Building a Talent Pipeline: From Identification to Succession

October 21, 2019

Exercise #1

- Break into groups of 5
- What are you doing right now to build a talent pipeline?
- Let's report out

CASE STUDY: Global Software Company

OVERVIEW

- THE PROBLEM: The company needed to **understand which of the knowledge, attitudes, behaviors, and personality traits** of their sales force **drive actual sales performance**.
- THE GOAL: **Determine what competencies and attitudes are driving performance.** Use this to **make data-driven decisions** on future **hiring, training, promotion, and succession decisions**.

CASE STUDY: Global Software Company

SALES FORCE DATA COLLECTION – Assessment Instruments

- **Culture Survey** – assessed employee attitudes on several key aspects of the organization's sales culture
- **Knowledge assessment** - level of understanding on several key aspects of the products and sales tactics
- **Personality inventory** - assessed several personality factors thought to be important for sales performance
- **Behavioral Assessment** - Sales manager ratings of sales force on a variety of behavioral competencies presumed to be important for sales performance

CASE STUDY: Global Software Company

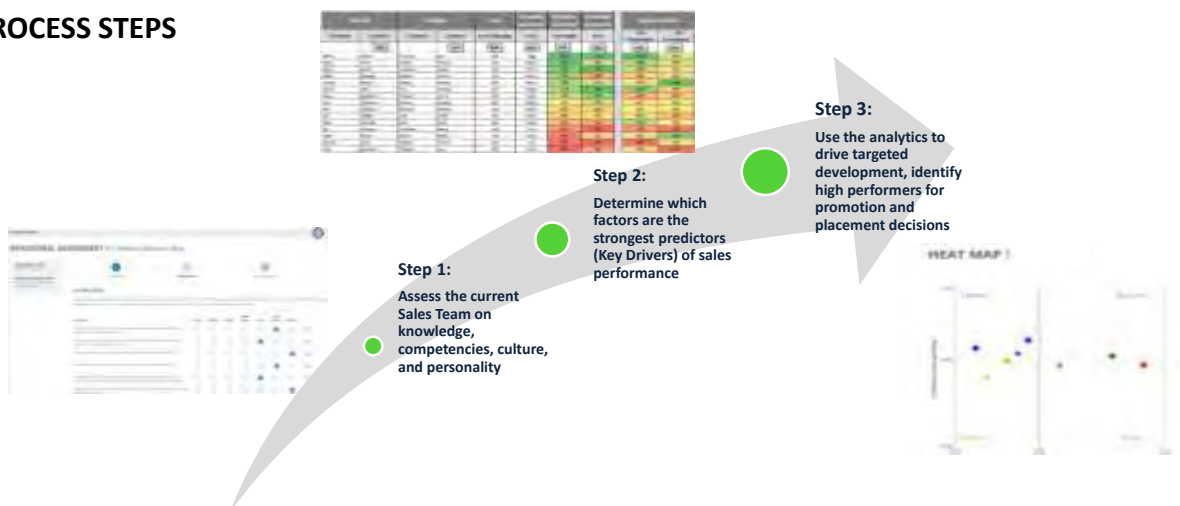LINKING PEOPLE ASSESSMENTS TO BUSINESS OUTCOMES

The company provided several measures of sales performance data that SMD linked to the assessment data in order to conduct predictive analytics. This enabled SMD to do the following:

1 Identify which factors from each assessment were key drivers of current sales rep performance such as new business revenue and quota attainment.

2 Use key drivers of performance to developed a profile for a successful sales force to make data-based staffing and talent management decisions.

