

Where to Focus your Talent Management Strategies: The Top 22 Processes Which Drive Business Impact

Josh Bersin, President & Founder of
Bersin & Associates

Erik Berggren, Director of SuccessFactors Research

We Are Committed...



MISSION:

**Increase Worldwide
Productivity by 50%**

We work with recognized thought leaders that share our vision of productivity improvement, all while creating a better place for people to work.



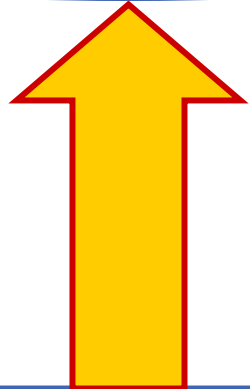
Alignment and Execution Drive Worldwide Productivity



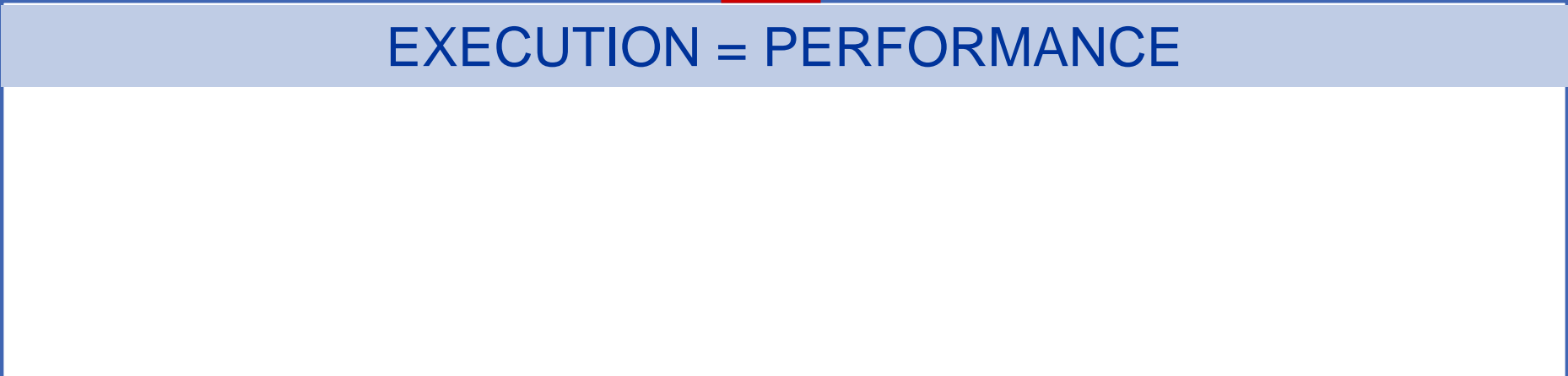
Financial Performance

EXECUTION = PERFORMANCE

Alignment and Execution Drive Worldwide Productivity



EXECUTION = PERFORMANCE



Alignment and Execution Drive Worldwide Productivity

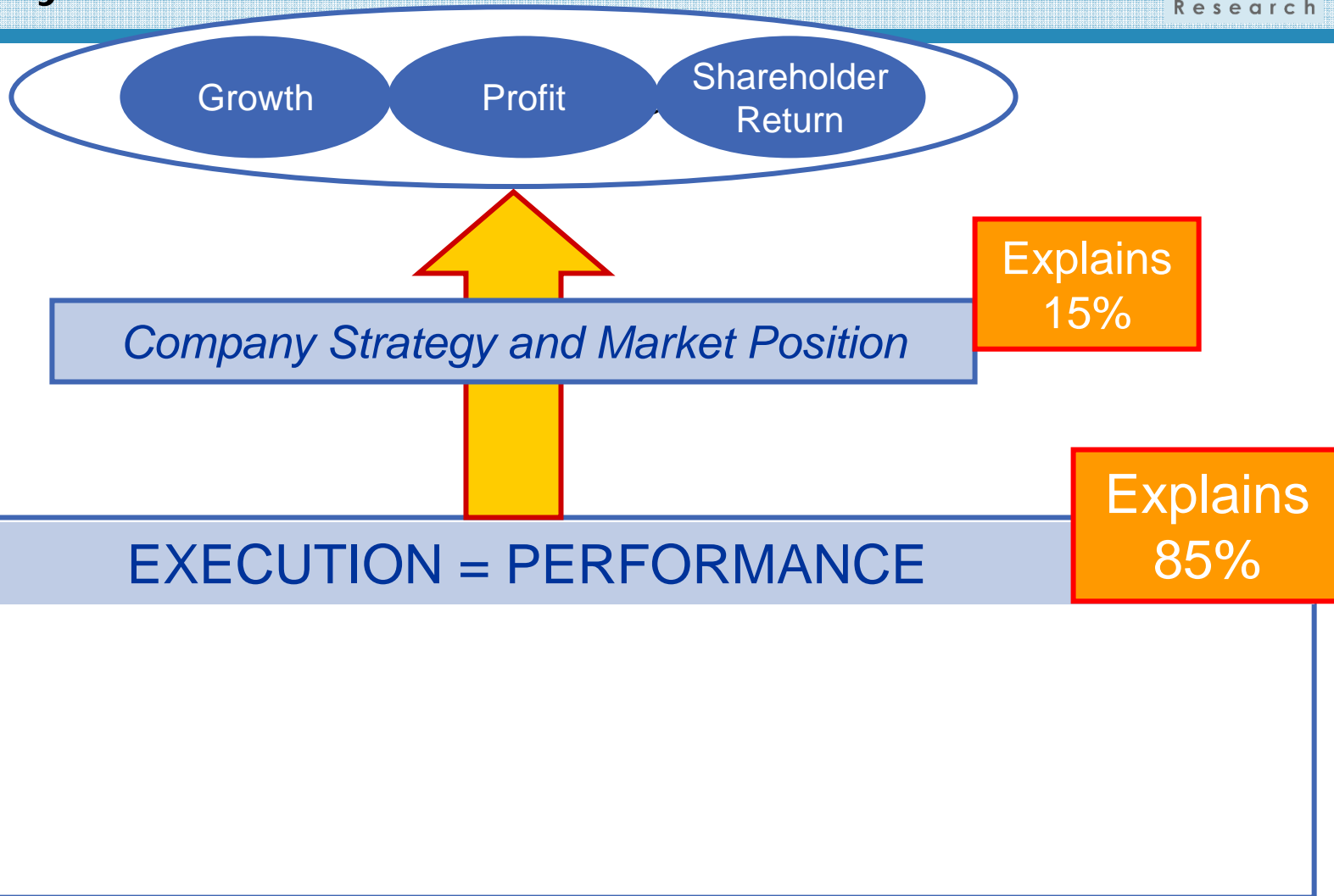


Company Strategy and Market Position



EXECUTION = PERFORMANCE

Alignment and Execution Drive Worldwide Productivity



Alignment and Execution Drive Worldwide Productivity



EXECUTION = PERFORMANCE

Alignment and Execution Drive Worldwide Productivity

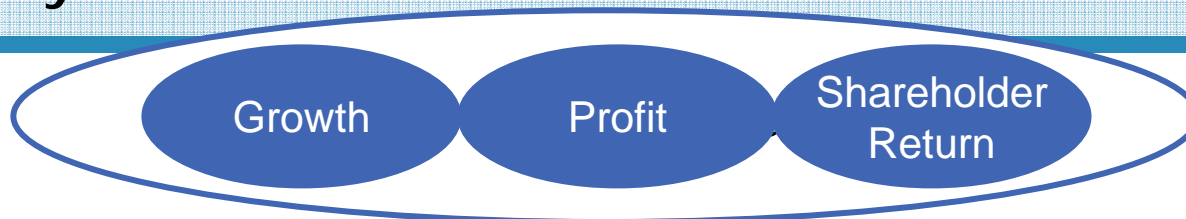


EXECUTION = PERFORMANCE



A blue circle containing the word "Motivation". The circle is positioned on the left side of a large blue rectangular box that spans the width of the slide.

Alignment and Execution Drive Worldwide Productivity



EXECUTION = PERFORMANCE

Motivation

X

Talent /
Competencies

Alignment and Execution Drive Worldwide Productivity



EXECUTION = PERFORMANCE

Motivation

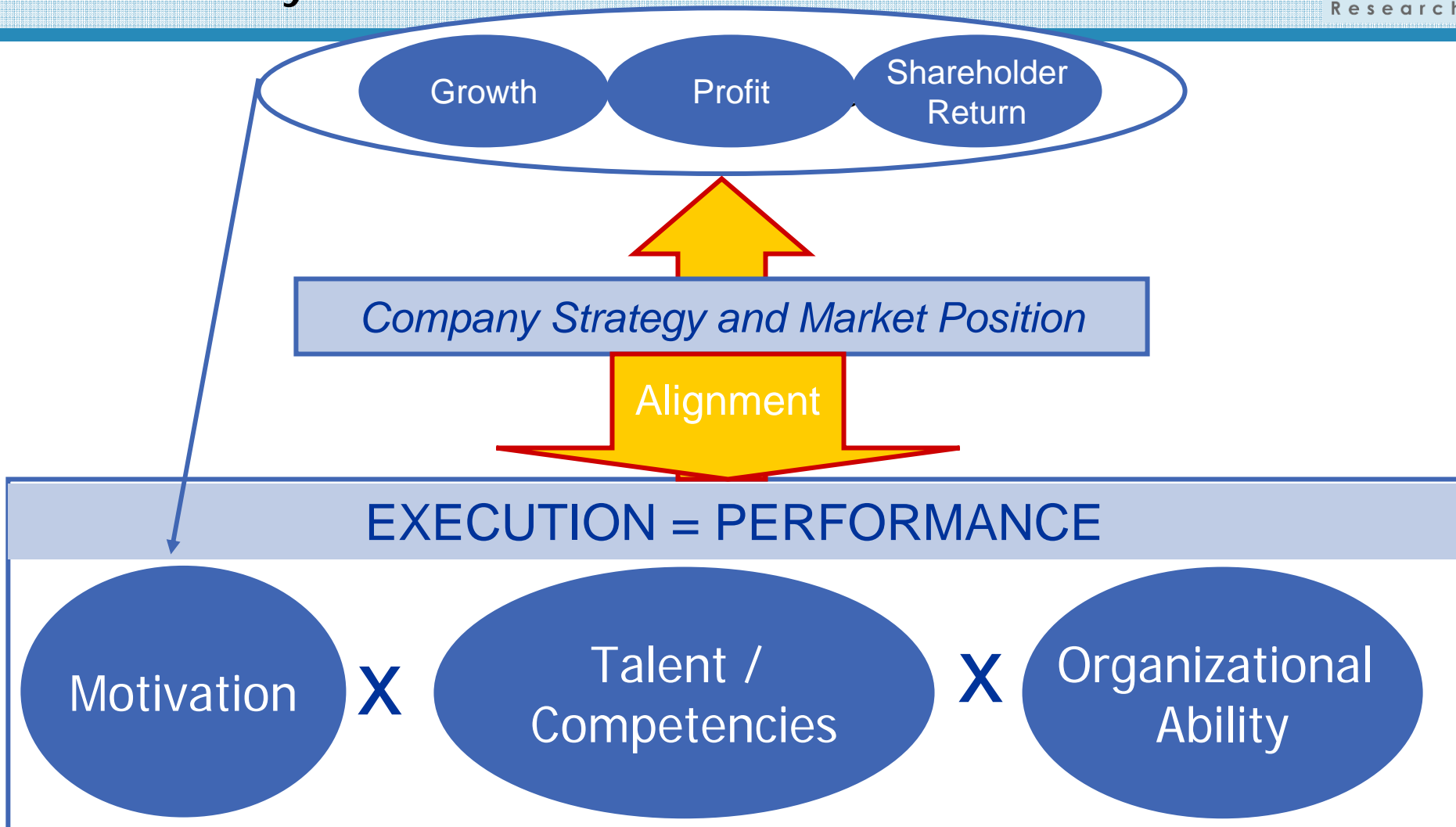
X

Talent /
Competencies

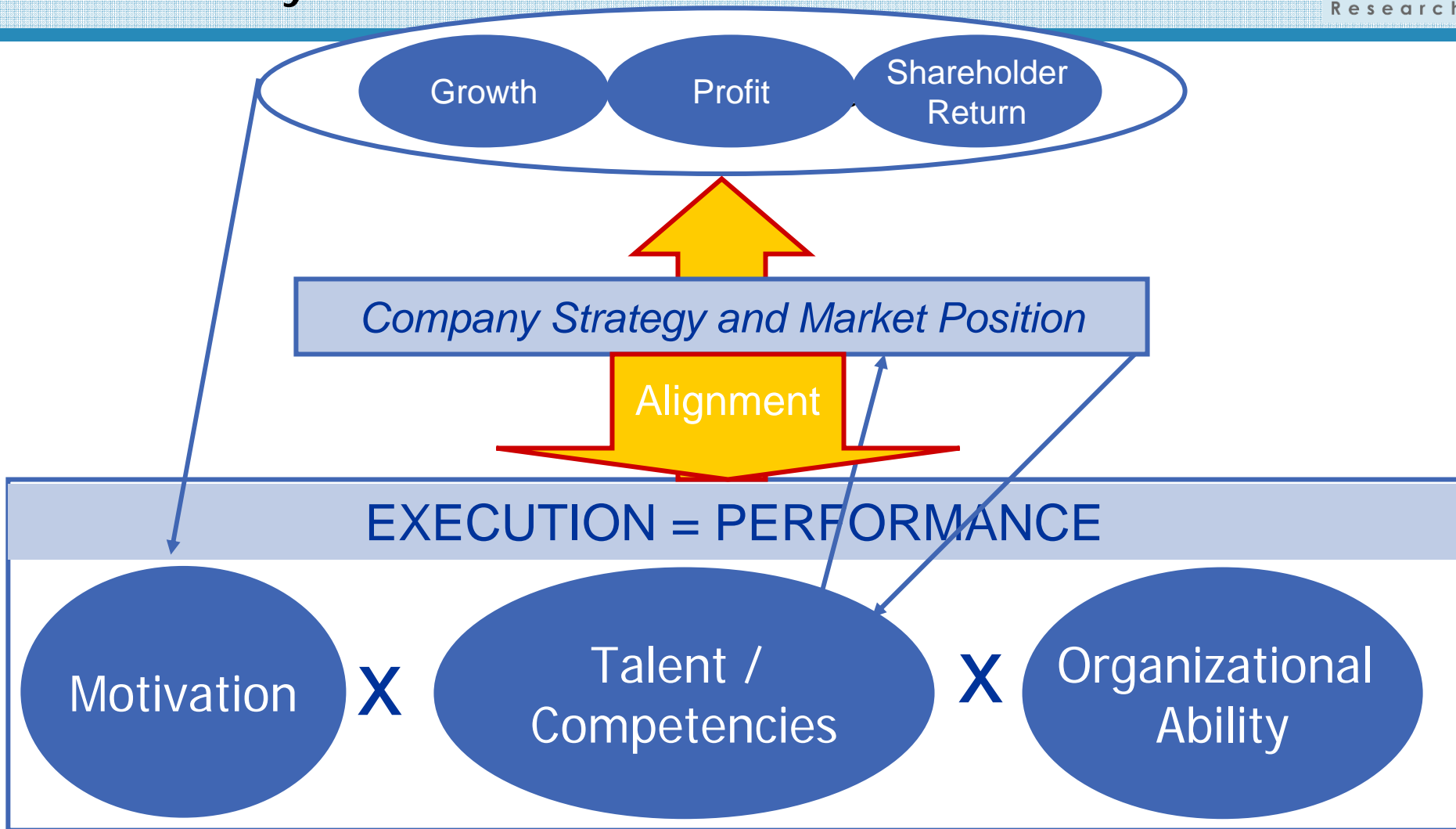
X

Organizational
Ability

Alignment and Execution Drive Worldwide Productivity



Alignment and Execution Drive Worldwide Productivity



Alignment and Execution Drive Worldwide Productivity



EXECUTION = PERFORMANCE

Motivation

X

Talent /
Competencies

X

Organizational
Ability



Recruiting
(Buy)

