

Metrics That Matter

Insight Into What Best-in-Class Organizations Measure to Align Talent Management with Business Objectives

Jayson Saba, Sr. Research Associate



Agenda

- Why Metrics Matter NOW
- Aberdeen's Research Methodology
- Case Studies and Discussion
 - IKON (Recruitment)
 - Seagate Technologies (Onboarding)
 - Datron (Employee Performance Management)
 - United Airlines (Succession)
 - St. Luke's Hospital and Health Network (Learning)
 - The E.W. Scripps Company (Core HR)
- What You Told Us

What's keeping talent management leaders up at night?

**Economic
Uncertainty**

**Turnover and
Retention**

**Managing
Change**

**Looming
Retirement of
Leaders**

**Business
Alignment**



Talent Management Drives Business Results

\$1.2 Billion Increase in Sales

22% Increase in Store Sales

32 1/4%, 4-year CAGR in Shareholder Value



Aberdeen's Methodology

Pressures

External and internal forces that impact the organizations market position, competitiveness, or business operations

Actions

Strategic approaches that an organization takes in response to *Pressures*

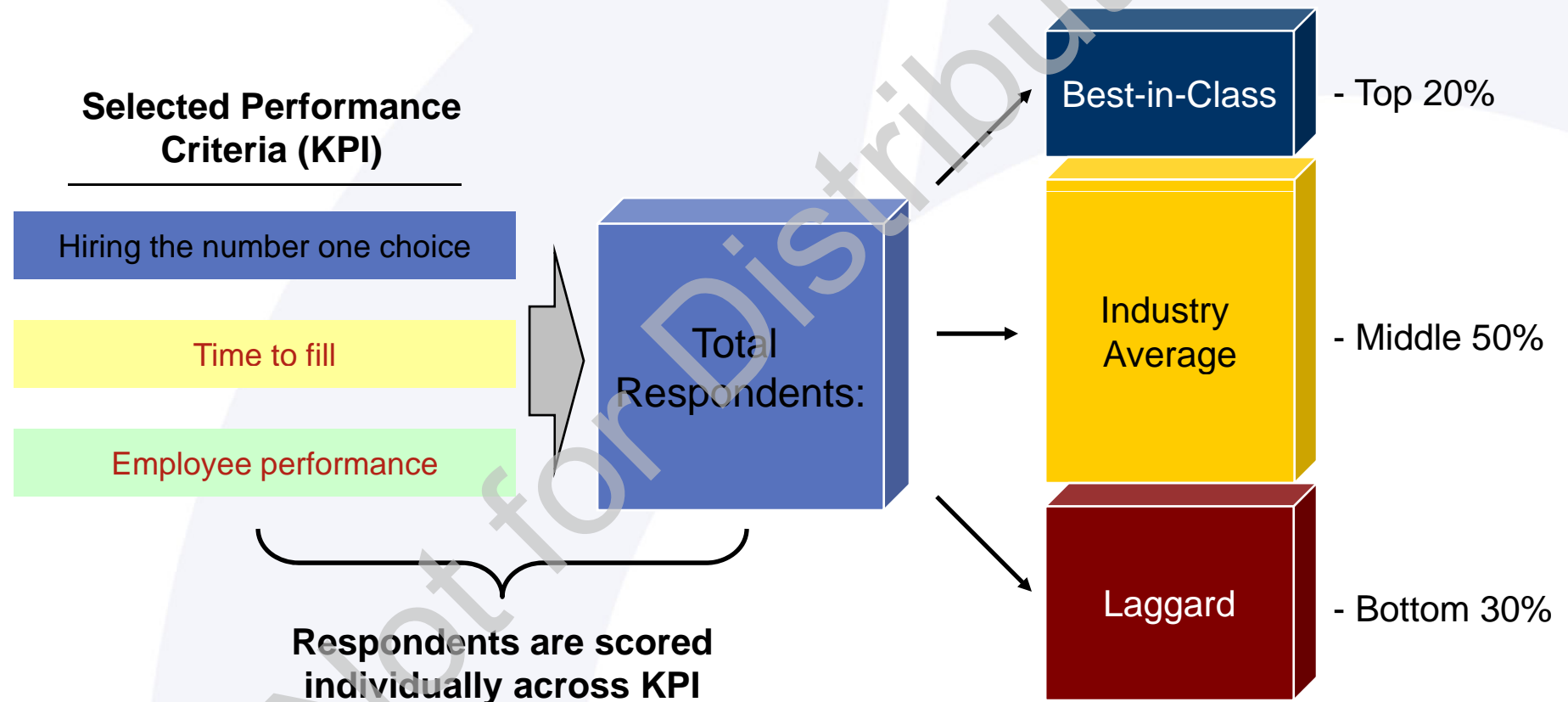
Capabilities

Business competencies required to execute corporate strategic *Actions*

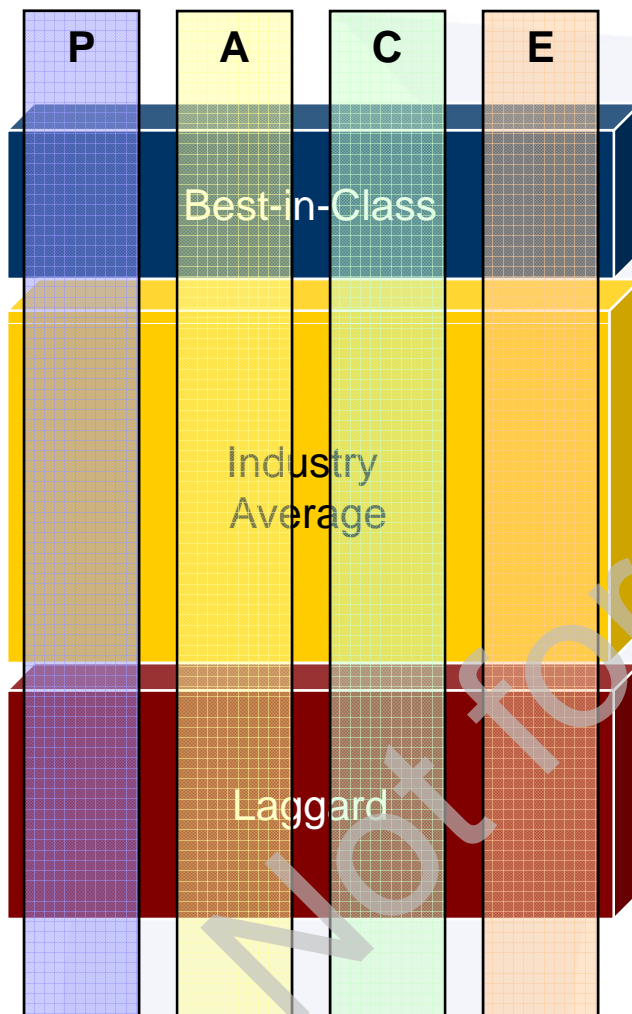
Enablers