3 Use current sales force scores to identify sales representatives that needed focused training related to the key drivers.
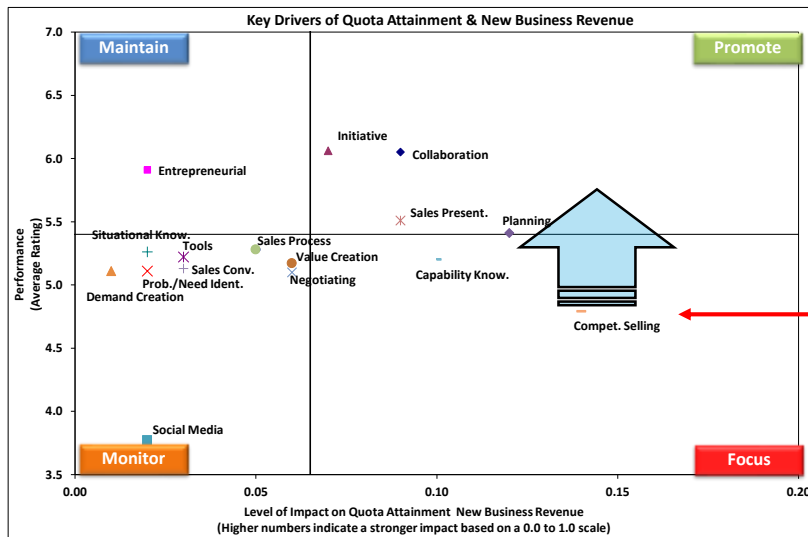

CASE STUDY: Global Software Company

PROCESS STEPS

Step 1:
Assess the current Sales Team on knowledge, competencies, culture, and personality

Step 2:
Determine which factors are the strongest predictors (Key Drivers) of sales performance

Step 3:
Use the analytics to drive targeted development, identify high performers for promotion and placement decisions

CASE STUDY: Competency HeatMap

Key Drivers of Quota Attainment & New Business Revenue

Maintain — Promote

Performance (Average Rating) vs Level of Impact on Quota Attainment New Business Revenue

Initiative · Collaboration · Entrepreneurial · Situational Know. · Tools · Sales Process · Value Creation · Sales Present. · Planning · Sales Conv. · Prob./Need Ident. · Negotiating · Capability Know. · Demand Creation · Compet. Selling · Social Media

Monitor — Focus

Level of Impact on Quota Attainment New Business Revenue
(Higher numbers indicate a stronger impact based on a 0.0 to 1.0 scale)

Top-Performing Sales Rep.'s achieved the following:
- +14% greater YTD *Quota Attainment* over peers
- +$672,000 USD YTD *New Business Revenue* over peers

Critical Key Account Leader Competencies are prioritized for development

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CASE STUDY: Behaviors that Impact Sales Performance

Priority*	Competency	Behavior
1	Competitive Selling	Consistently influences a customer's existing, competitor-biased requirements.
2	Competitive Selling	Disengages from opportunities where they are unable to reengineer a customer's existing, competitor-biased requirements.
3	Planning	Achieves business goals defined in customer account plan.
4	Sales Presentations	Identifies target audience and determines appropriate presentation content.
5	Capability Knowledge	Viewed as a "problem solver" by customer because of the ability to help solve business issues.
6	Collaboration	Builds and maintains strong relationships with key partners, both internal and external to the organization.

*Priorities determined based on the magnitude of the relationship with Sales Performance

Sales Reps with a score of 6 or greater on these 6 behaviors have attained their YTD Quota at a rate of more than 14% greater than their peers AND have closed on average $670k more in New Business.

CASE STUDY: Global Software Company

ROI – TARGETED TRAINING CURRICULM

- From the competencies and attitudes identified as key drivers in sales performance, the company developed a tailored training curriculum to target these specific skills and attitudes.
- After implementation of the new training curriculum, the company evaluated the performance of those that completed the training and those that had not.

*They were able to see an increase in sales revenue of **$60 million** and an increase in quota attainment of **$100 million** for the sales force that completed the training courses.*

Want to Build a Real Pipeline?

Key HR Processes	Example Questions
Selection - Recruiting	Which labor pools should I focus more time?
Selection - Hiring	What are the critical elements that predict the best hires?
Selection - On-boarding	What attributes of on-boarding reduce 6-month turnover?
Selection – Exit Interviews	What actionable information do we learn from high performers who leave?
Employee Surveys	Which aspects of the employee experience predict high levels of productivity/performance?
Performance Management	What competencies have the largest impact on business outcomes?
360 Feedback	What behaviors drive individual performance?
Training	What courses drive actual business results? What is the impact?
Career Development	What experiences are required to increase the time to proficiency in key roles?
Succession / Talent Planning	What experiences, skills, behaviors drive leader performance?
Action Planning	What Actions have the largest impact/ROI?