Alignment and Execution Drive Worldwide Productivity



EXECUTION = PERFORMANCE

Motivation

X


Talent /
Competencies

X

Organizational
Ability



Recruiting
(Buy)



Learning
(Build)

435 Years of Research

 **SUCCESSFACTORS**
Research



Dr. Jim
Ware

 **SUCCESSFACTORS**
Research



Jason
Corsello

 **SUCCESSFACTORS**
Research



Dr. Jac
Fitz-enz

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Research



Dr. Charles
Grantham

 **SUCCESSFACTORS**
Research



Tom
Olivo

 **SUCCESSFACTORS**
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Rob
Bernshteyn

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Research



Dr. David
Sirota

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Research



Dr. Lauri
Bassi

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Dr. Nick
Bontis,
Ph.D.

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R.J.
Heckman
Ph.D.

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Lexy
Martin

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Nov
Omana

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Bob
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Ken
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Research



Dr. Peter
Cappelli

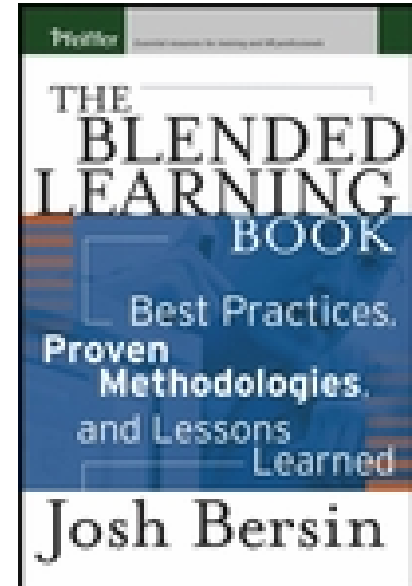
Josh Bersin



Josh Bersin is president and founder of Bersin & Associates, a research and advisory firm focused on enterprise learning and talent management. Bersin has more than 25 years of experience in working with leading corporations and government agencies on learning and employee development solutions. He is a frequent speaker at industry events, a regular contributor to leading training and HR publications, and the author of "The Blended Learning Book: Best Practices, Proven Methodologies, and Lessons Learned" (October 2004, Pfeiffer).

Recently published research by Bersin & Associates covers areas such as leadership development, training measurements, and performance management.

Earlier in his career, Bersin held product management, marketing and sales positions at DigitalThink, Arista Knowledge Systems, Sybase, and IBM.



The Role of Competencies in Driving Financial Performance



Groundbreaking research from
Bersin & Associates & SuccessFactors
Research

Where to *Focus* your Talent Management Investments

The Top 22 High Impact Talent Management Processes

Josh Bersin

July, 2007

About Us

■ Who We Are

- Industry's primary research firm focused on What Works® in enterprise learning and talent management

■ Research Areas

- Planning & Strategy
- Content Development
- Enterprise Learning
- Learning Technology
- Performance Management
- Talent Management
- HR and Talent Systems

■ Offerings

- In-Depth Studies and Reports
- Research Memberships
- Workshops
- Benchmarking
- Advisory Consulting

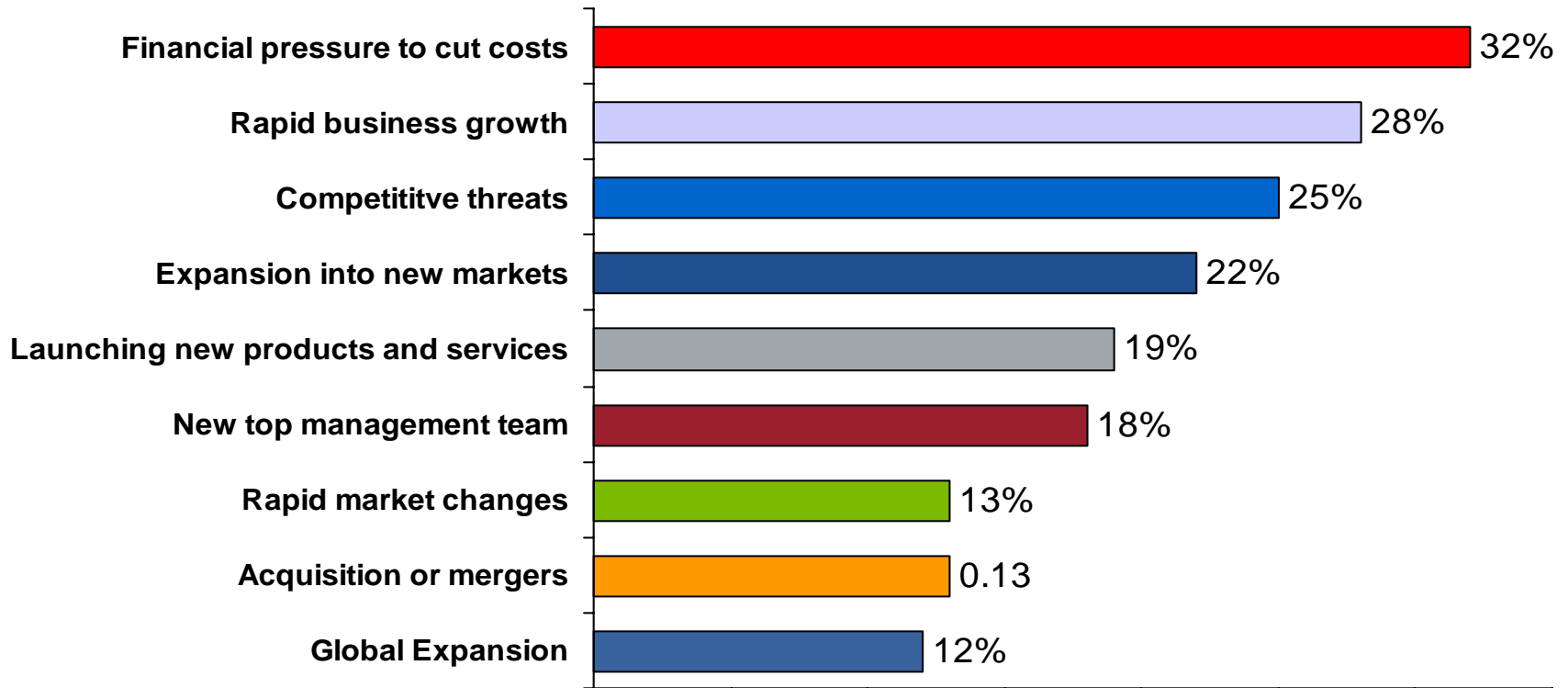


Agenda

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- Research Methodology
- 22 Best Practices Highlights
 1. Coaching
 2. Talent planning
 3. Scientific, centralized recruiting
 4. Performance management
 5. Competency management
 6. Alignment of talent-driven learning
 7. HR Systems
- Final Thoughts
 - Talent management is still new
 - Take a business-driven approach

Top Business Challenges

What are Your Organization's Top Business Challenges for 2007?



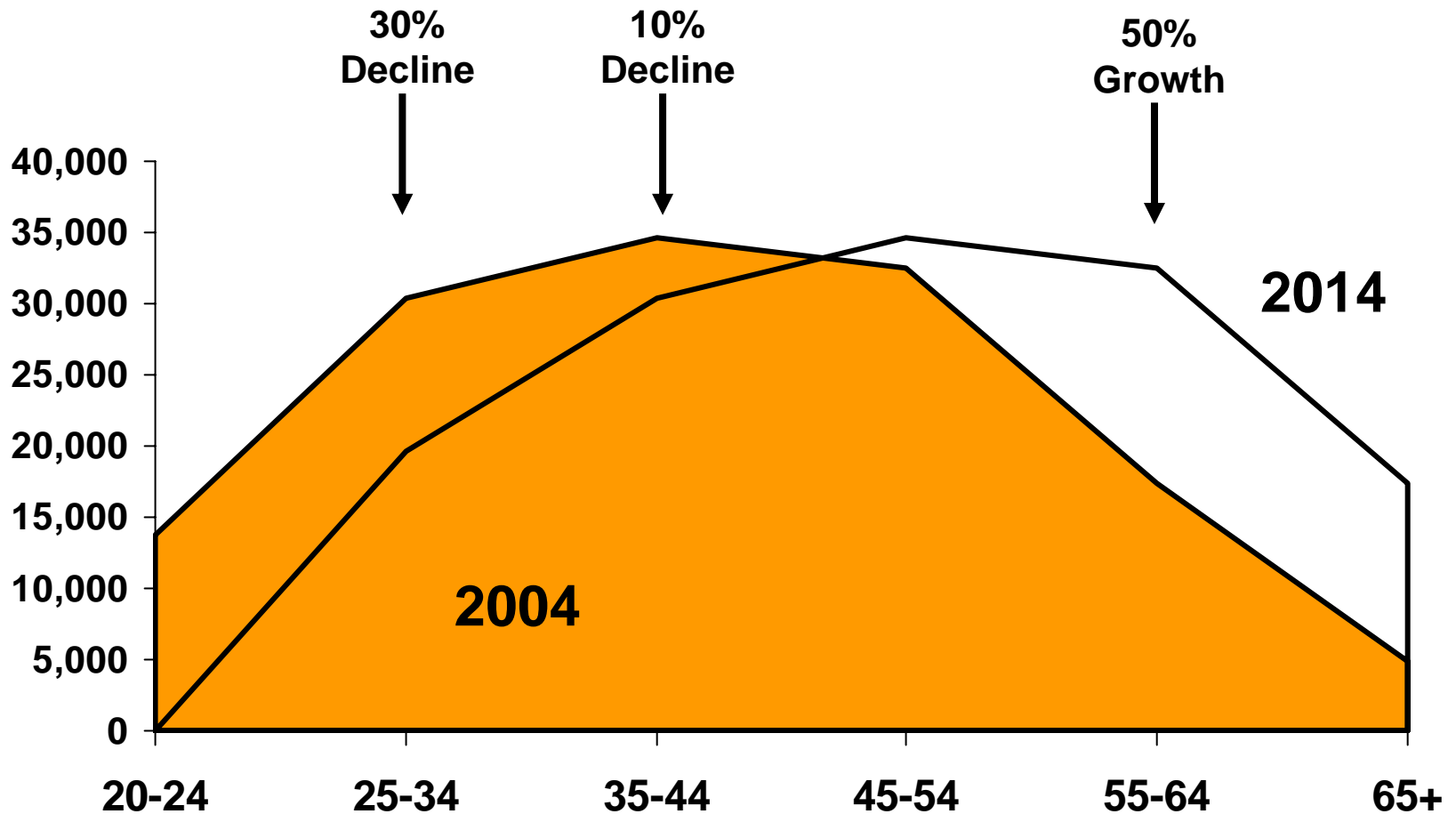
Global Talent Shortage

Top Jobs which are Difficult to Fill, Ranked in Order

World	USA	UK	Germany	India	Japan	China
Sales Representatives	Sales Representatives	Sales Representatives	Production Operators	Sales Representatives	Sales Representatives	Production Operators
Engineers	Engineers	Administrative Assistants	Sales Representatives	IT Staff	Engineers	Sales Representatives
Technicians (production/opns)	Nurses	Skilled Trades (fitter, plumber)	Engineers	Accountants	Administrative Assistants	Technicians (production/opns)
Production Operators	Technicians (production/opns)	Engineers	Management / Executives	Marketing and PR Executives	IT Staff	Management / Executives
Skilled Trades (carpenter/ weld)	Accountants	Drivers	Restaurants and Hotel Staff	Engineers / Technical Mgrs.	Production Operators	Engineers
IT Staff	Administrative Assistants	Chefs/Cooks	Administrative Assistants	IT Managers / Project Mgrs	Accountants	Machinists
40% employers have difficulty filling positions	44%	42%	53%	13%	58%	24%
32,975 respondents	1275	2122	1004	4382	892	2692