Key technology solutions required to support the organization's *Capabilities*

Aberdeen Maturity Class Framework

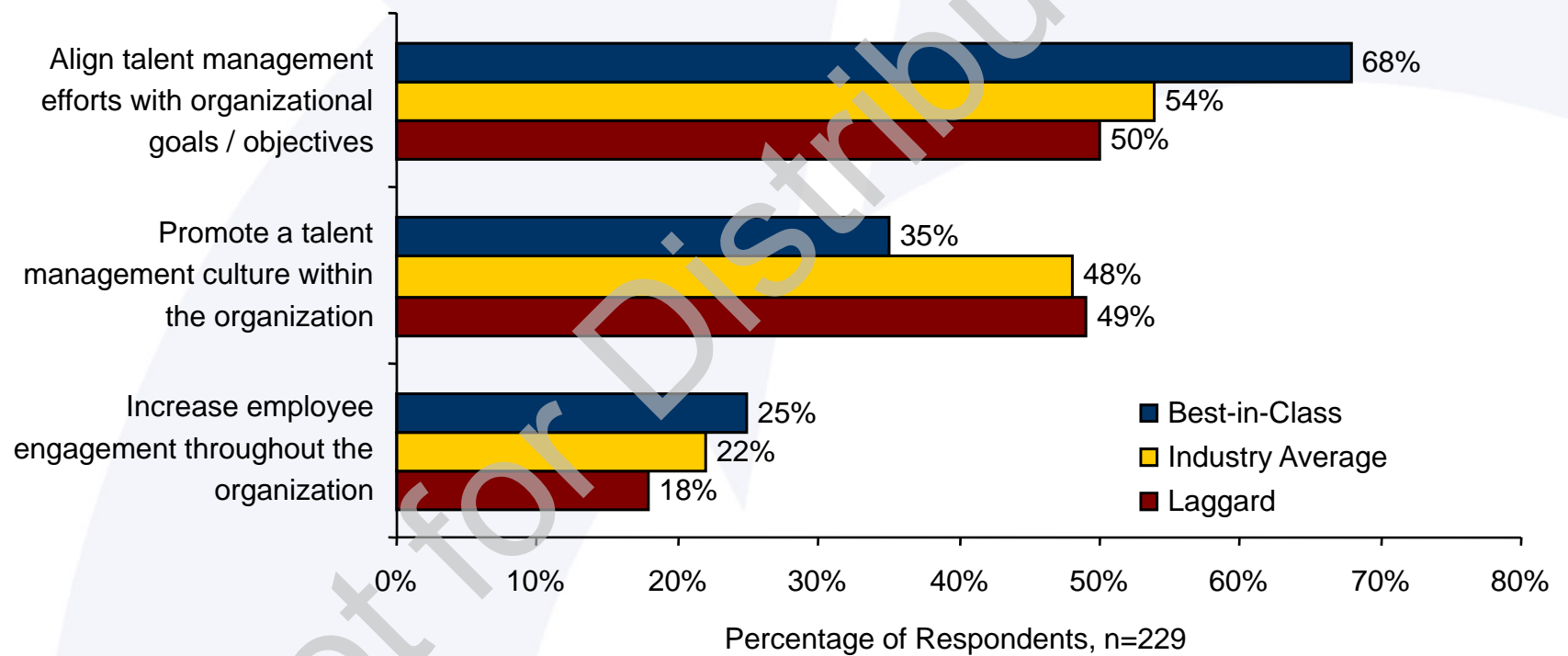


Aberdeen Competitive Framework



- ❑ What you need to do to become Best-in-Class
- ❑ What processes you should have in place
- ❑ What you need to measure
- ❑ Organizational changes you might want to make
- ❑ Data / Knowledge management considerations
- ❑ Technologies you should evaluate

Top Actions to Address Alignment



Source: Aberdeen Group, *Integrated Talent Management*, December 2009

HR = More Strategic Among Best-in-Class

December 2008

- ❑ 3.62 = Best-in-Class
- ❑ 2.89 = Laggard

December 2009

- ❑ 3.71 = Best-in-Class
- ❑ 2.74 = Laggard

Aggregate

- ❑ 3.28 = HR
- ❑ 3.18 = Non HR

**"1" signals reactive, very tactical and not aligned with business objectives,
"5" signals HR is very proactive and closely tied to the business' objectives.**

Source: Aberdeen Group, December 2008 and December 2009

Top Five Barriers to Effective Talent Management

- ❑ **37%** - inability to validate its business impact
- ❑ **36%** - HR spends too much time on tactical HR activities
- ❑ **32%** - lack of support among business line leaders
- ❑ **31%** - disparate business units with distinct processes and workflows
- ❑ **30%** - lack of buy-in from senior leadership