Flight Risk Modeling – Building Strategy with Analytics

## Defining the turnover problem – How this helps

Problem
Turnover is largely addressed reactively versus understanding what drives turnover and being able to take action before employees walk out the door

Solution
Flight Risk model identifies key factors driving turnover, as well as which departments have the most risk for near-term voluntary turnover

Action
Use the model to find the hotspots and determine most appropriate actions such as Stay Interviews, Manager training, Pulse Surveys, Hiring adjustments

What is a Flight Risk Model?
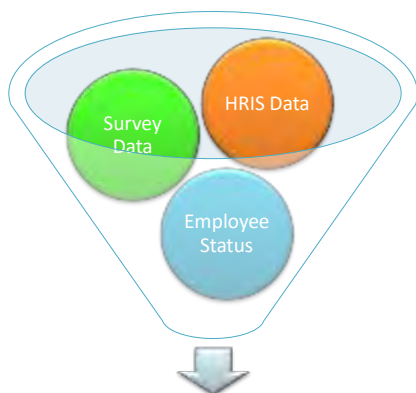
Flight Risk Profile & Prediction

- ✓ Determines the people characteristics, demographics, and attitudes that are most strongly related to whether or not employees voluntarily exit the organization
- ✓ Provides a profile of attributes that exhibit impact on turnover – Focus on Key Factors
- ✓ Prioritizes where and how much to invest
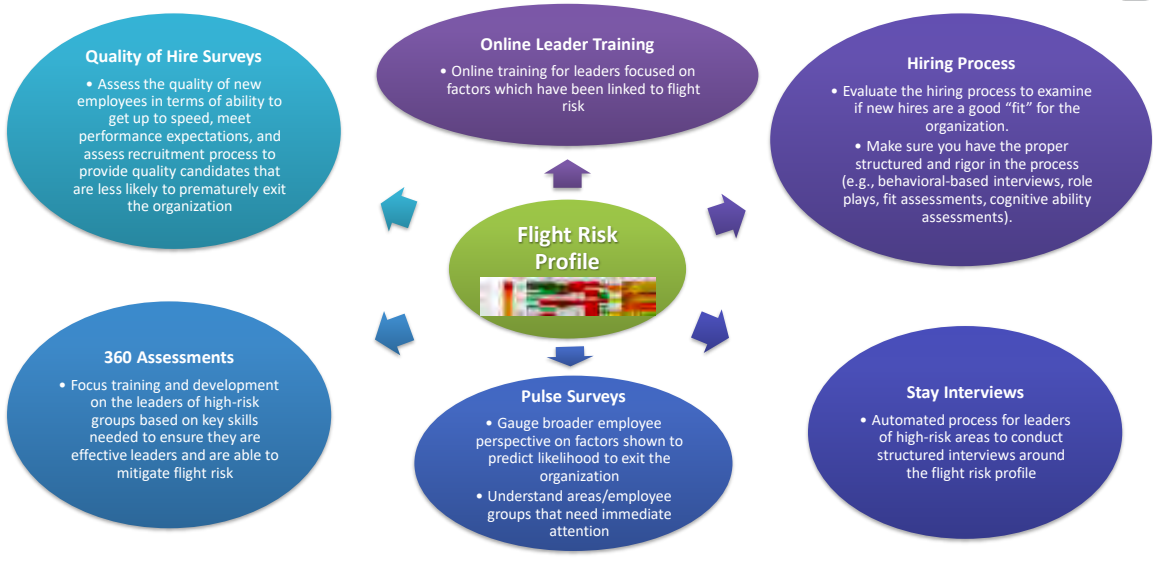- ✓ Calculates impact/ROI from people investments to proactively reduce turnover

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Methodology

- Combined HRIS and performance appraisal data for active employees and voluntary terms from 2018 to January 31, 2019
- Matched in Survey data from 2018 and 2017 to the HRIS and performance appraisal information
- Conducted logistic regression to determine which factors were statistically related to employee status (active vs. terminated)
- Calculated the likelihood for future turnover (Flight Risk percentage)
- Aggregated key drivers to the department level
- Estimated potential cost of turnover using Flight Risk, 50% of average salary, and number of employees in the department

Implementing Action – What are the Options?

Quality of Hire Surveys
• Assess the quality of new employees in terms of ability to get up to speed, meet performance expectations, and assess recruitment process to provide quality candidates that are less likely to prematurely exit the organization

Online Leader Training
• Online training for leaders focused on factors which have been linked to flight risk

Hiring Process
• Evaluate the hiring process to examine if new hires are a good "fit" for the organization.
• Make sure you have the proper structured and rigor in the process (e.g., behavioral-based interviews, role plays, fit assessments, cognitive ability assessments).