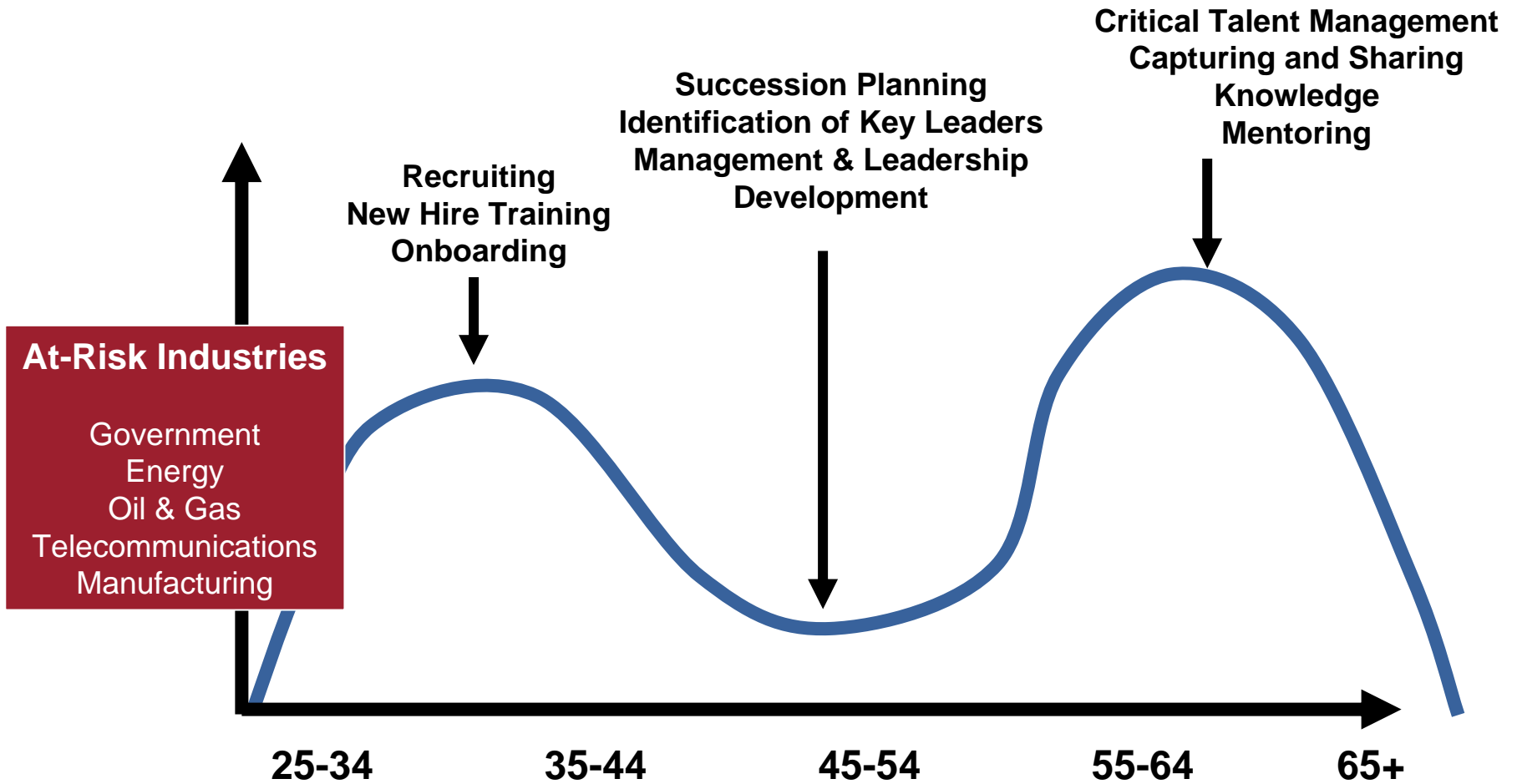
Manpower Inc. 2006
Talent Shortage Survey
33,000 employers

Today's Demographics Affect HR



Employed Workforce Demographics (BLS data) © Bersin & Associates

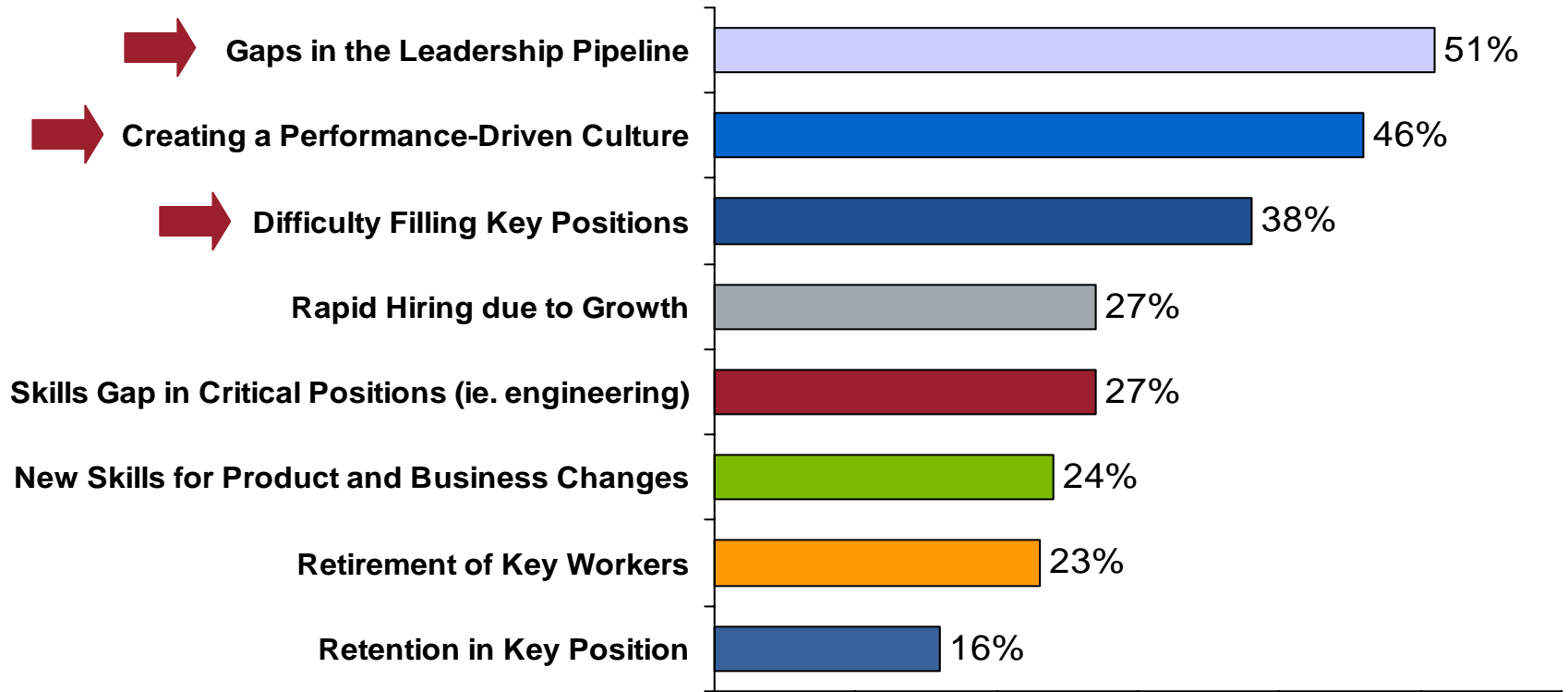
Workforce Demographics



© Bersin & Associates

Top Talent Challenges

What are Your Organization's Top Talent Challenges for 2007?



Talent Challenges are Business-Driven

 **Countrywide Financial**



FedEx

**Rapid Business Growth
New Products and Services**



**Critical Shortage of Key
Technical Workers**

 **Health Net**
A Better Decision

Raytheon



MARSH

AON

**Restructuring, Consolidation
Alignment of Workforce**



ANN TAYLOR



**Hiring, Onboarding,
Creating a Performance
Culture, Retention**

Agenda

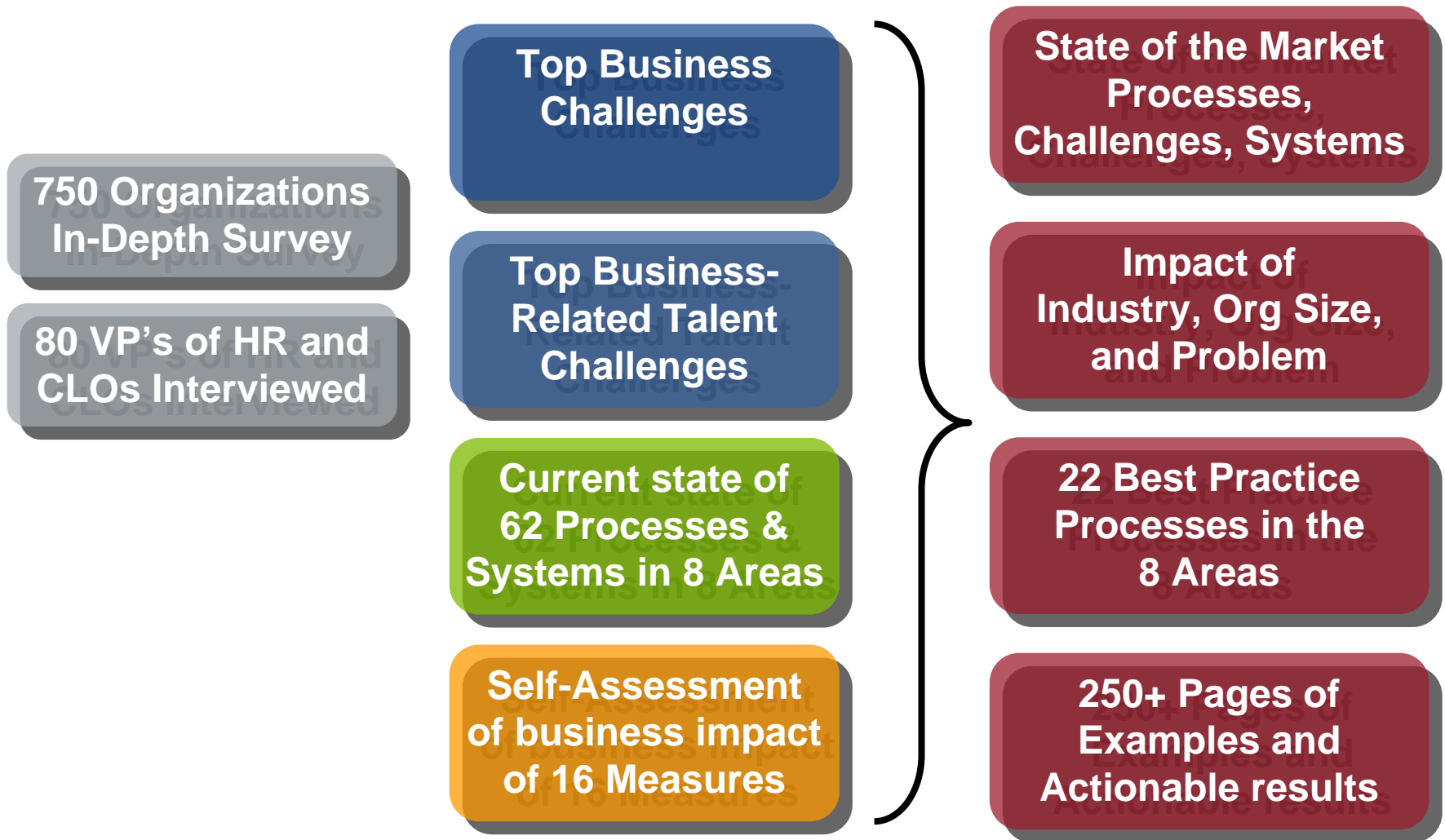
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High Impact Talent Management®

Research Study Goals

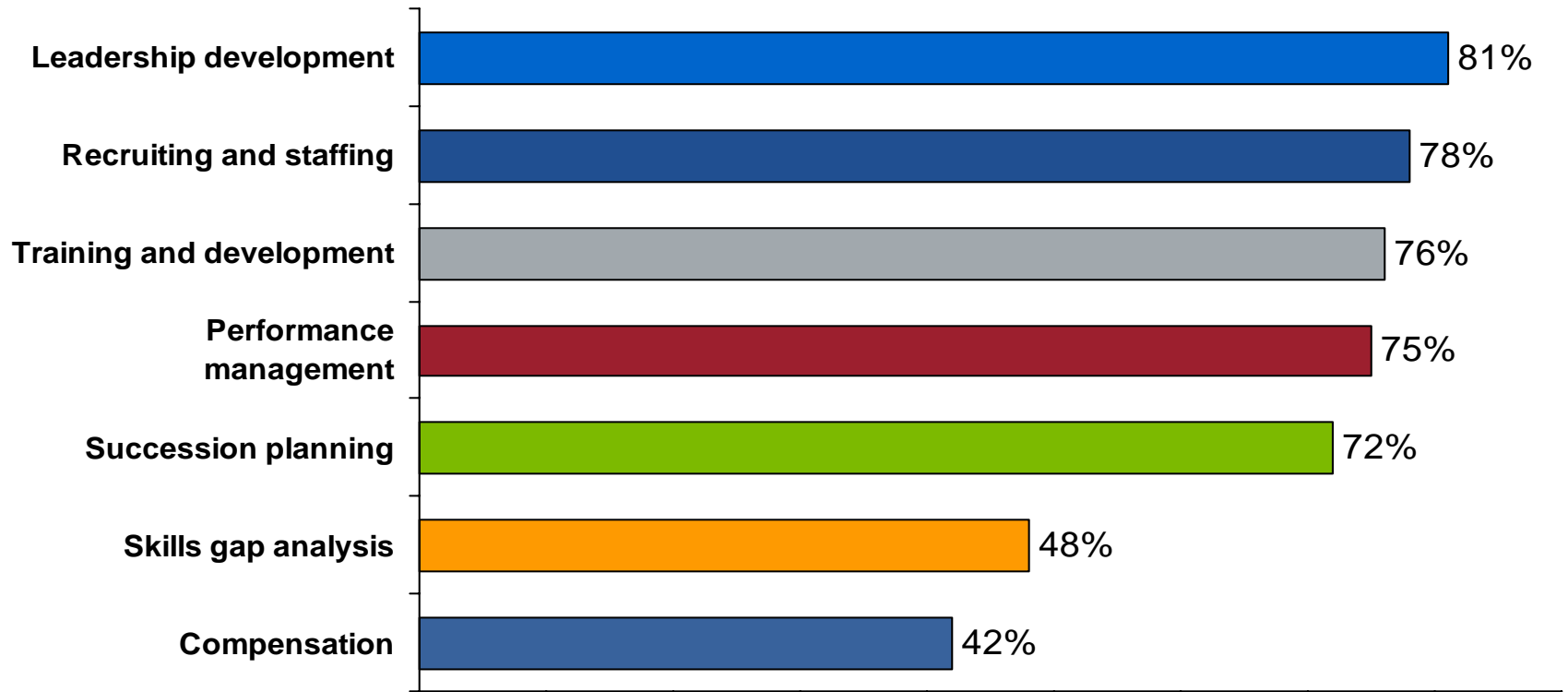
- Identify business drivers, industry trends, best-practices, and working business strategies for talent management
- Define and clarify the term “integrated talent management,” and how it is actually being implemented
- Understand the impact and usage of HR systems in the solution of talent management problems
- Provide actionable, specific best-practices which can be implemented in any organization
- 750 Organizations, 80+ Individual interviews, 18 months of research, ongoing research program in this area