Source: Aberdeen Group, *Integrated Talent Management*, December 2009

Key Findings

76%

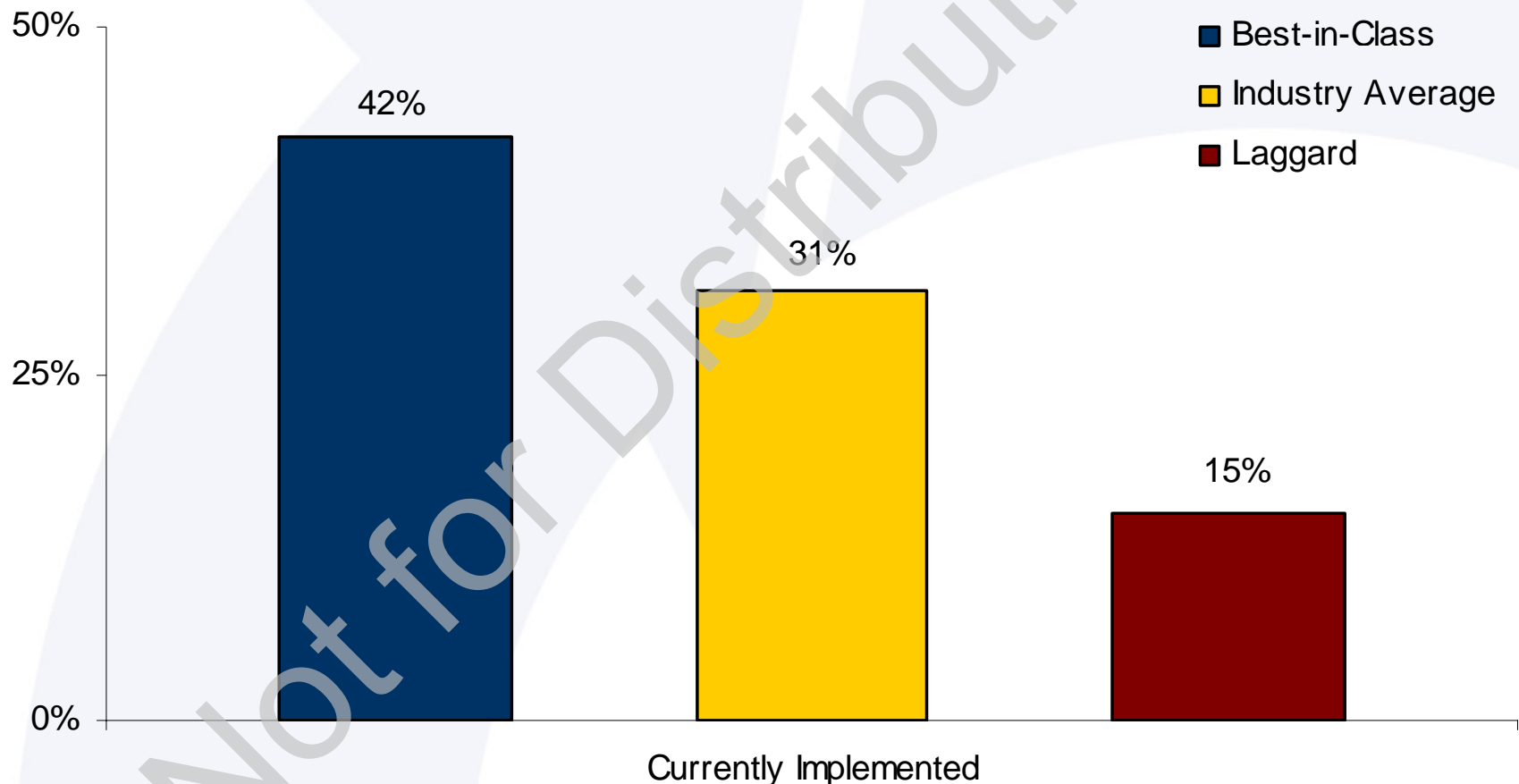
of organizations expect the effort spent on talent management to **increase** in the next 12 months

47%

expect their BUDGET for talent management technologies to **increase** in the next 12 months

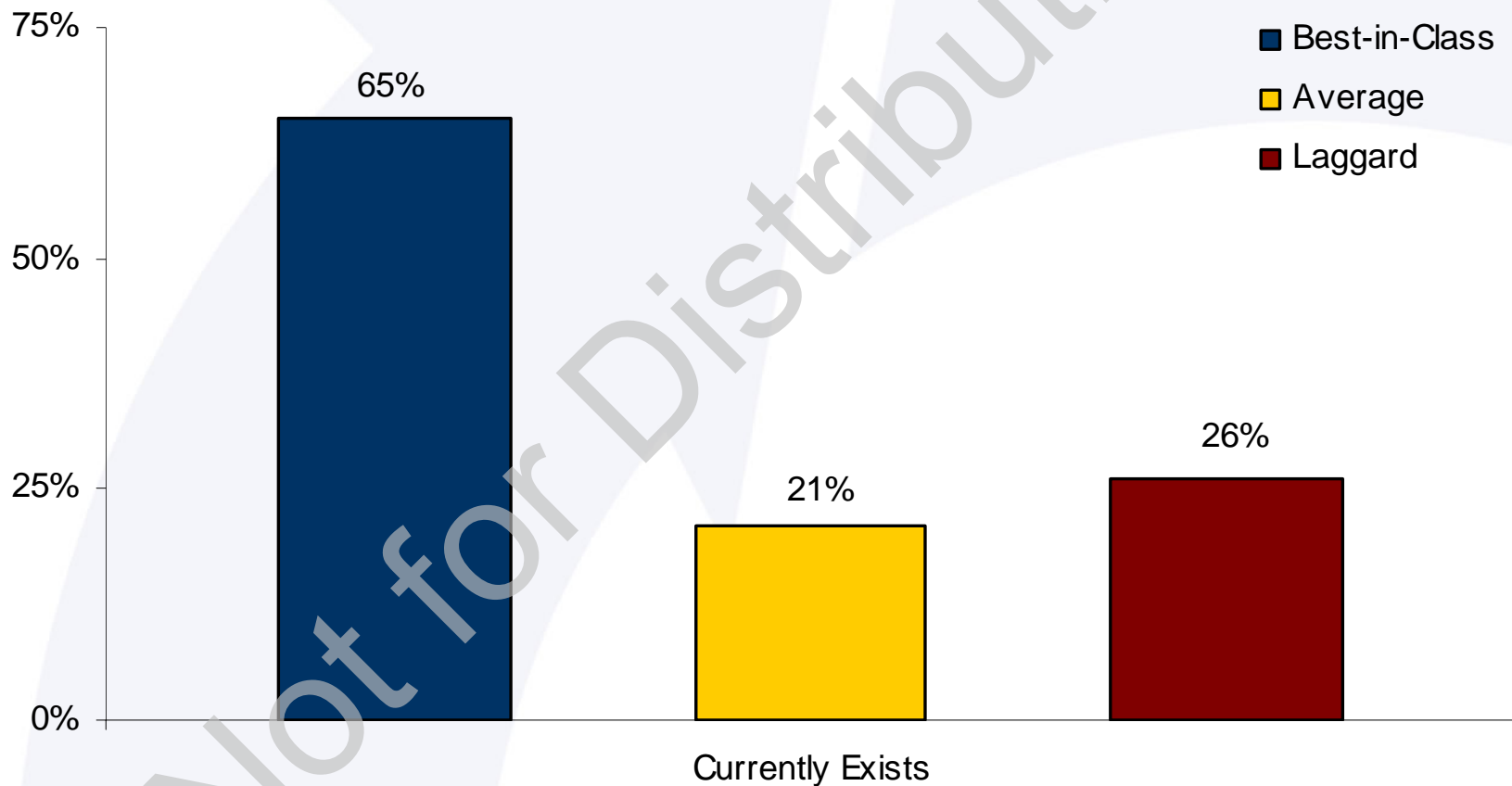
Source: Aberdeen Group, *Integrated Talent Management*, December 2009