Flight Risk Profile

360 Assessments
• Focus training and development on the leaders of high-risk groups based on key skills needed to ensure they are effective leaders and are able to mitigate flight risk

Pulse Surveys
• Gauge broader employee perspective on factors shown to predict likelihood to exit the organization
• Understand areas/employee groups that need immediate attention

Stay Interviews
• Automated process for leaders of high-risk areas to conduct structured interviews around the flight risk profile

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Differences – Active vs Voluntary Terms

Flight Risk Factor	Active	Voluntary Terms	Difference Terms vs Active
Average Weekly Hours	32.33	25.82	-6.51
Above or below mid range for pay grade	$0.45	-$0.10	-$0.55
2018 Performance Appraisal Overall Score	3.71	3.45	-0.27
2018 Performance Appraisal Merit % Increase	2.95%	2.57%	-0.38%
Turnover Intent (Reverse Scored)	3.99	3.47	-0.52
Survey - Staffing	3.48	3.24	-0.24
Survey - Teamwork	4.19	3.98	-0.22
Survey - Career Development	4.02	3.84	-0.18
Survey - Engagement	4.27	4.09	-0.17
Survey - Job Fit	4.34	4.17	-0.17

Recommended Follow-up Process

- Start with Flight Risk Scorecard – focus on two reasons to take action
- Contextual knowledge will determine if specific units should be excluded or included outside of the data-driven targets
- Applying local knowledge of contextual factors, determine which areas/departments are in need of attention
- Within those departments, determine which factors are lending the most risk for that area
- Plan appropriate action steps to address highest at-risk factors relevant to the target area

Key Takeaways

- Analysis identified several factors that are related to likelihood for future voluntary turnover.
- Focusing on the areas where there is the greatest risk and the most cost can provide return on investment for follow-up actions.
- Employee pay compared to pay grade mid-point, percent merit increase, and overall performance ratings are factors in likelihood to turnover.
- Survey ratings across 6 categories were significantly related to turnover. This underscores the importance of the employee experience and the need for action planning on Survey results.
- The strongest Survey indicator was Turnover Intentions. Using ratings from this survey category is a good leading indicator of potential turnover.

Building a Business-Focused Succession Planning Strategy

Aligning the Business Strategy, People Development Strategy, and Program Design

What is Succession Planning?

A comprehensive approach to ensuring the right people are in the right jobs at the right time.

Succession Planning

Succession Planning should not occur in a vacuum

Career Assessment/ Development

Leadership Development

Succession-Planning Process
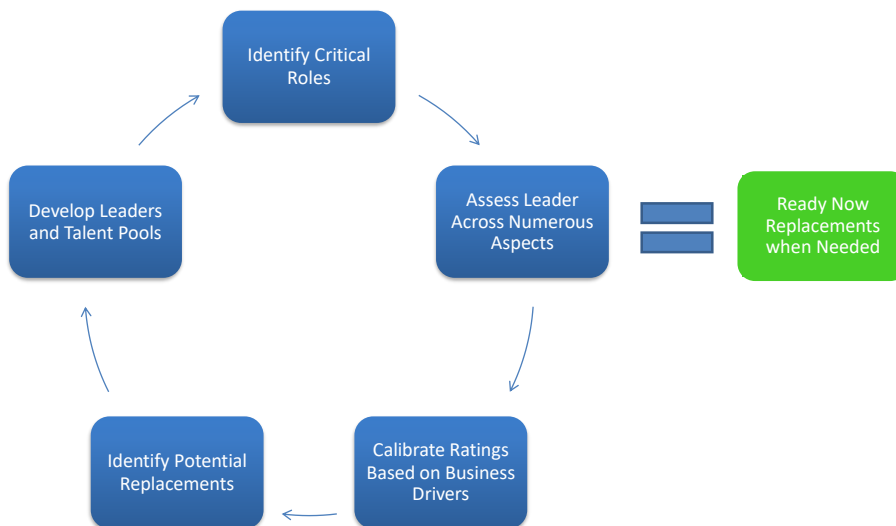
The Foundation of Succession Planning:
Performance vs. Potential

Goal: *To predict future performance*

- The best way to predict future performance is to look at past **performance** (i.e., the "what" and the "how") and systematically assess future **potential**.