HITM® Methodology



Defining Talent Management

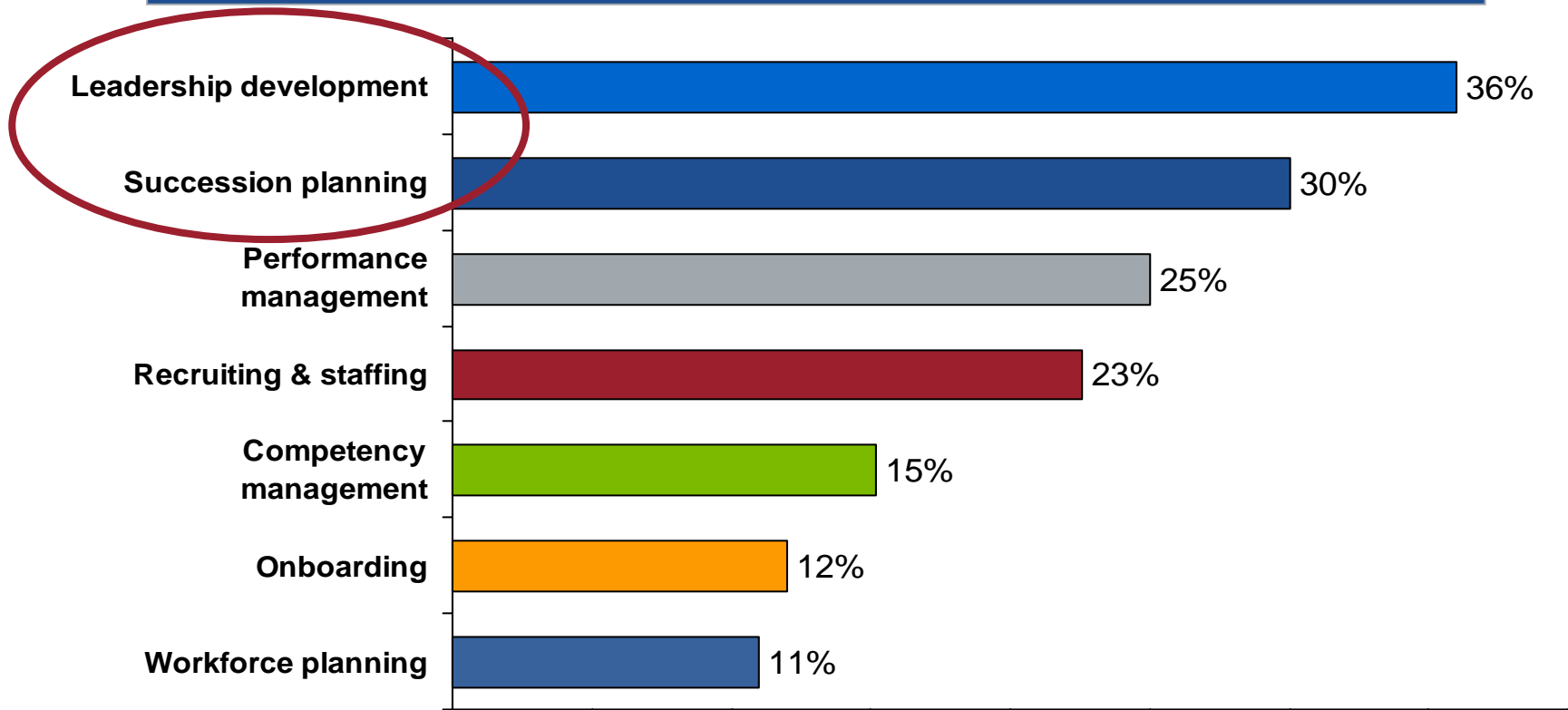
What functions do you consider in your talent management strategy?



Focus Area: Filling Leadership Gap

Identifying and developing leaders is the #1 talent-related challenge

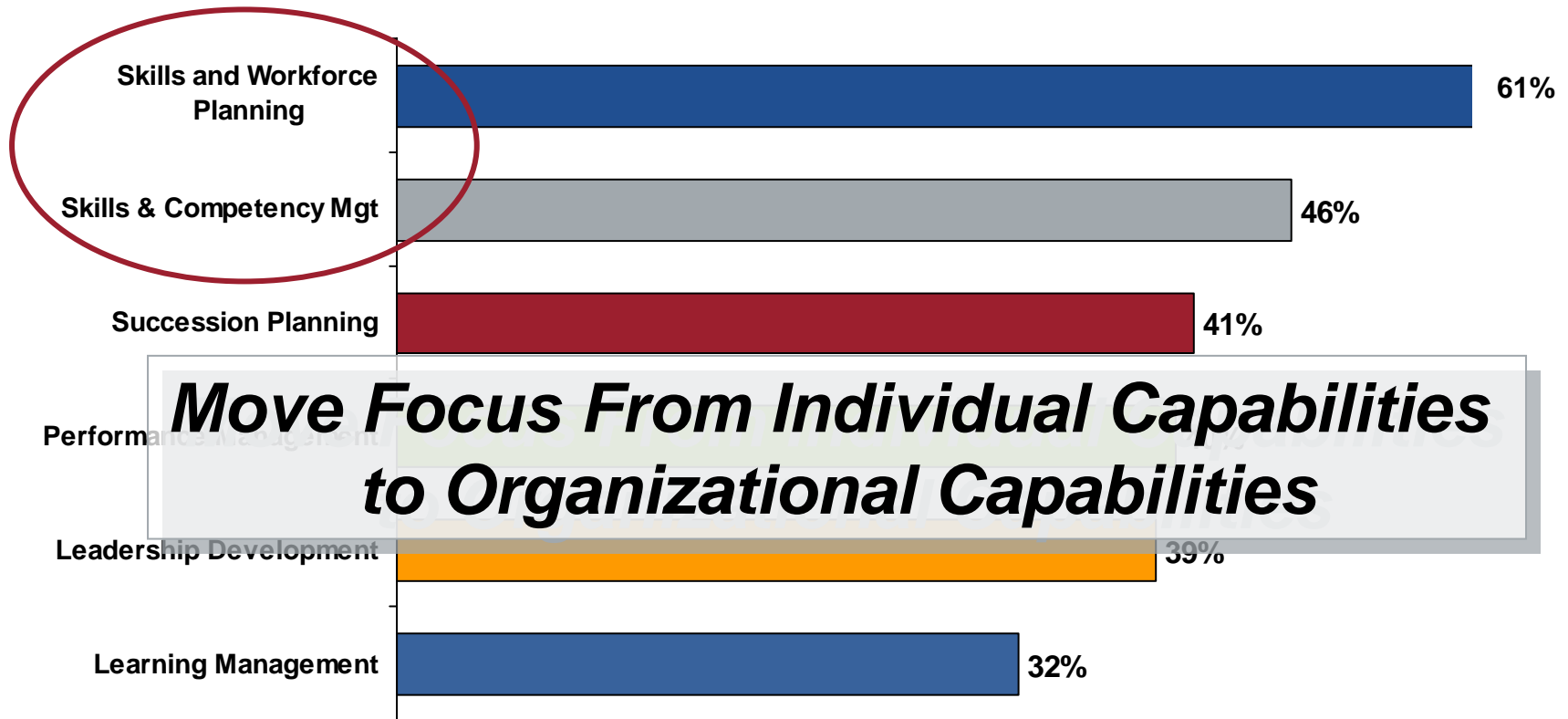
Which HR processes in your organization need most improvement?



New Disciplines: Talent Strategy

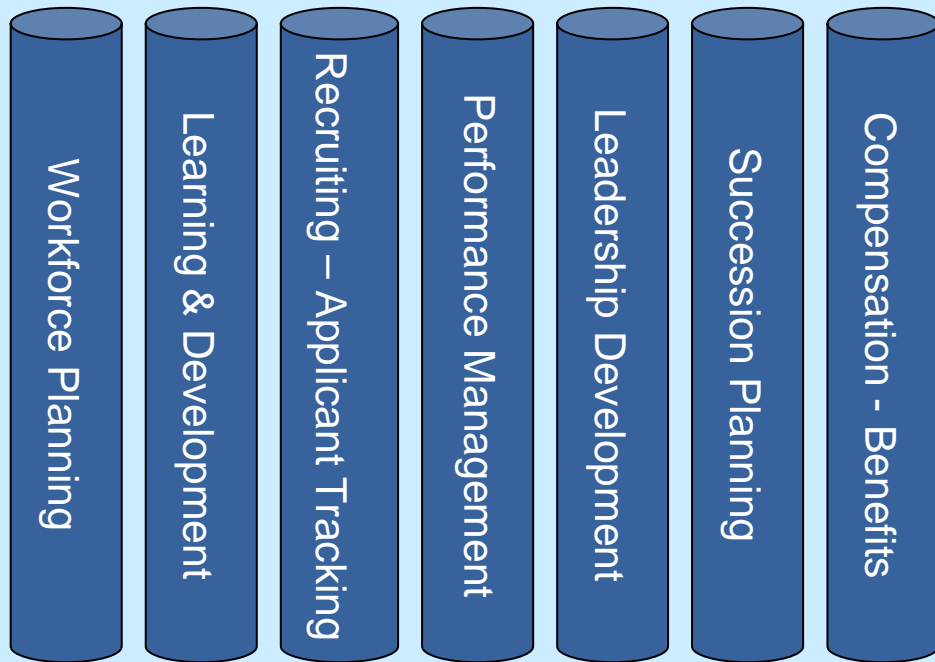
Workforce planning, competency management, and succession planning

What are the HR disciplines which you feel need most focus and improvement?



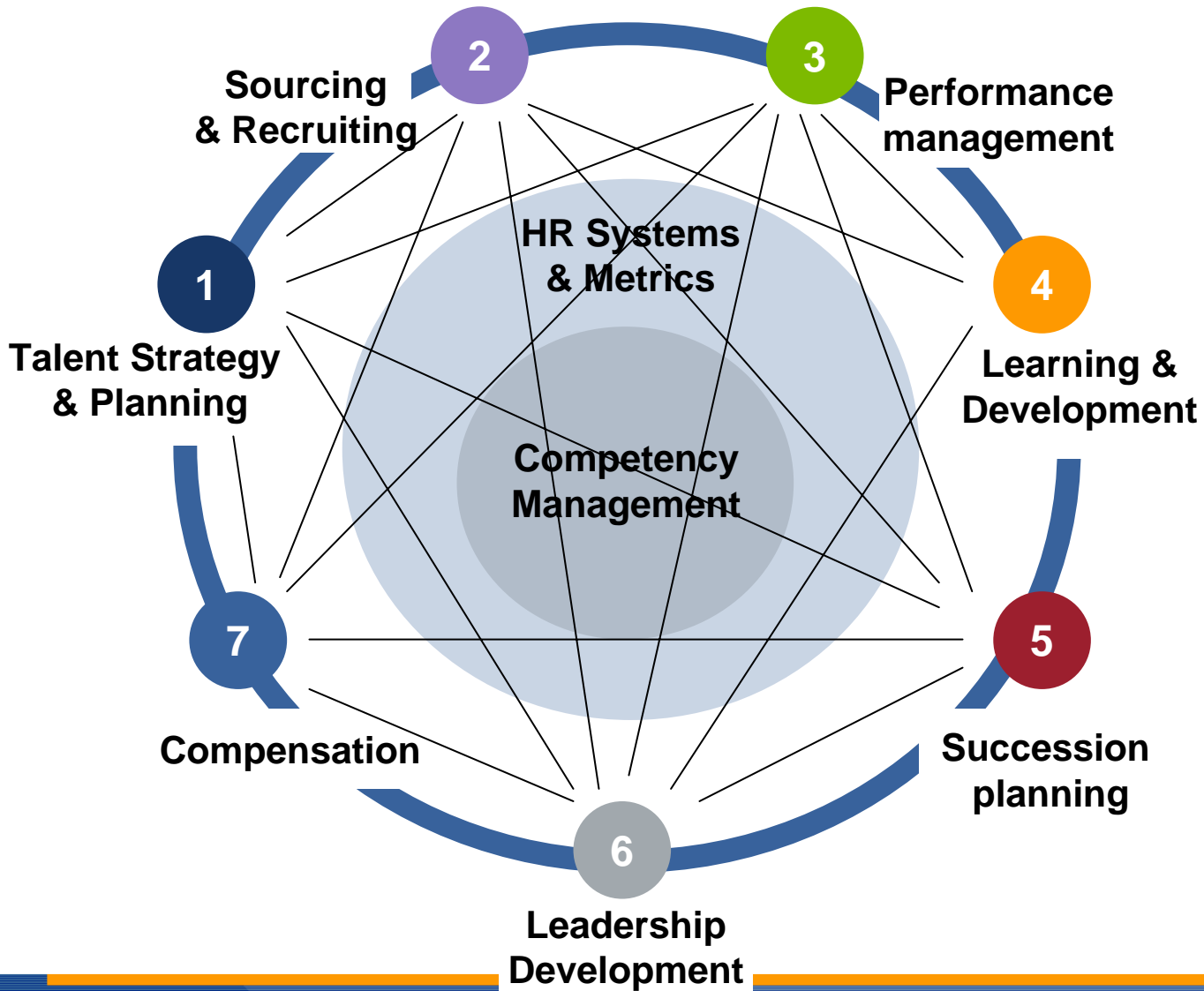
Traditional HR Processes and Systems

Silos in HR



- **No unified vision of talent capabilities and gaps**
- **Not connected or responsive to business requirements**
- **Unable to share information and processes**
- **Not responsive to employee demands**
- **Administratively inefficient**

Integrated Talent Management?