Organizations with Defined Metrics to Measure Talent Management Effectiveness



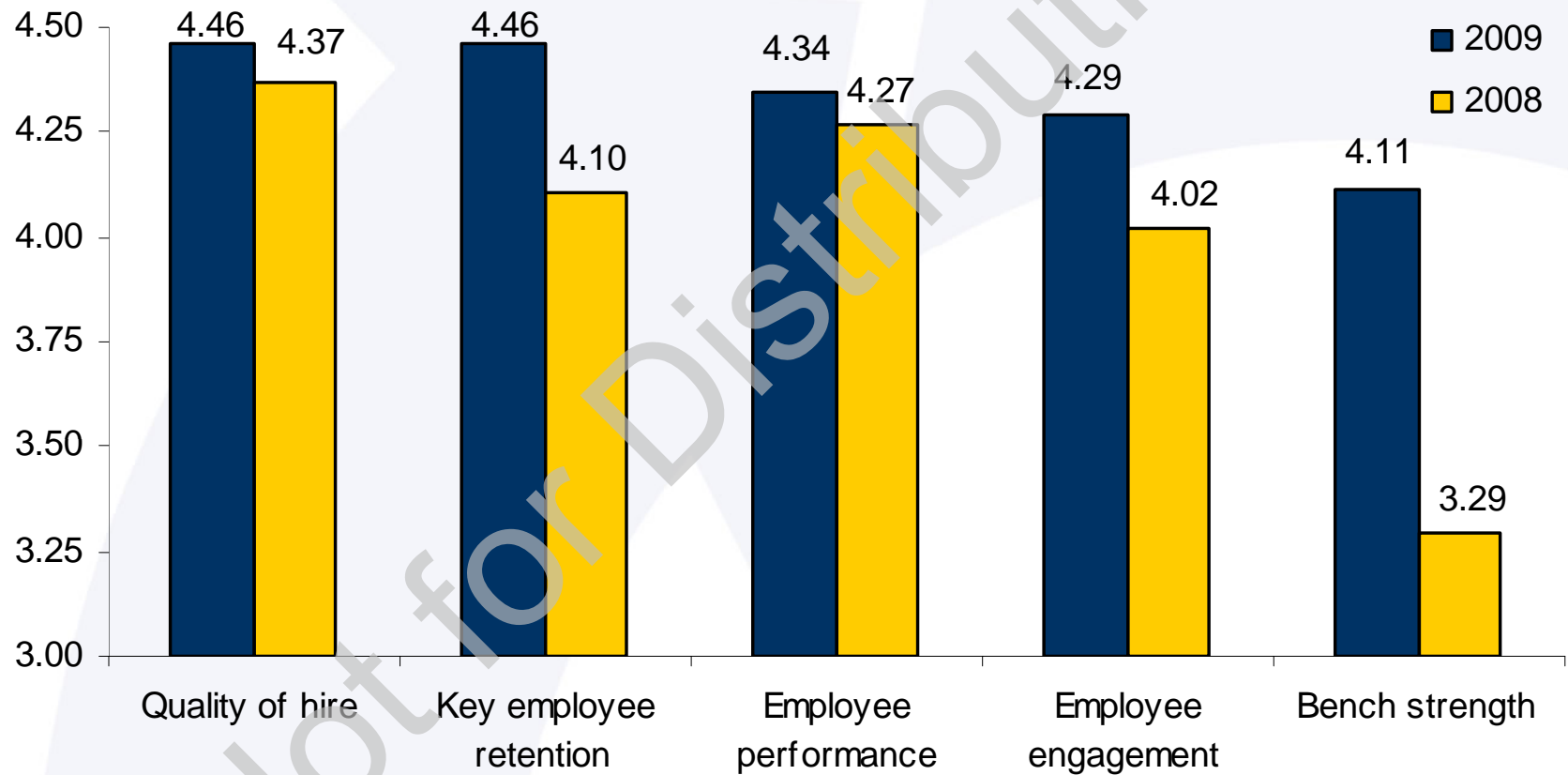
Source: Aberdeen Group, *Integrated Talent Management*, December 2009