Sample *Performance* Scale:
1 – Fails to Meet Expectations or Unacceptable Performance
2 – Sometimes Meets Expectations or Needs Improvement
3 – Meets Expectations or Quality Performance
4 – Consistently Exceeds Expectations or Superior Performance

Sample *Potential* Scale:
1 – Placement Issue
2 – Grow in Position
3 – Promotable
4 – High Potential

Clearly Define Potential

Succession Planning - Rate the Potential of My Employees

- Hide Instructions

Use the following guidelines for assessing the potential of your employees.

- **High Potential:** This person consistently exceeds performance expectations, motivates and inspires others, and is respected as a change agent who drives results. He/she is prepared to take on a higher level role that involves increased responsibilities and a broader organizational perspective and/or span of control
- **Promotable:** This person is a strong performer who consistently meets expectations, brings out good performance in others, and is viewed as a supporter of change who achieves good results. He/she is prepared to take on a different position or increased responsibilities within the next year
- **Grow in Position:** This person inconsistently meets performance expectations, struggles to bring out good performance in others, and often requires coaching or assistance to achieve desired results. He/she needs additional time in the current role to develop the skills and perspective required for future roles.
- **Placement Issue:** This person rarely meets performance expectations, fails to bring out good performance in others, and relies excessively on leaders or other partners to achieve desired results. He/she lacks the skills necessary to effectively fulfill the responsibilities of his/her current role

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Provide Even More Clarity

Overall Potential Rating Calibration: Use the following questions as a guide when assigning your overall potential rating. Answer yes or no to each question.

- Could the employee perform at a higher level in a different position or take on increased responsibilities within the next year (based on his/her abilities and not the availability of a position to support this growth)?
- Could the employee perform at a higher level in a different position or take on increased responsibilities within the next three years?
- Can you envision this employee performing two levels above his/her current position in the next five to six years?
- Does the employee have skills or competencies that are considered scarce or that will be in high demand over the next several years?
- Could the employee learn the additional skills and competencies he/she needs to be able to perform at a higher or different level?
- Does the employee demonstrate leadership ability (i.e., showing initiative and vision, driving results, communicating effectively, growing and developing others, etc.)?
- Does the employee demonstrate comfort with a broader organizational perspective than his/her job currently requires?
- Does the employee demonstrate flexibility and motivation to move into a job that might be more challenging than his/her current job?
- Does the employee welcome opportunities for learning and development?

To evaluate this employee's potential, count the total number of "Yes" responses to the questions above.

"Yes" Count	Overall Potential Rating
0 to 1	Placement Issue
2 to 4	Grow in Position
5 to 8	Promotable
9 to 10	High Potential

Last Name	First Name	Title	Unit/Dept	Overall Potential Rating
VP-Biz Dev	Test1	VP Biz Dev	Administration (Division)	High Potential
VP-Operations	Test1	VP Operations	Administration (Division)	Promotable