The Talent Management Process



Evolution of the HR Function



Talent Management

Competency Management
Performance Management
Succession Planning

Business Integration

Performance Management
 Succession Planning
 Competency Management
 Systems Integration
 Leadership Development

Strategic HR

Recruiting
L&D
Org Design
Total Compensation
Communications

Business Partner

Recruiting, ATS
 HR Portals
 Compensation
 Learning Management

Personnel Department

Payroll
Benefits

Business Function

Payroll Systems

© Bersin & Associates: Performance Management 2006: *Market Analysis, Trends, Best Practices and Case studies*, available at www.bersin.com/perfmgt

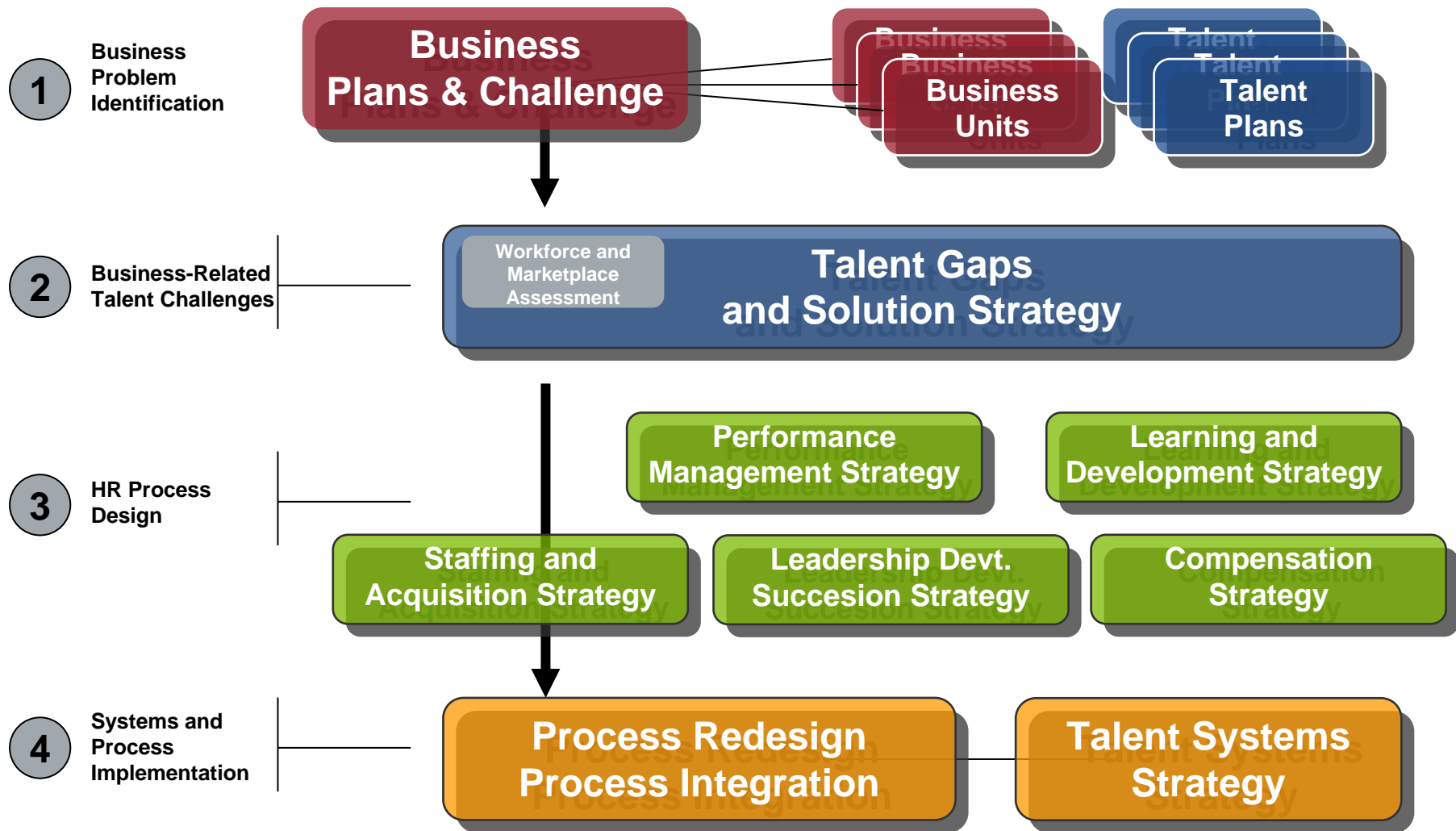
High Impact Talent Management Framework



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High Impact Talent Management®



High Impact Talent Management®



22 Best-Practice Processes



#	Top 22 Best Practices	Impact	Area
1	Coaching: formal or well established coaching programs for employees.	48%	Performance Management
2	Consolidating staffing requirements across the organization	42%	Sourcing & Recruiting
3	Ability of current workforce planning process to identify current and future talent gaps	38%	Workforce Planning
4	Competencies maintained through annual maintenance process	34%	Competency Management
5	Staffing metrics: measuring time to hire, cost to hire, and quality of hire	33%	Sourcing & Recruiting
6	Cascading goals: aligning goals to manager or corporate goals	33%	Performance Management
7	Development planning: creating consistent development plans across the organization	33%	Performance Management
8	Establishing goals: establishing clear and measurable goals for all employees in organization	32%	Performance Management
9	Job functional competencies well established and used throughout the organization	32%	Competency Management
10	Competencies used in recruiting process for assessment and interviewing	32%	Competency Management
11	Managed recruiting process: carefully monitoring and tracking interview process	31%	Sourcing & Recruiting
12	Assessing performance: delivering an annual performance appraisal and evaluation	30%	Performance Management
13	Internal sourcing: internal job postings, career planning, and promotion to recruit from within	29%	Sourcing & Recruiting
14	Leadership competencies well established and used across the organization	29%	Competency Management
15	Performance based compensation: consistently linking compensation to performance ratings	27%	Performance Management
16	Competencies used in performance management for assessment, review, and development	27%	Performance Management
17	Developmental training: training tied to developmental goals of individuals & organization	27%	Learning & Development
18	Competencies used in leadership development programs for training	24%	Competency Management
19	Pre-hire assessment: assessing candidates against competencies for a position	23%	Competency Management
20	Employer brand: using web, collateral, and marketing to position well for recruiting	22%	Sourcing & Recruiting
21	University recruiting: working with educational institutions to obtain qualified candidates	22%	Sourcing & Recruiting
22	Maturity level of leadership development: Strategic Leadership Development (level 4)	21%	Leadership Development

<http://www.berzin.com/top22>

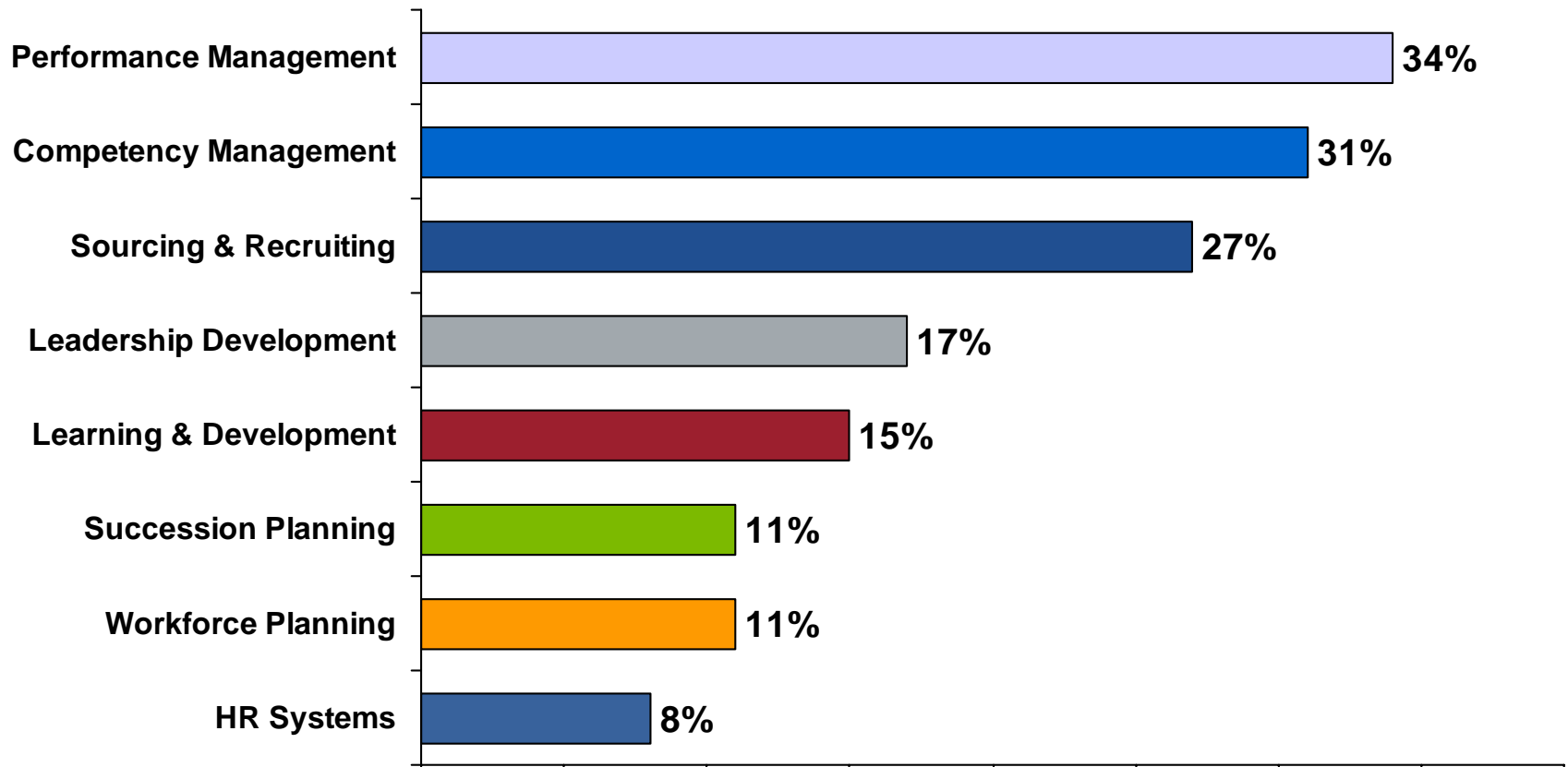
Startling Findings

Key talent processes which drive high impact are not what you may expect

1. Coaching is the most important talent process you have
2. Skills-based workforce planning and critical job analysis is now an imperative to succeed
3. Performance management is critically important... but ... goal setting, alignment, and development are far more important than appraisal and compensation
4. Competency management is a mandatory and foundational process to make talent management work and must be customized
5. Consolidated, scientific, and systematic sourcing and recruiting are key new strategies and must replace decentralized recruiting
6. Aligning L&D with talent gaps is more important and difficult than ever
7. HR systems provide little value alone – it is through process improvements that they generate ROI, and this takes years

High Impact Process Areas

Average Business Impact of Excellence in Each Process



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
1. Coaching: What is it?

#1 High Impact
Process

- Coaching is both a culture and process in organizations
 - Executive Coaching (assigned: Textron, GM)
 - Management Coaching (special assignments: Nasa, Aetna)
 - Individual Coaching (facilitated through management training)
- Coaches are not “managers”
 - They are not subject matter experts or mentors
 - Their job is to help set goals, improve performance, not judge, rate, or rank
 - They provide continuous feedback through listening
 - They are collaborative and supportive, not judgemental
- Four characteristics of great coaches
 - Clear direction
 - Excellent judge of people
 - Create winning “game plans”
 - Unique ability and interest in developing people

<http://www.bersin.com/coaching>

Leadership vs. Management

Growth Competencies	Financial Services	High Tech	Industrial Manufacturing	Retail
Higher 12 month growth than their Competitors	<ul style="list-style-type: none">  Quality  Initiative  Communication 	<ul style="list-style-type: none">  Creativity/ Innovation  Job Knowledge  Communication  Customer Focus  Leadership 	<ul style="list-style-type: none">  Planning  Self Development  Job Knowledge  Teamwork  Quality 	<ul style="list-style-type: none">  Teamwork  Integrity/Ethics  Work Environment/ Safety
Lower 12 month growth than their Competitors	<ul style="list-style-type: none">  Job Knowledge  Customer Focus  Technical Skills  Planning  Decision Making/ Judgment  Managing Performance 	<ul style="list-style-type: none">  Problem Solving/Analysis  Dependability  Self Development  Technical Skills  Personal Organization 	<ul style="list-style-type: none">  Strategic Thinking/ Management  Customer Focus  Job Knowledge  Creativity/ Innovation  Technical Skills 	<ul style="list-style-type: none">  Customer Focus  Integrity/Ethics  Technical Skills



Performance or Leadership Oriented



Hygiene, or Job-Description Oriented

Why coaching matters?