Organizations with Defined Metrics to Measure HR Effectiveness



Source: Aberdeen Group, *Core HR Systems*, September 2009

Most Important HCM Metrics



Source: Aberdeen Group, *Integrated Talent Management*, December 2009

Integration Moves the Dial

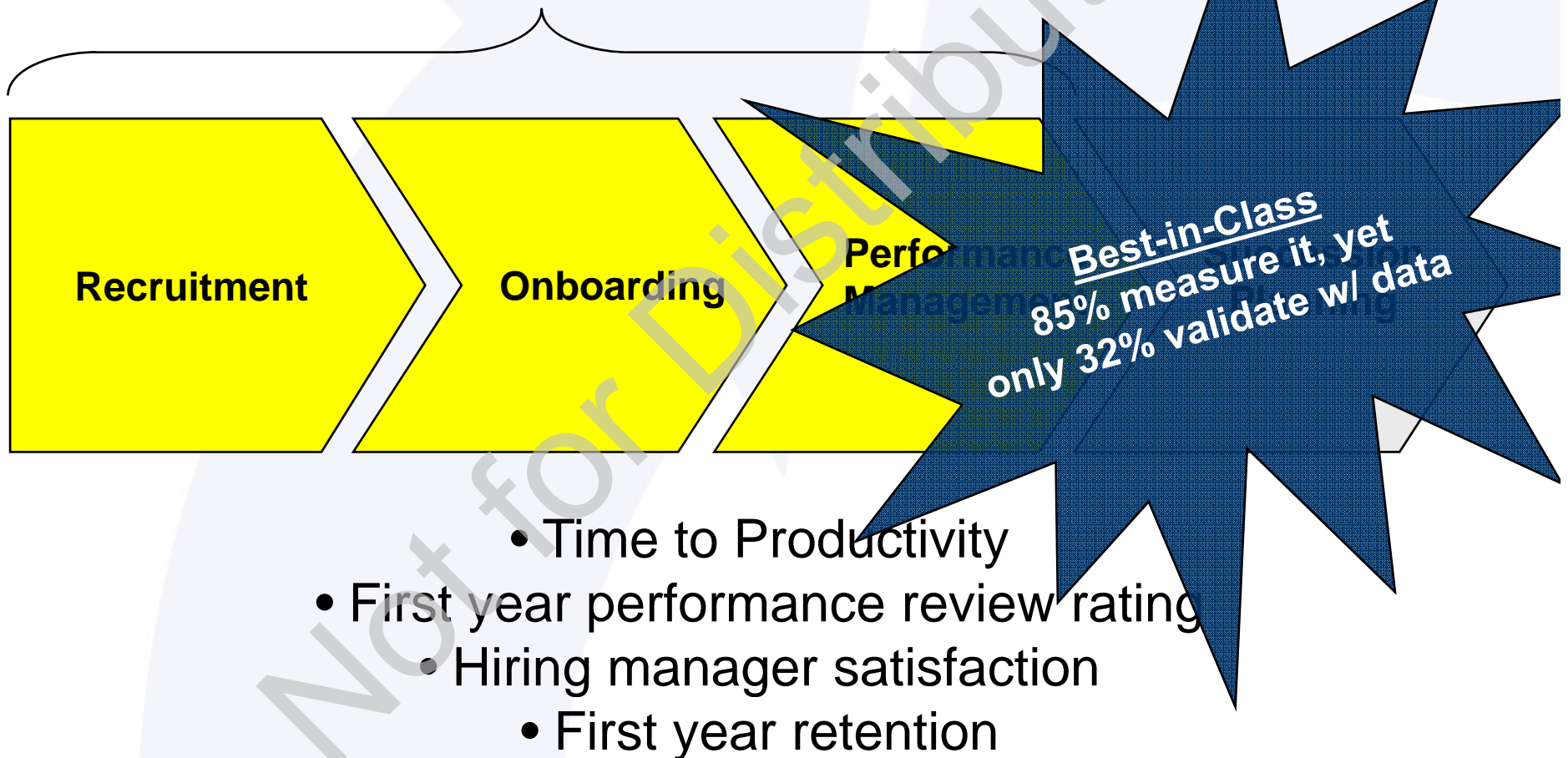
KPI	HR and Lines of Business Collaborate (% improvement)	No Collaboration (% improvement)
Employee Engagement - year-over-year change in engagement scores	7%	2%
Hiring Manager Satisfaction - year-over-year improvement	15%	9%
Customer Satisfaction	9%	6%
Profit per Full Time Equivalent – year-over-year change	9%	2%

Source: Aberdeen Group, *Integrated Talent Management*, December 2009

Elements making up quality of hire

- ❑ Organizational fit
- ❑ Hiring manager satisfaction
- ❑ Character / personal values demonstrated
- ❑ Time-to-productivity (time it takes an employee to reach desired level of competence in a new role)

Quality of Hire: an Integration Imperative



Some Definitions

- ❑ Key employee retention - defined as the % of employees designated 'high-potential' or 'high-performers' retained year-over-year
- ❑ Employee performance - defined as the % of employees that received a 'meets' or 'exceeds' expectations in their last performance review
- ❑ Employee engagement - based on last employee engagement survey
- ❑ Bench strength - defined as the % of key positions with an identified and willing successor
- ❑ Accuracy of reporting - defined as error rates in templated talent management reports

Some Definitions

- ❑ Time to productivity - defined as the time it takes individuals to get up to the required level of competence to perform their job independently
- ❑ Overall workforce turnover - defined as the % of employees no longer with the company versus the previous 12 months (voluntary and involuntary)
- ❑ Customer retention - referencing your paying customers, not employees
- ❑ Change in revenue - since your organization / company last reported
- ❑ Time to information - a measure of how fast a manager can access desired data
- ❑ Profit per employee - based on your organization's last fiscal year



One Size Does Not Fit All!

NSLIJ - Mozilla Firefox

File Edit View History Bookmarks Tools Help

http://www.northshorelij.com/NSLIJ/NSLIJ+HomePage

Most Visited Getting Started Latest Headlines Customize Links Free Hotmail Windows Marketplace Windows Media Windows

NSLIJ

North Shore LIJ North Shore-Long Island Jewish Health System

Professionals HealthPort

Search NSLIJ ...

Services
Hospitals And Centers
Events And Classes
Health Information
News
Research & Clinical Trials
Quality Reporting
Education
Financial Help
About Us

Flu News You Can Use

Learn about the flu and helpful tips to protect yourself and others.

GO

Find a Physician
Get Directions
Find Career Opportunities
Become a Volunteer
Ways to Give
Shop at the Hospital Store
Contact Us

Find a Physician Hospitals and Centers Ways to Give

SERVICES

- Cancer
- Neurosciences
- Home Healthcare
- Surgery
- Heart Health
- Orthopedics
- Pediatrics
- Urology

VIDEOS

Media Portal

NEWS

Three Sons Give Their Mothers the Best Valentine's Day Gift

Girl Scouts Show Go Red for Women is for Young Girls Too

Franklin Hospital Team Up to Care for Retired Football Player

Three Sons Give Their Mothers the Best Valentine's Day Gift

Done

Case Study



- ❑ Set performance goals during the onboarding process
- ❑ Clearly link individual goals to: Quality, patient experience and financial performance
- ❑ Outperformed budgeted margin by \$25 million
- ❑ Increased engagement to 80% compared to industry average of 59%

Recruiting

Not for Distribution

Case Study - IKON Office Solutions

❑ Overview

- ❑ Leading provider of innovative document management systems
- ❑ Over \$20 billion in revenue

❑ Pressure

- ❑ Increased competition in a mature market where customer relationships became valued highly

Case Study - IKON Office Solutions

- ❑ Strategy: Increase sales coverage, particularly in the mid-market

- ❑ Challenge:
 - ❑ Hiring managers perceived that the recruiters passively logged into various online job search sites to view resumes posted by those actively seeking jobs

Case Study - IKON Office Solutions

- ❑ Intense campaign focusing on gainfully employed good talent – and developed an entire strategy around this direction
- ❑ “Relationship recruiting”: Engage prospect via a targeted sales process – by recruiter & manager

Case Study - IKON Office Solutions

- ❑ \$10 million of additional revenue from the new-hire Account Executive group over previous year
- ❑ Account Executive group was more than 100 people slimmer than before