Save

Traditional Succession Planning Process
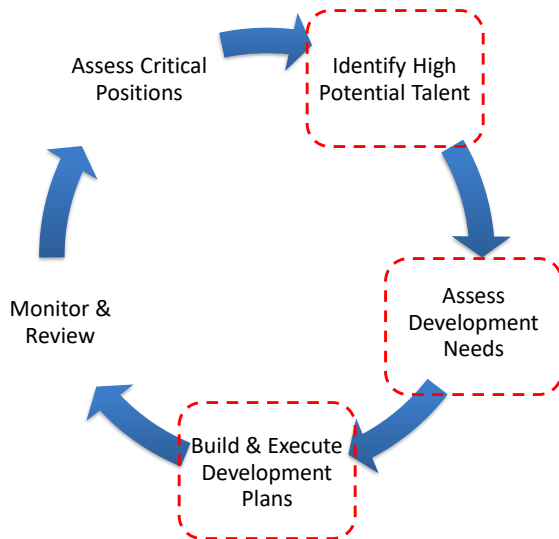
A Business-Focused Approach takes succession planning to the next level by:
- Utilizing analytics to differentiate high from low performers
- Assessing both individual and systemic development needs
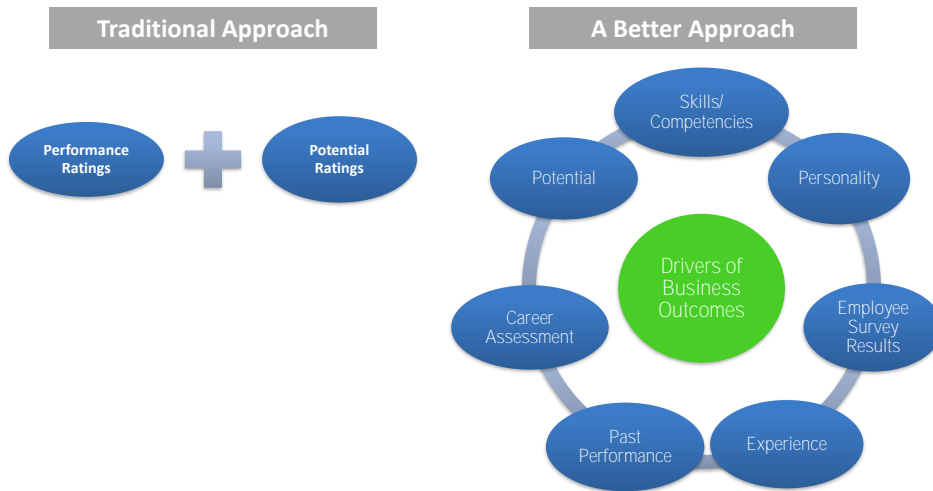- Aligning development plans with the business strategy

Assess Business Impact:
Business Partner RoadMap™

Succession-Focused Assessment

Traditional Approach	A Better Approach

Traditional Approach:
- Performance Ratings
- Potential Ratings

A Better Approach — Drivers of Business Outcomes:
- Skills/Competencies
- Personality
- Potential
- Employee Survey Results
- Career Assessment
- Experience
- Past Performance

Potential Assessment Tools

Behavior-based Assessment	Personality	Career ADVICE Assessment	Professional/Leadership Experiences
• Quantitative 360 feedback • Competency Ratings from performance reviews	• Hogan Personality Inventory • 16PF	• Values, Interests and Mobility	• Experience Profiler

Employee Survey Results	Cognitive Ability	Past Performance Metrics	Potential Ratings
• Management style/effectiveness	• Watson/Glaser	• Actual business metrics (e.g. sales, productivity)	

Executing the Analyses

- "Apples to Apples" Comparison: Line up each leader's individual data (e.g. 360, employee survey) with their performance outcomes (e.g. percent to goal on business outcomes)

- Identify Key Drivers: Run statistical analyses (i.e., SEM) to identify the individual factors that evidence the strongest relationships with performance outcomes

- Get help on the analyses—don't let it be a barrier to executing the process

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Linking People Assessments to Business Metrics

Identifying Critical Competencies/Experiences that Drive Business Outcomes

The linkage analysis will demonstrate the level of impact that each competency, experience, skill, etc. has on individual performance and business outcomes.

This allows leaders to focus on the most important competencies, skills, experiences and determine the appropriate level to invest in developing each area.

Leadership Competencies

Personality Factors

Technical Skills/Abilities

Experience

Employee Attitudes
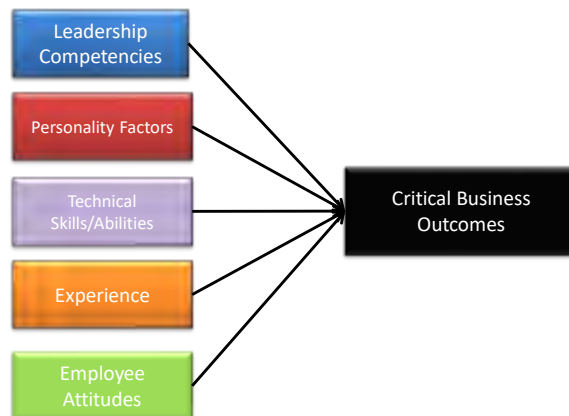
Critical Business Outcomes

Business-focused Ready Now Scorecard™

Utilize the Ready Now Scorecard to Assess Overall Talent Pool Health…

Key Drivers of Business Outcomes

- Refer to the scorecard during talent review sessions; incorporate stakeholder ratings of performance and potential to identify true Ready Now talent
- Assess performance strengths and gaps across the entire talent pool

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Goals for Facilitating Talent Review Sessions

- High Potential Assessment
  - Evaluate 'expandable' talent based on performance on business drivers

- Comprehensive Talent Review
  - How much and what type of talent do we need to sustain success and execute on our strategy?
  - Have we made a sufficient number of talent moves and filled necessary gaps from the last time we had a talent review?
  - What lateral moves/promotions/special projects have we moved our high-performers and high-potentials into in the last year?

