operating effectiveness; initiates efforts across functions; uses key performance indicators and management control systems.
- **Cross-functional Knowledge** – Understands role and operation of each function and how it interrelates; displays excellent cross-functional leadership skills.
- **Industry Knowledge** – Understands industry's history and trends; understands the competition.
- **Business Situation Versatility** – Functions effectively in a variety of situations which present different challenges, such as running different operations, dealing effectively with ambiguity, and managing shifts in strategic direction.