- Coaching forces managers to behave like leaders rather than supervisoros
- Coaching empowers employees to learn and improve performance
- Coaching re-aligns the manager-employee relationship and creates a higher-performance breed of managers
- Coaching creates engagement and alignment and creates flexibility in the workforce

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2. Workforce Planning Today

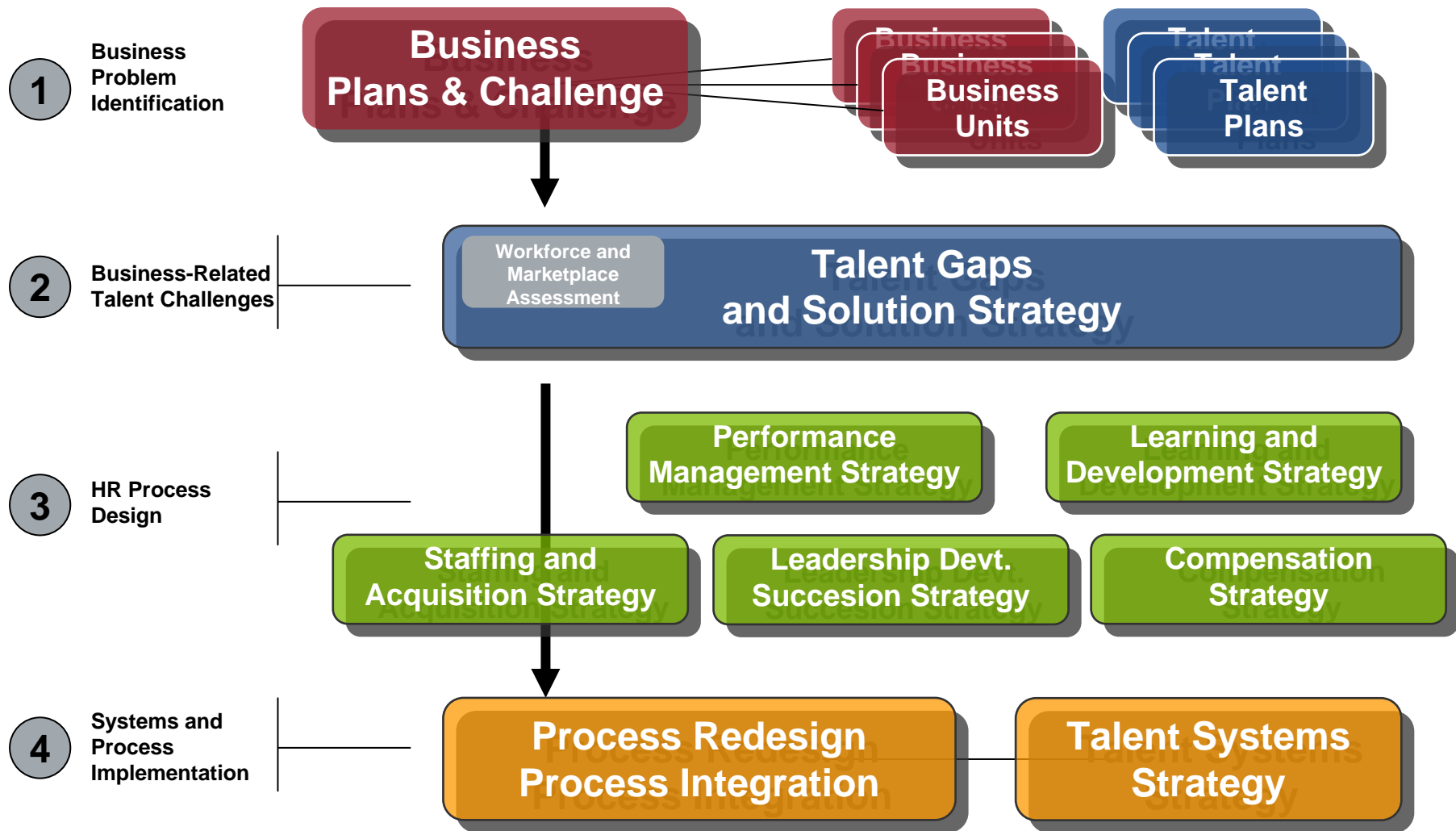
Figure 107: Three Models for Workforce Planning

Model	Description	Percent of Organizations Adopting This Model
Fully Decentralized	Business units plan and implement workforce plans independently of HR.	38%
HR-Centralized	HR consolidates all headcount organizationwide by job and level.	22%
Hybrid	Business units plan and forecast needs, and HR consolidates requirements.	22%

Source: Bersin & Associates, 2007.

Most organizations focus primarily on consolidating workforce demands so that the staffing and recruiting function can plan headcount and budget.

High Impact Talent Management®



Low Understanding of Skills-Gaps

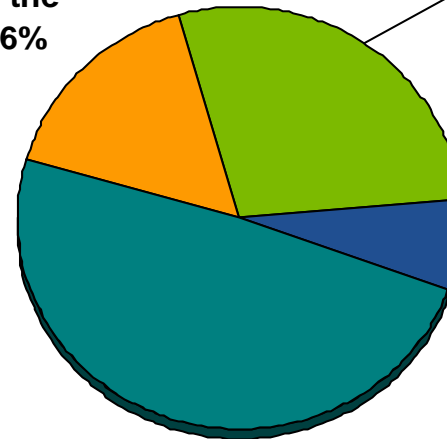
How well does your workforce planning process identify skills-gaps in the organization?

#2,3 High Impact Processes

Very few organizations have an enterprise-wide view of skills gaps

We have a good view of skills gaps in the organization, 16%

We have little or no view of skills gaps, 28%

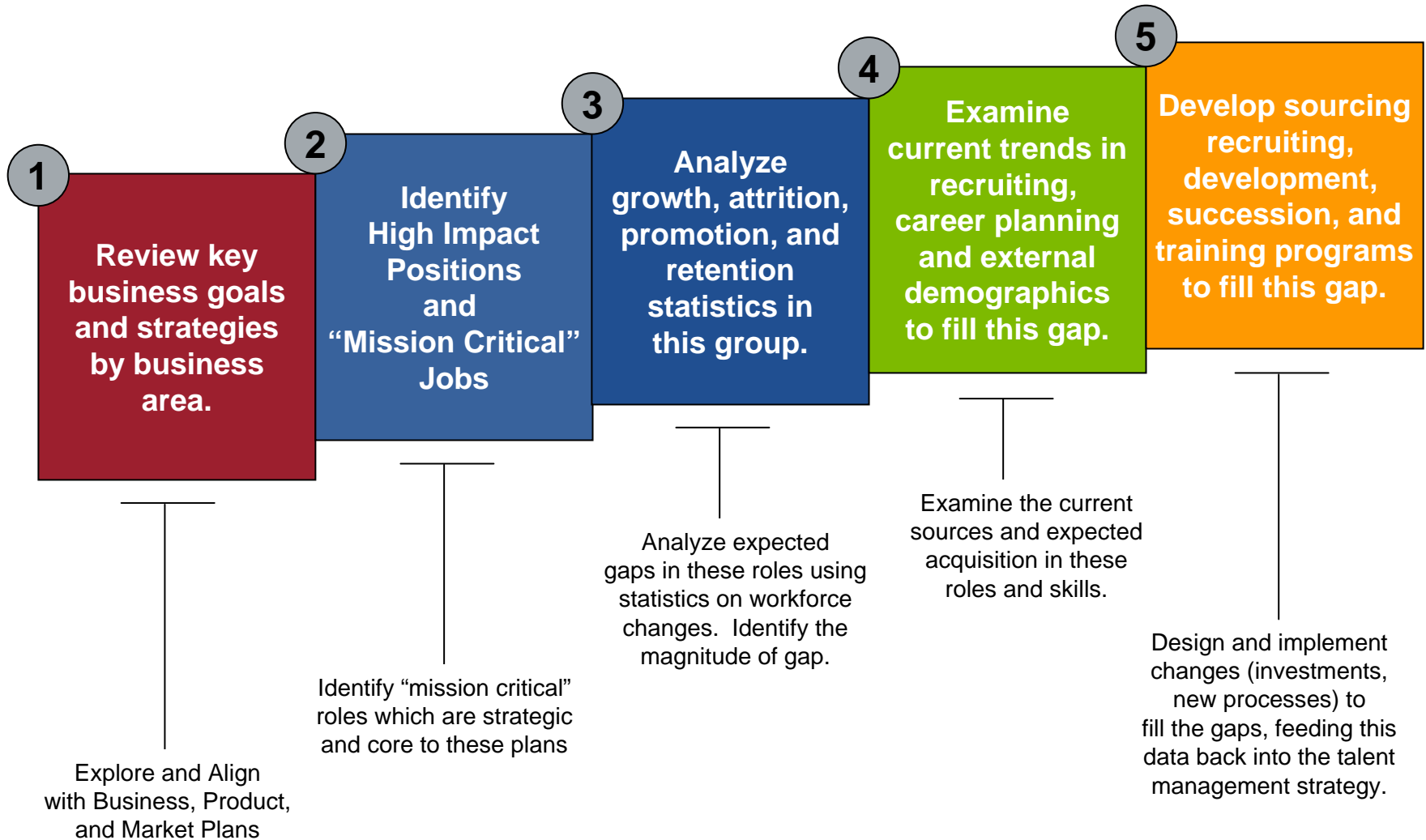


Not enough information to answer, 7%

We have some view of skills gaps, 49%

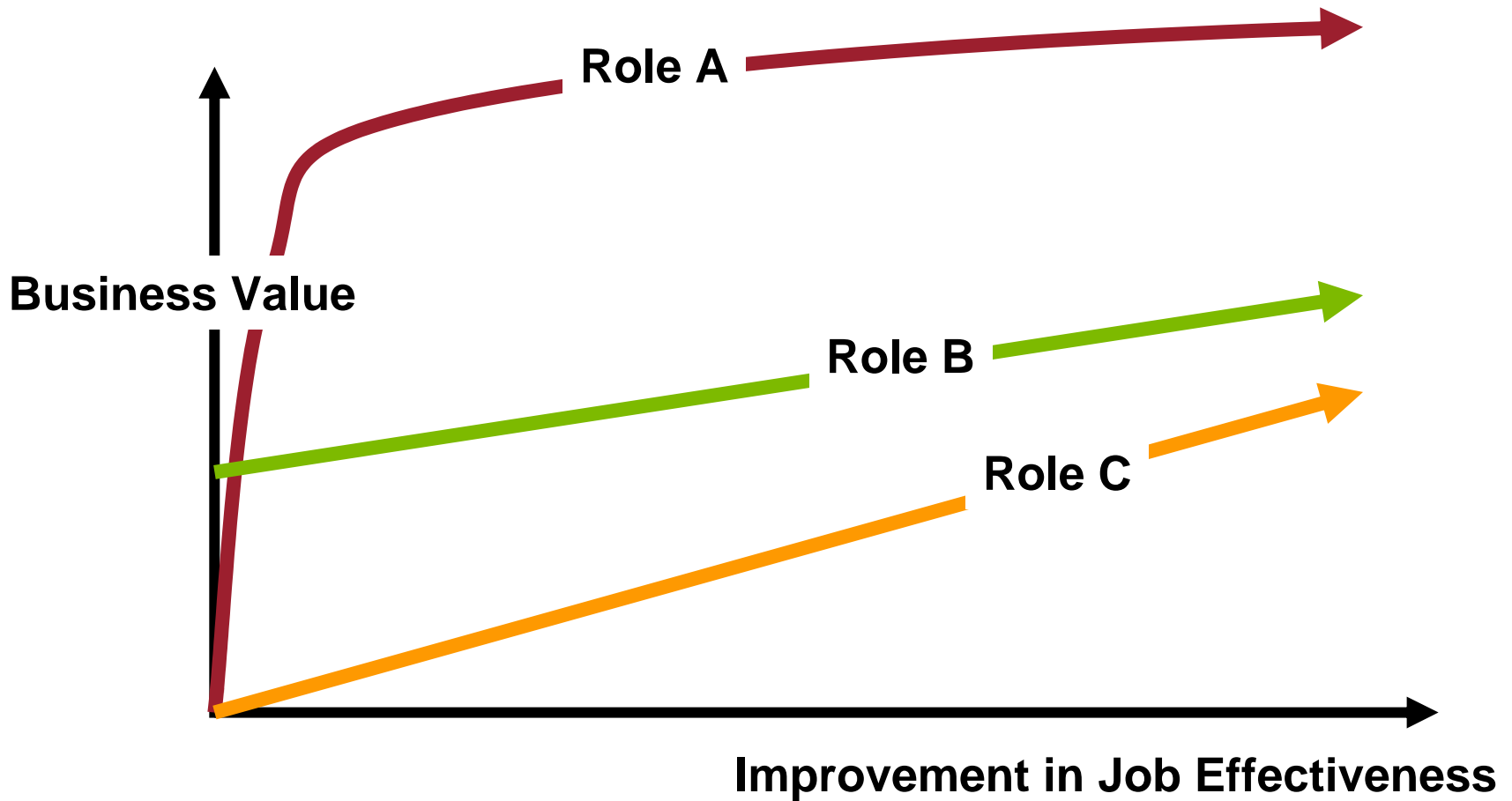
High Impact Talent Planning:

A New Science of Identifying and Planning for the Critical Talent

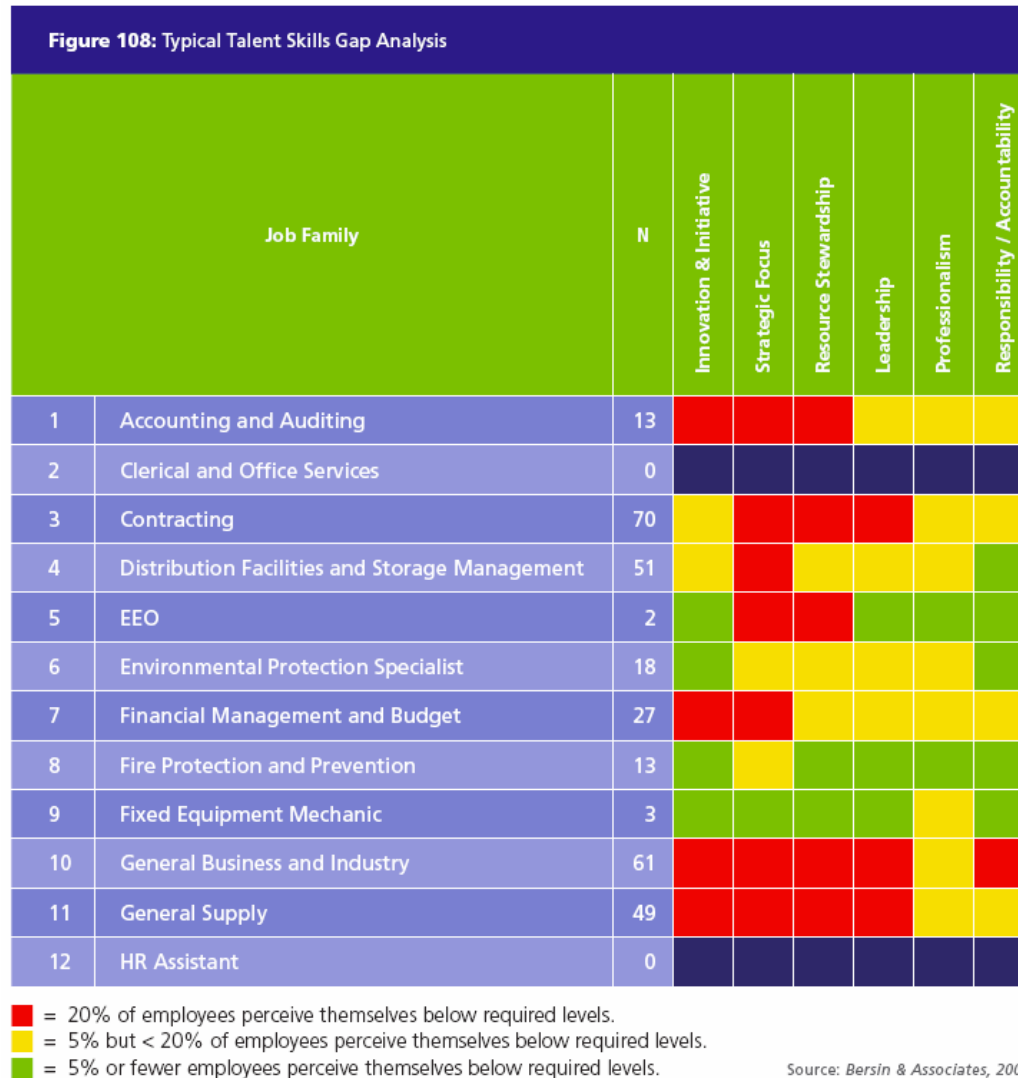


Identifying Critical Talent

Where should you focus?