- Achieve diversity goals and/or organizational goals, as needed

Identify Top Talent:
Goals for Facilitating Talent Review Sessions

- Role Clarity
  - What jobs 'feed' the role; what jobs come next?
  - Focus on creating career paths for critical jobs

- The "9-Box" Discussion
  - Using analytics, it differentiates talent based on business driver performance
  - Great companies continue to leverage its effectiveness

- Performance Management
  - Hold leaders accountable for individuals in "does not meet expectations" categories
  - Make decisions of "up or out" on talent in critical roles

Business-Focused Metrics

- Succession/Workforce Planning
  - Uncover how your key talent performs on key business drivers (competencies, skills, attitudes, personality, experience)
  - Metrics should focus on:
    - Talent pool effectiveness based on the key business drivers
    - Overall talent bench strength—based on performance on the key business drivers
    - Time-to-fill on key leadership roles
    - % of internal hires for leadership roles
    - % of key roles with ready now replacements

- Build leadership development programs around business drivers

Assessment Overview

Predictors of Performance

Personality Characteristics	• Strengths • Challenges • Potential Derailing Leadership Behaviors
Motivational Characteristics	• Top Drivers • Values • Environment Preferences
Past Experiences	• Types of Experiences • Depth of Experiences
Cognitive Ability	• Problem Solving • Aptitude/Knowledge
Competencies	• Functional (e.g., Solution Selling) • General (e.g., Teamwork) • Technical (e.g., CRM)

Behavioral-Based Interviews

- Proven track record for predicting future performance—validity is high
- Legally defensible
- Reliability is high
  - Consistency among different interviewers and over time
- Uses interview questions that elicit descriptions of the candidate's behavior in specific situations:
  - Tell me about a time when you…
  - Tell me how you would handle the following situation
- These questions elicit more descriptions of specific behavior in situations like those on the job

Personality Assessment

- Highly valid assessment of personality 'fit' for key roles in your organization
- Cost-effective
- Can be customized to the any role by the organization's leadership
- Focuses on numerous aspects, including:
  - Adjustment- Stress tolerance; optimism/pessimism
  - Ambition- Expectations for self/others; leader-like tendencies
  - Prudence- Attention to detail and following rules
  - Inquisitive- Visionary vs. implementation-focused approach

Hogan Basis Report

Assessment Center

- Candidates participate in Role Plays
- Role Plays based on competencies relevant to performance on the job
- One of the most valid approaches to selection – but can be expensive and time consuming
- Often use for higher-level leadership positions
- Example:
  - Nurse candidate asked to interact with a patient
  - Raters observe nurse candidate react to different patient situations
- Can also be used to make promotion decisions

Simulation Overview

"Staff Responsiveness to Patient Diet Concern"

- Today you are a Nurse at XYZ Hospital. You have just started your afternoon shift, and have been informed by one of your patients, Mr. Brad Pitt, that his diet is incorrect and has been incorrect through two meals. You are concerned with correcting the problem and reassuring the patient.

Your goals:

- To address the problem with the kitchen.
- To recover the patient.
- Be prepared to discuss your long-term plan for correcting the issue with your Nurse Leader.

Observation Checklist

COMPETENCY & BEHAVIOR	Y/N
CONFLICT MANAGEMENT:	
Did the candidate take corrective action immediately (i.e., remove the incorrect food)?	
Was the candidate able to seamlessly handle the heated situation without creating more of a disturbance?	
PROBLEM SOLVING:	
Did the candidate ask appropriate questions to identify the cause of the error?	
Did the candidate work with the kitchen to develop a solution that was acceptable for both parties?	
SERVICE RECOVERY:	
Did the candidate inform the patient of the steps taken to address the issue?	
Did the candidate indicate that he/she would follow-up with the patient at the next meal?	
Did the candidate manage up the kitchen (i.e., reinforce the kitchen's commitment to excellence)?	
HOURLY ROUNDING:	
Did the candidate's follow-up plan include hourly rounding?	
RELATIONSHIP BUILDING/FLEXIBILITY:	
Did the candidate demonstrate compassion, patience, and respect in communications?	