Onboarding

Not for Distribution

Case Study – Seagate Technologies

❑ Overview

- ❑ Leader in digital storage solutions for nearly 30 years
- ❑ Headquartered in California, more than 55,000 people in 22 countries

❑ Pressure

- ❑ Extremely competitive industry – one that has consolidated from over 70 players to merely five in the last three decades

Case Study – Seagate Technologies

❑ Challenge

- ❑ Seagate acquired one of its biggest competitors and was faced with the challenge of bringing on thousands of employees at once
- ❑ Other acquisition efforts, including transitioning from 17 separate HRMS systems

❑ Strategy

- ❑ Revamp its onboarding process to increase engagement and improve overall time to productivity

Case Study – Seagate Technologies

- ❑ Involve all of its key stakeholders to determine what the new process should cover
- ❑ Deliver a globally consistent experience for employees and managers
- ❑ Build excitement prior to arrival, make a great impression on day one, create a warm welcome in the first week (e.g. welcome gifts)
- ❑ Focus on progress in the first 45 days and on productivity across the first 90 days – managers assign “buddy” mentors

Case Study – Seagate Technologies

- ❑ Integrates applicant tracking system with onboarding software
- ❑ Solution automatically sends a “welcome” email
- ❑ Employee / HR intranet portal
- ❑ Process contains online checklists of forms and other to-do's
- ❑ Progress against the checklist items is tracked via the onboarding software

Case Study – Seagate Technologies

- ❑ 100% acknowledgement rate of core policies by new hires within stipulated timeframes
- ❑ Zero incident of manual intervention by staffing for non-acknowledgment thanks to the automated escalation process
- ❑ >80% of new hires completed all of their tasks before the due dates
- ❑ Performance rating for onboarding went from 3.09 to 4.24 on a scale of 1 to 5 – a 37% improvement (New hire satisfaction surveys)

Employee Performance Management

Case Study – Datron

□ Overview

- Leading global provider of HF / VHF voice and data radio communications equipment
- Privately held company currently employs about 350 people with offices in California, Kansas, Florida, and Washington, D.C.
- Products are used by military and industrial entities primarily for secure communication and data transfer in the arenas of security, public safety, and national defense (Pressure)

Case Study – Datron

❑ Strategy

- ❑ Adopt a “servant leadership” approach where everyone in the organization is responsible for the success of others
- ❑ Focus on changing the behavior of employees to become better leaders and better servants
- ❑ Challenge: On-time delivery or on-time shipment – defined by the company as a key operational metric was hovering between 25% and 50%

Case Study – Datron

- ❑ Employees define two areas and work on improving them over a specified period of time
- ❑ Involve employees in goals definition
- ❑ Access to an individual goal tracking tool
- ❑ Buy-in and accountability where managers meet with them to determine remedial steps
- ❑ Employees clearly see how their performance and progress impact on-time shipment (Quarterly all hands on-deck meeting)

Case Study – Datron

- ❑ In four years Datron's revenue improved seven-fold
- ❑ In 2008, the company achieved 100% on-time shipment, which is a tremendous feat for its industry
- ❑ Currently, it is floating between 85% and 90%
- ❑ As for turnover, since January 1, 2009, Datron has lost only five employees – which equates to a retention rate of more than 98%

Learning & Development

Case Study – St. Luke Hospital and Health Network

□ Overview

- Bethlehem, PA
- 7000+ employees
- Four hospitals, one visiting nurses association, a physician network and a durable medical equipment company

First Order of Business: 2003 - 2006

- ❑ Challenge: Managerial Retention
 - ❑ 41% turnover within 18 months (slightly worse than industry average)
- ❑ Answer: Focus on growing leaders
 - ❑ Use assessments to determine top 20 competencies (leadership traits)
 - ❑ Formalize leadership development program
 - ❑ Measure and track
- ❑ Result:
 - ❑ 10% turnover
 - ❑ \$US 624,000

Second Order of Business

- ❑ Challenge: Leadership development
 - ❑ Engagement and performance
- ❑ Answer: Appraisals and surveys
 - ❑ Use surveys to determine bottom-tier of managers
 - ❑ Survey employees to determine engagement
 - ❑ Track and measure
- ❑ Result:
 - ❑ 85% improved their employee survey scores

Succession Planning

Not for Distribution

Case Study – United Airlines

□ Overview

- 47,000 employees worldwide – 6,800 are salaried and management personnel, and 40,000 are unionized
- 3,300 flights a day on United and United Express to more than 200 US domestic and international
- Air rights in Asia-Pacific, Europe, and Latin America, United is one of the largest international carriers based in the U.S

Case Study – United Airlines

□ Pressures

- 9/11 terrorist attacks to the H1N1 flu pandemic and escalating fuel prices – have negatively impacted air travel
- Significant cost cuts, which included sizable layoffs
- Difficulty retaining top talent
- Lost more than half its staff (salaried and union) due to both job actions and voluntary turnover

Case Study – United Airlines

❑ Strategy

- ❑ Strengthen employee engagement via strong leadership

❑ Challenge

- ❑ Lacked the visibility to locate existing key leadership skills or know where they needed to be developed

Case Study – United Airlines

- ❑ Focus its initial efforts around the top 45 positions in the company and the 250 direct reports (managing directors)
- ❑ “Self-nomination” process: Existing employees to view and apply for jobs before they are made available to the general public
- ❑ 250 executives identified, United required each to complete a “talent profile”
- ❑ Applicant tracking system (ATS) with its new automated succession planning system, the data within its ATS was automatically populated in the appropriate talent profiles

Case Study – United Airlines

- ❑ Increased talent visibility, employee engagement, and retention of top performers
- ❑ With the initial focus on the company's top 45 positions being so successful, United's next step will be to focus on officer succession planning for the board of directors and then begin system rollout by division
- ❑ Integrate the current succession planning process with the goal planning and performance management modules within its existing system
- ❑ The final steps of its fully integrated talent management process will be to introduce career management and development planning

Core HR Systems

Not for Distribution

Case Study: The E. W. Scripps Company

❑ Overview:

- ❑ Cincinnati, Ohio with nearly 6,000 employees
- ❑ Media company with 10 TV stations, daily and community newspapers in 14 markets and local news and information web sites.
- ❑ Syndication home of Peanuts, Dilbert, and other features and characters.