Critical Skills-Gap Analysis



Agenda

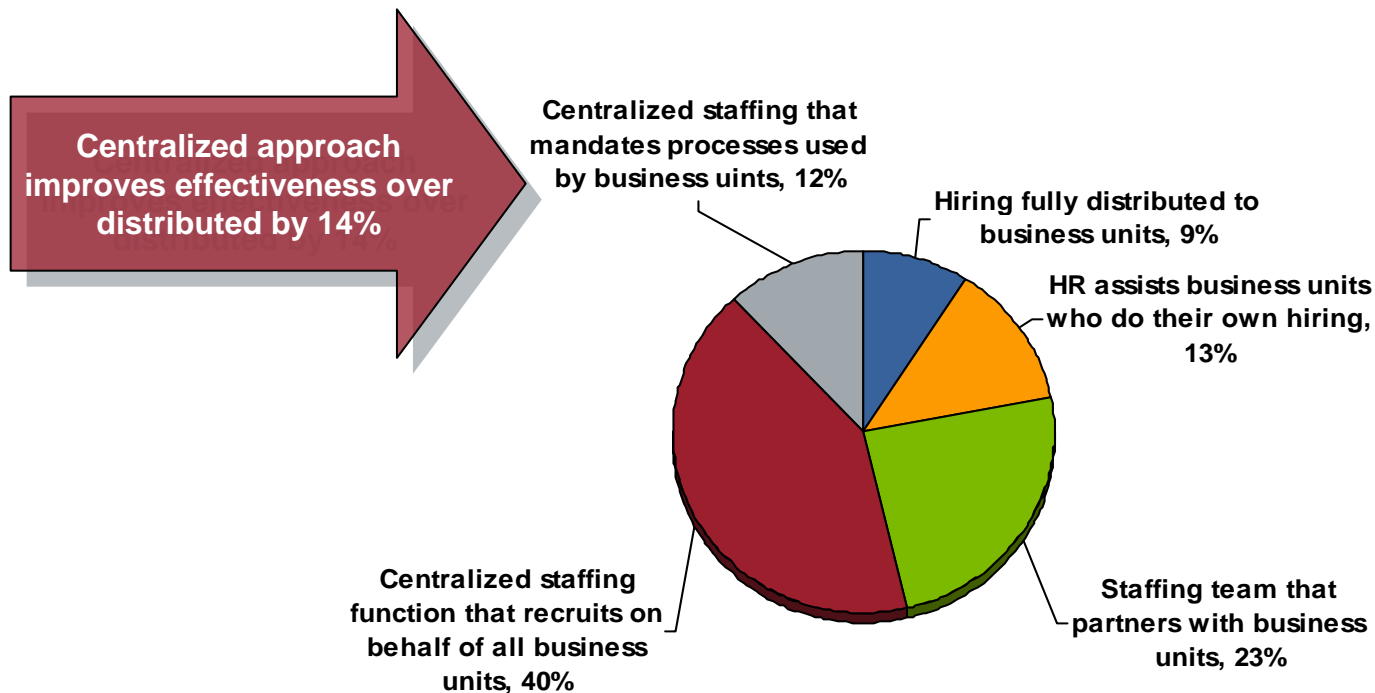
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3. The New Sourcing & Recruiting

Changing from a Purchasing to a Marketing and Sales Process



Centralization of Sourcing & Recruiting



Sourcing & Recruiting Today

Where organizations need should focus efforts

Figure 37: Relative Strengths and Weaknesses in Sourcing and Recruiting

% Above or Below Overall Average for Recruiting

Internet Sourcing of Candidates:
From job boards and your company's own website.

5.9%

Managed Recruiting Process:
Monitoring and tracking interview process.

4.6%

Internal Sourcing: Internal job postings, career planning and promotion (from within).

4.2%

#13

Consolidating Staffing Requirements: Across the organization.

-3.3%

#2

Employer Brand: Using web, collateral, etc to position your organization well.

-6.8%

#20

Pre-Hire Assessment: Assessing candidates against competencies for a position.

-8.9%

University Recruiting: Working with educational institutions to obtain qualified candidates.

-22.1%

#21

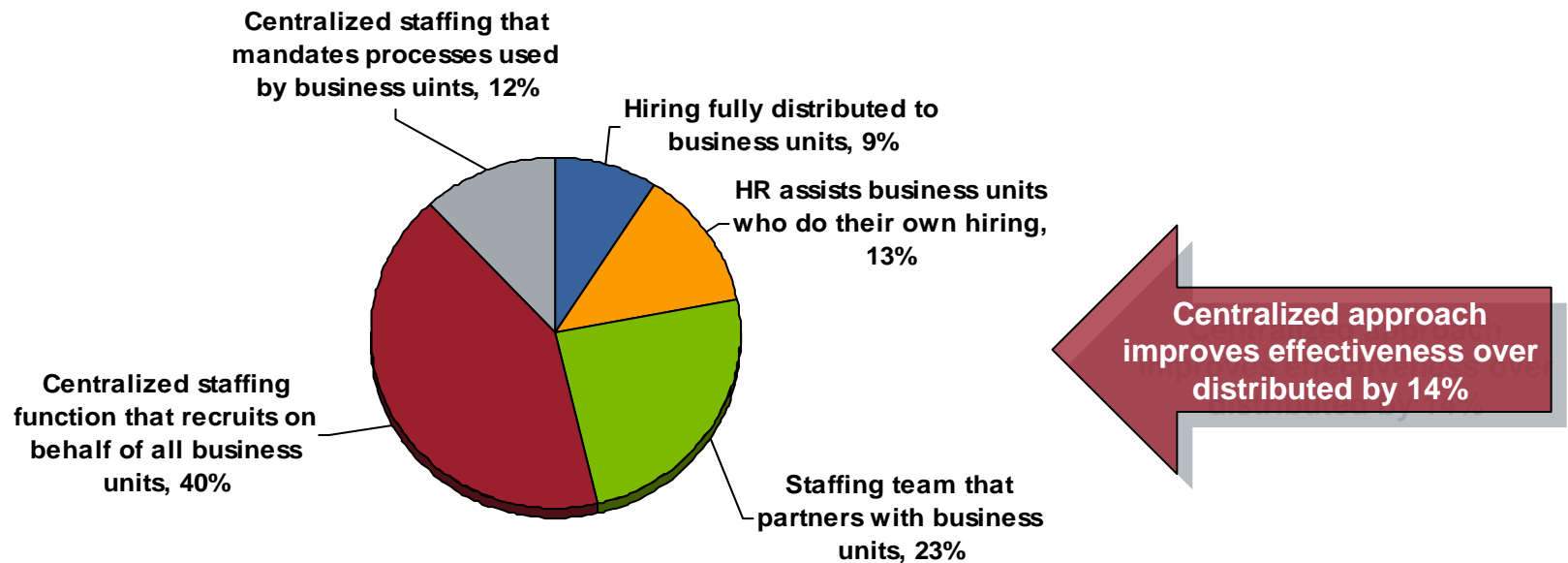
Metrics: Measuring time to hire, cost to hire, quality of hire and the recruiting process.

-28.9%

#5

Source: Bersin & Associates, 2007.

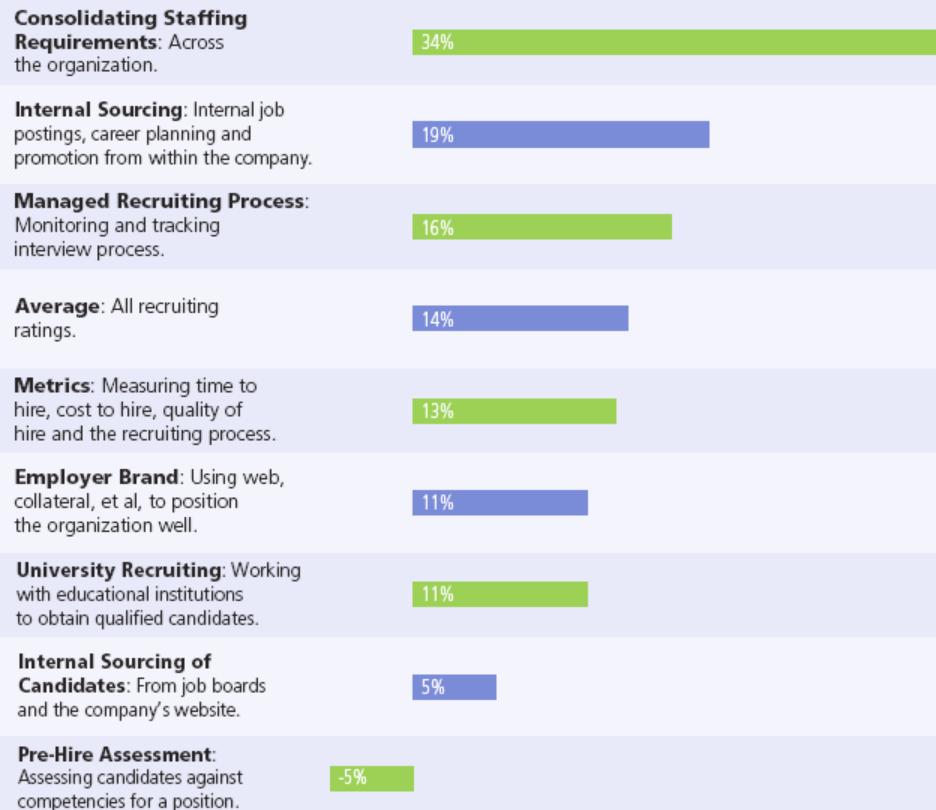
Organization of Sourcing & Recruiting



Value of Centralized Process

Federated recruiting process is optimum

Figure 39: Effectiveness of Centralized Versus Distributed Recruiting Process



Source: Bersin & Associates, 2007.

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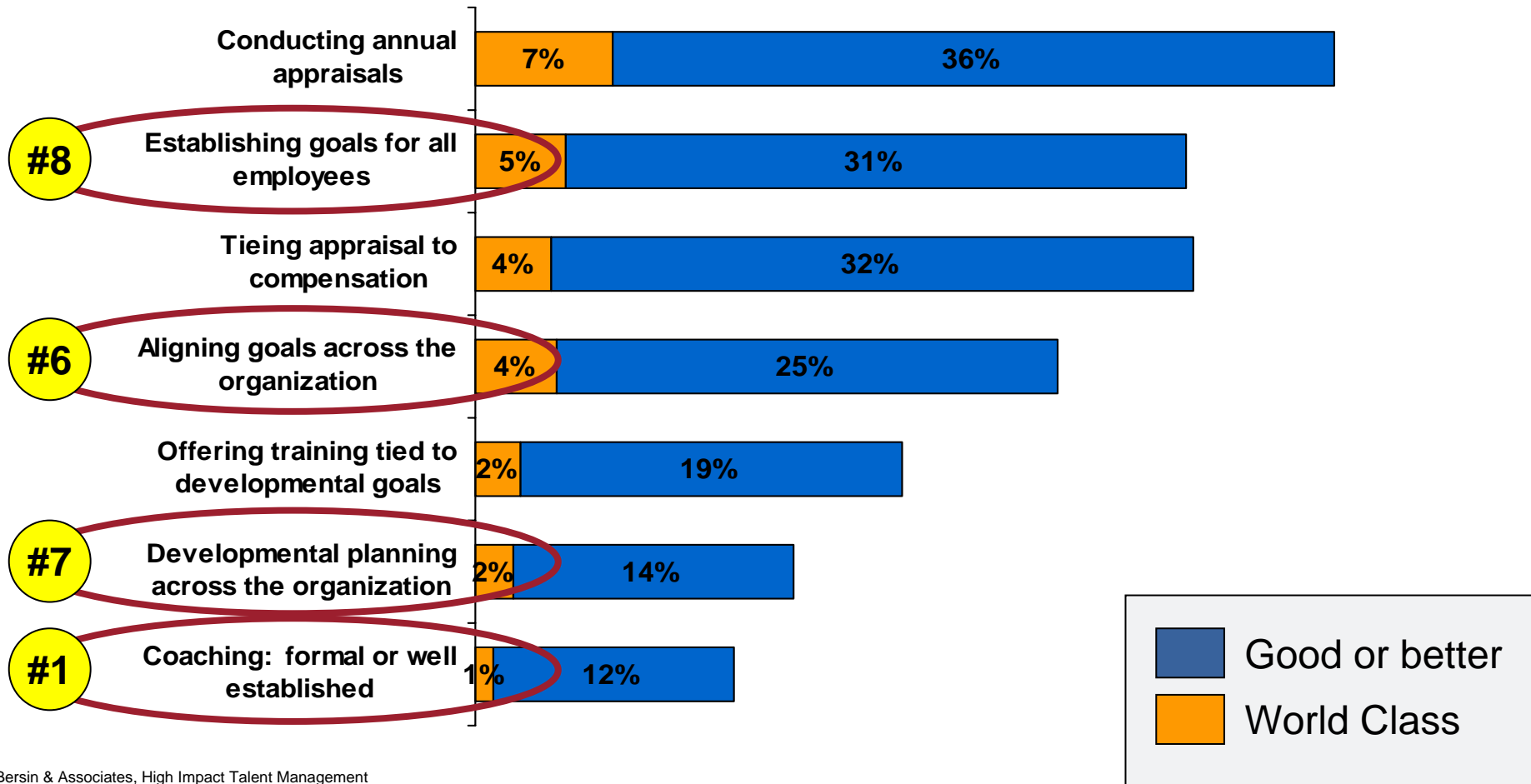
4. High Impact Performance Management

- Performance management is “management”
- It does **not** take place annually or semi-annually, rather it takes place every day
- It has seven essential elements:
 1. Goal setting
 2. Goal alignment
 3. Self-assessment
 4. Manager assessment
 5. 360 assessment
 6. Competency assessment
 7. Development planning
- PM software has little or no real effect on the impact of this process