Sample Structured Selection Process

Initial Screen (Hurdle 1)	Personality Inventory (Hurdle 2)	Structured Interview (Hurdle 3)	Assessment Center with Structured Role Play (Final Hurdle)

- Delivered to Hiring Manager/HR
- 30 minute screen to discuss fit, the roll, job expectations & provide a realistic job preview

- Completed online by job candidate
- Provides assessment of several personality dimensions; results indicate candidate level of fit with the job

- 1-hour interview conducted by Hiring Manager
- Focuses on specific behaviors and competencies required for the role

- 1-hour role play of 4 different sales meetings
- Rating guide provided to assess performance

Selection Options – Importance of Multi-Assessment

Approach	Validity Coefficient	Potential Number of Poor Hires
Unstructured Interviews	.10	32/70
Behavior-based Structured Interviews	.40	21/70
Multiple Hurdle Approach (e.g., Personality testing followed by a Structured Interview)	.55	16/70
Assessment Center	.70	11/70
Assessment Center – psychologists assessing candidates	.85	5/70

*Validity coefficients are estimated based on client and meta-analysis research.

Expected ROI

- $50,000 turnover cost per nurse
- Assumptions: not including any safety risks of poor nurse performance

Approach	Potential Number of Poor Hires	Number Poor Hires Reduced	Expected Savings
Unstructured Interviews	32/70		
Behavior-based Structured Interviews	21/70	11	$550K
BBI and Personality Assessment	16/70	16	$800K
Assessment Center	11/70	21	$1.05 million
Assessment Center – psychologists assessing candidates	5/70	27	$1.35 million

Measuring the Employment Lifecycle to Identify the Drivers of Turnover

Onboarding Model

Entrance	30-Days	90-120 Days
• Reasons for Joining • New Hire Expectations • Hiring/Recruiting Process Feedback	• Expectations Met • Orientation • Manager • Tools/Resources • Welcome • Mission • Job Fit • Engagement	• Expectations Met • Manager • Tools/Resources • Welcome • Mission • Job Fit • Engagement

Sample Lifecycle Items – Aligned Content

Entrance

Reasons For Joining (1 to 5 Agreement)
1. Career fit
2. Advancement opportunity
3. Availability of promotional/advancement opportunities
4. Existence of established career ladder (path)

New Hire Expectations (1 to 5 Agreement)
1. I believe I have a realistic expectation of the work I will be doing.
2. I feel well informed of my role and job responsibilities.
3. I have a good sense of what my work environment will be like.
4. I have a good sense of what working for my new manager will be like.

30 Day Onboarding

30 Day Onboarding (1 to 5 Agreement)
1. The recruiter provided a clear timeline of the hiring process.
2. I was updated and well-informed throughout the hiring process.
3. I was provided with an effective orientation to this organization.
4. I was provided with an effective orientation to my role.
5. I am provided the training I need to be successful.
6. The tools and resources that I have been provided enable me to do my job well.
7. My experience in this job is consistent with how the job was explained to me during the hiring process.
8. During the hiring process, I was provided with an accurate description of the work I would be doing in this role.

90 Day Onboarding

90 Day Onboarding (1 to 5 Agreement)
1. The reality of my job is consistent with what was presented to me during orientation.
2. My experiences with the organization are consistent with what was presented to me during orientation.
3. The tools and resources that I was provided enable me to do my job well.
4. I am provided the training I need to be successful.
5. The amount of work I have been given is consistent with my expectations per the job description.
6. The person I report to has been supportive during my onboarding.
7. The person I report to takes time to get to know me.

Exit

Reasons For Leaving (1 to 5 Agreement)
1. Lack of career advancement opportunities
2. Inadequate professional development opportunities
3. Change in career
4. To continue education
5. Compensation/Pay

Employee Experience (1 to 5 Agreement)
1. I had a personal relationship with my manager.
2. My manager had regular conversations with me about my performance.
3. My manager provided me with clear job performance expectations.

Questions?

Your opinion matters!

Please take a moment now to
complete the evaluation.

Thank You!