❑ Challenge:

- ❑ HR and payroll processes were largely manual
- ❑ Burden on the HR function

Case Study: The E. W. Scripps Company

- ❑ HR portal
- ❑ Employee and manager self-service for viewing / editing individual employee data
- ❑ Online knowledgebase for viewing company benefits programs and policies
- ❑ Electronic timekeeping system eliminating the use of paper timesheets

Case Study: The E. W. Scripps Company

- ❑ Reduced the total amount of manual transactions being entered (277 total manual transactions reported for May 2009, down from 378 the previous month)
- ❑ Reduction in the time spent on tactical paperwork processing
- ❑ More accurate reporting capabilities
- ❑ HR can focus on becoming more strategic

Recommendations

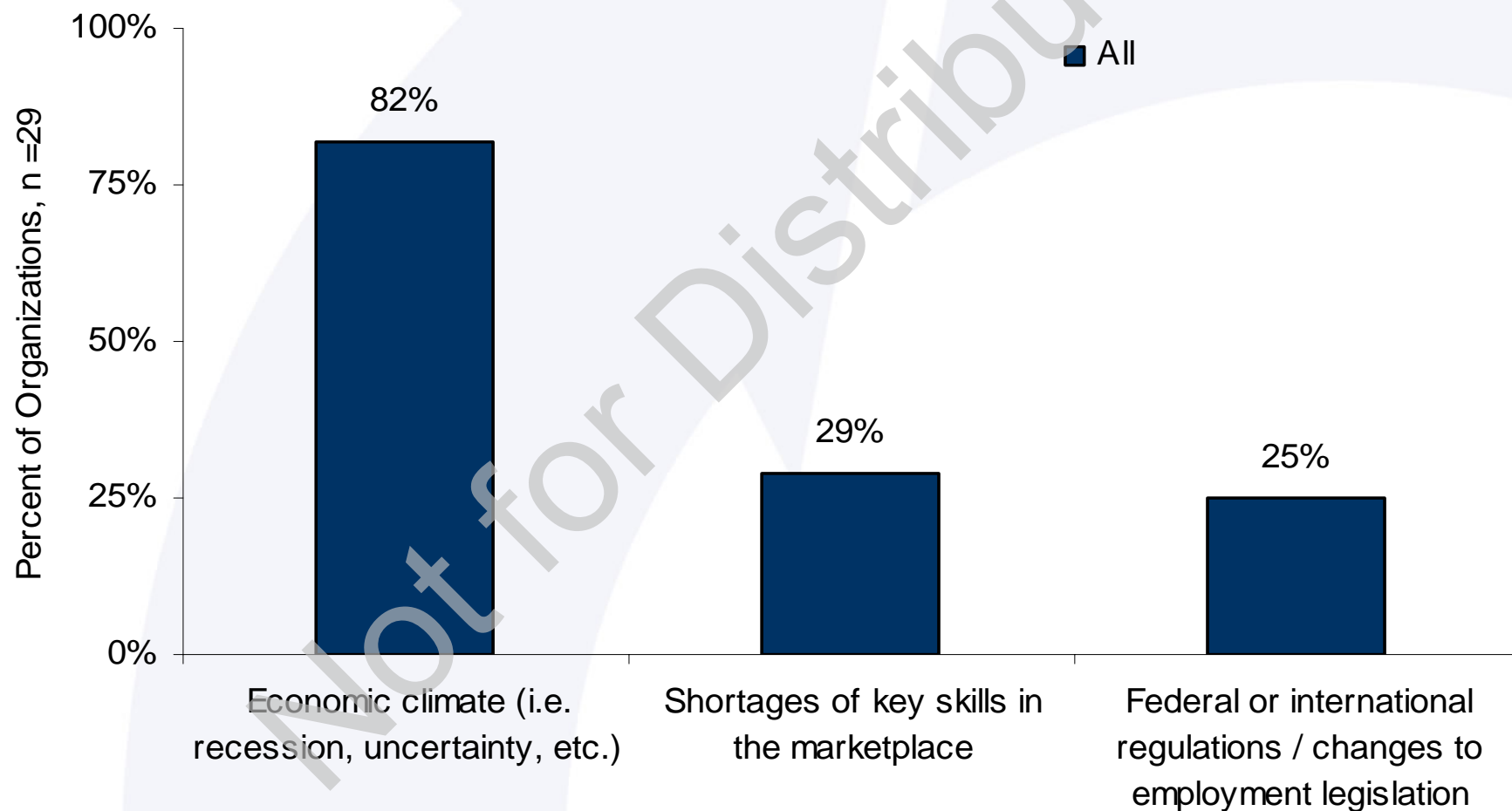
- ❑ Establish a business case that will garner senior management support
- ❑ HR must collaborate with other functional units to establish metrics that correspond to business pain points
- ❑ Integrate your formal talent management strategy with the organization's business strategy
- ❑ Monitor metrics at least annually

SHRA Data Slides

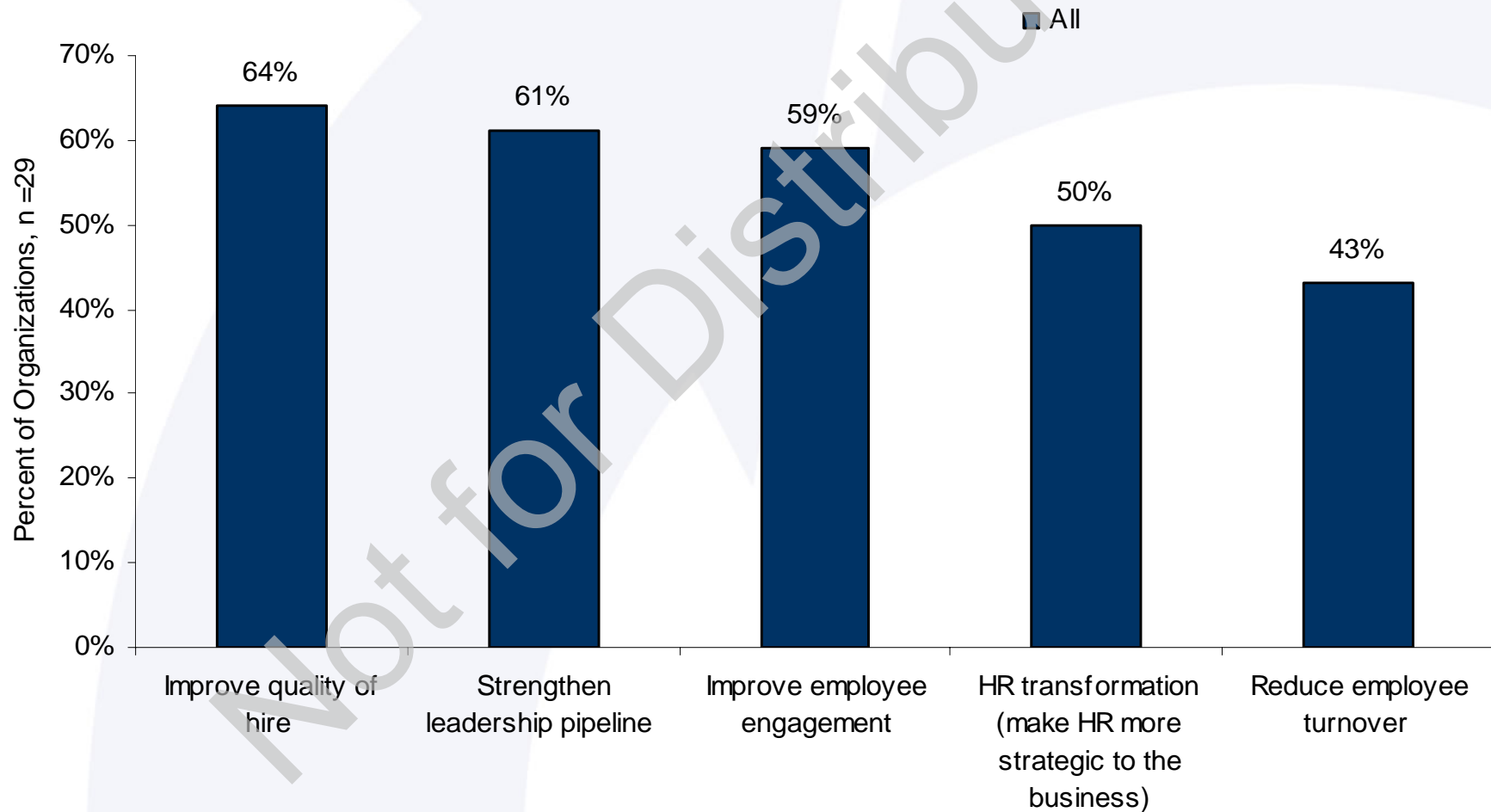
Sample of 29 Organizations

Not for Distribution

Factors with Greatest Impact on TM in 2010



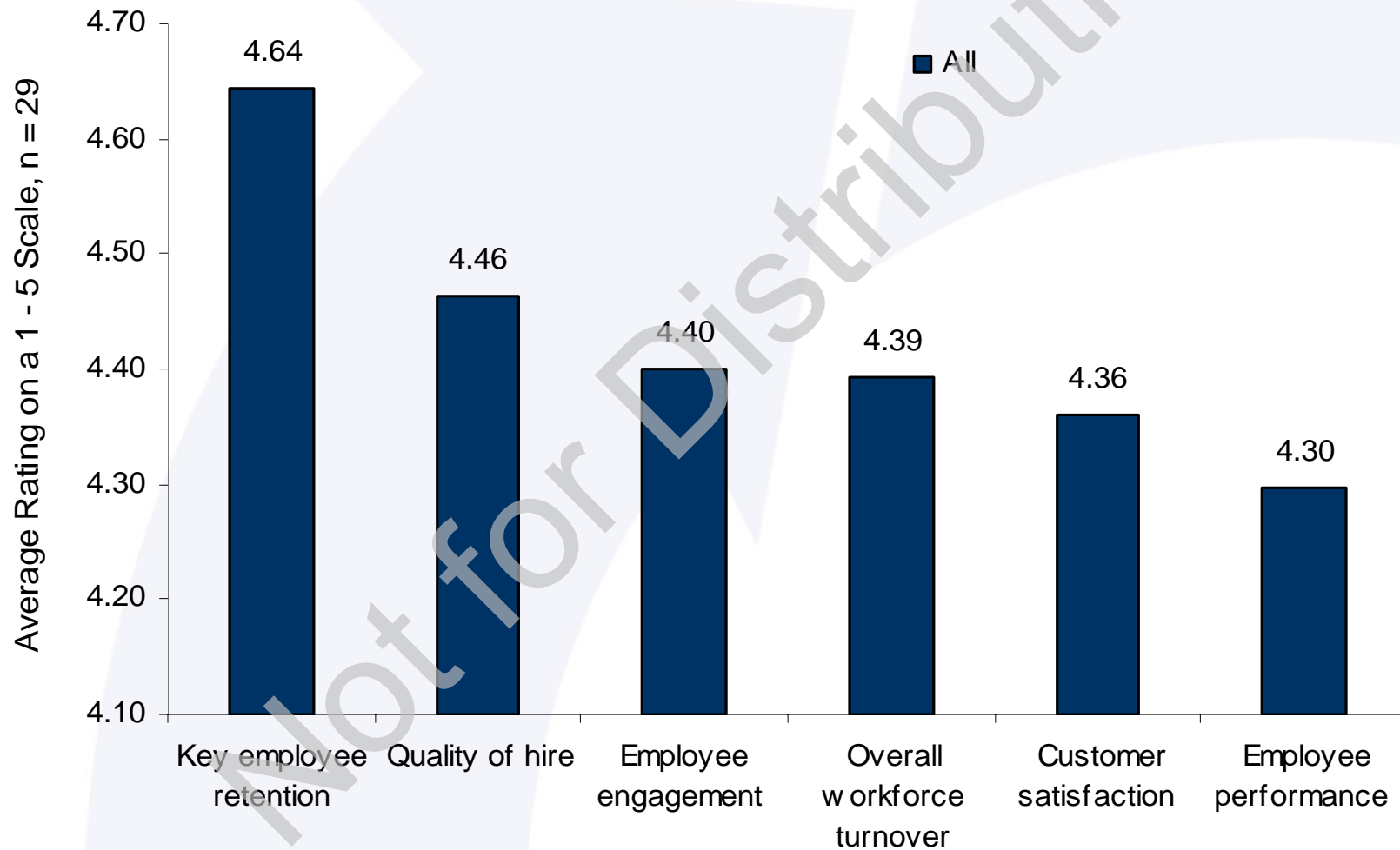
Top Priority in the Next 12 Months



Most Important Metrics



Most Difficult Metrics to Measure



Contact

- ❑ Jayson Saba
- ❑ Jayson.saba@aberdeen.com
- ❑ 617-854-5224
- ❑ Twitter: @jaysonsaba
- ❑ www.aberdeen.com to sign up for newsletter and get surveys and free report promos