#6, 7, 8 High Impact Processes

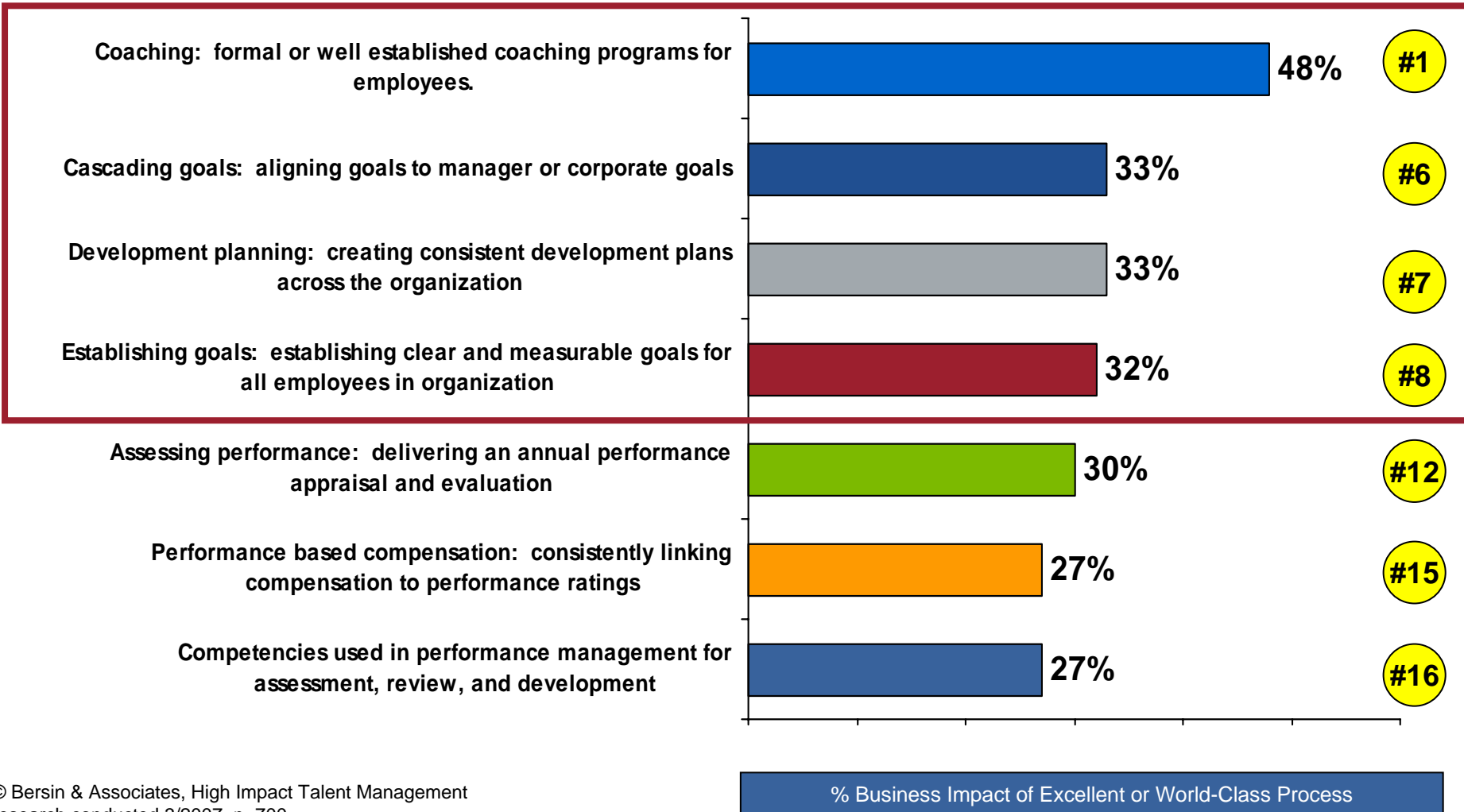
Performance Management

How widely adopted are the following best practices?



Performance Management: Where to Focus?

Critical areas are coaching, goal-setting, and development planning – not appraisal



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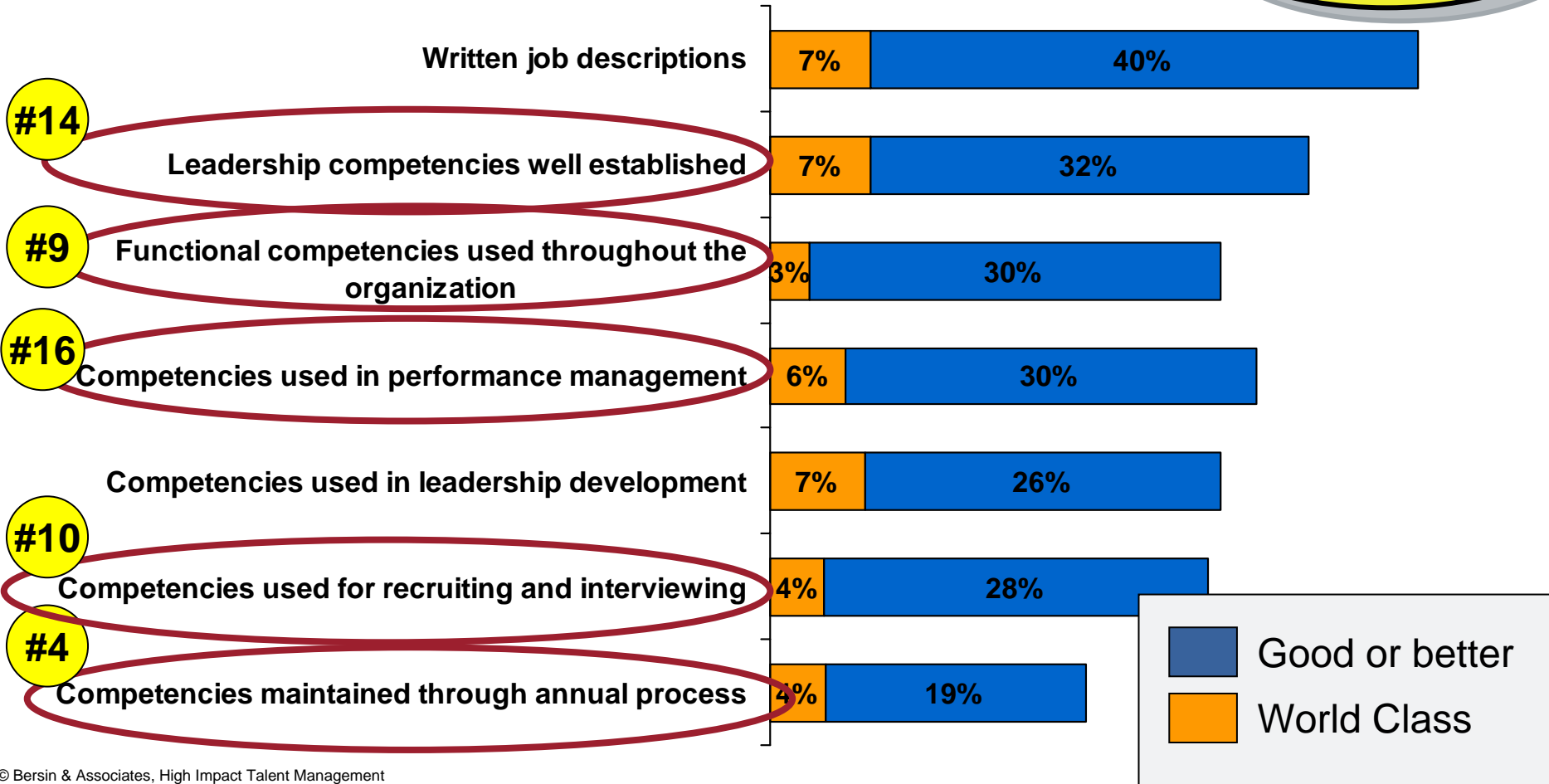
5. Critical Role of Competency Mgt.



Role of Competency Management

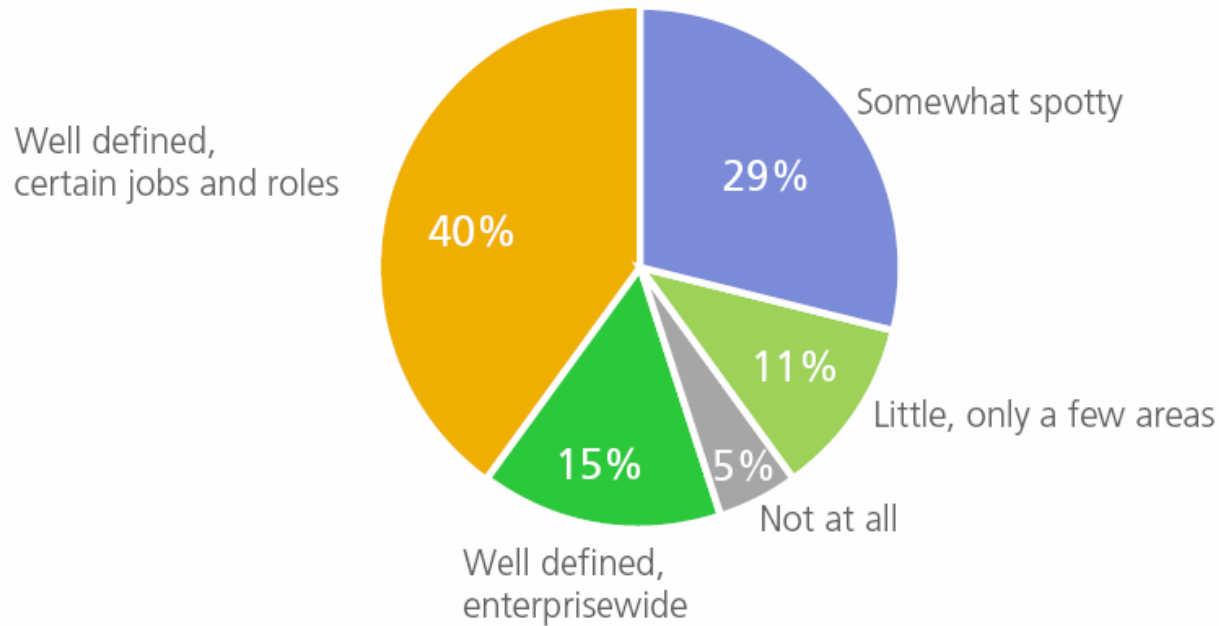
How widely adopted are the following best practices?

#4, 9, 10 High Impact Process



A work in process

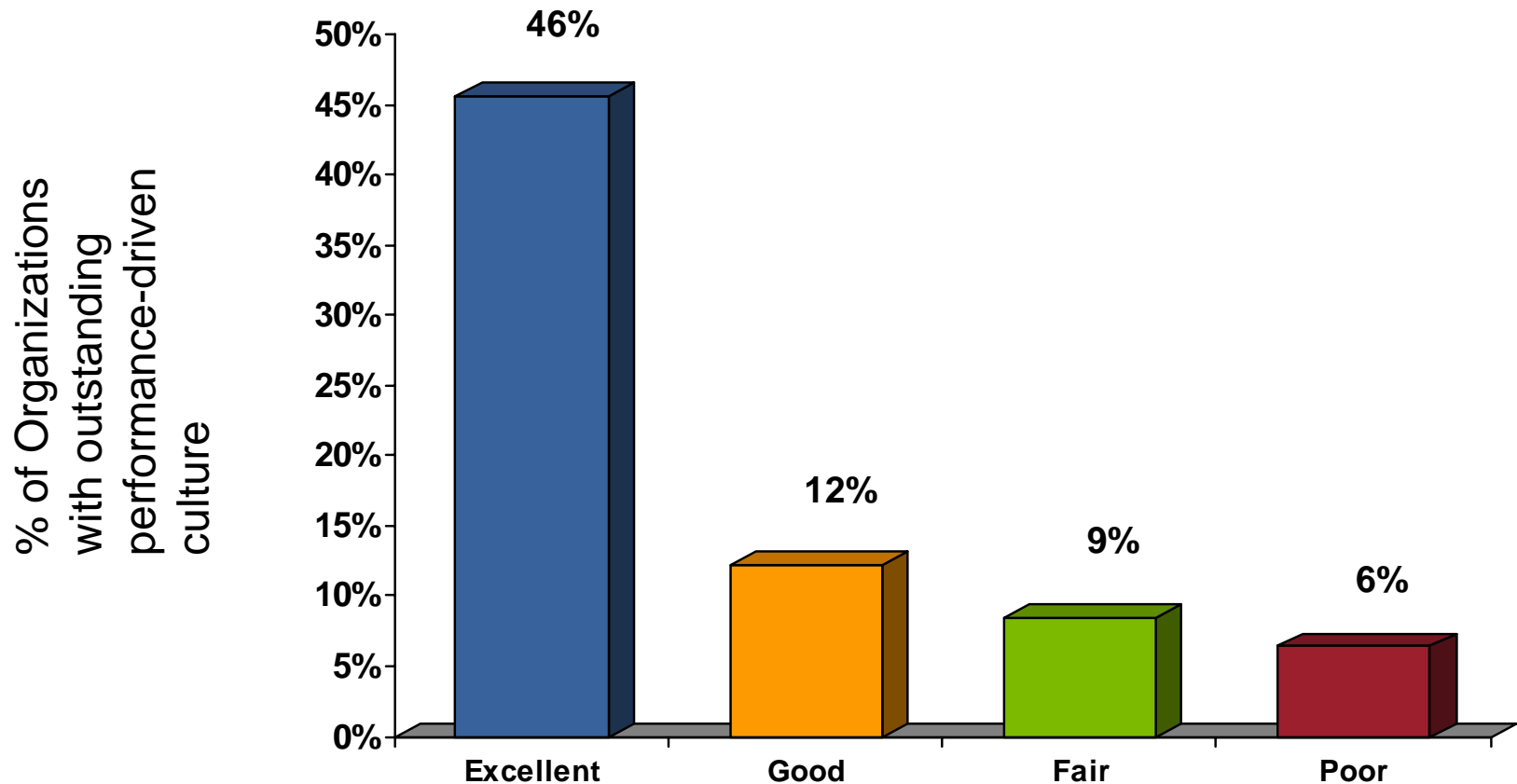
How well **defined** are your **skills and competencies**?



n=553

Competency Use Drives Performance

Organizations with excellent use of competencies are 4X more likely to have a performance-driven culture



Effectiveness of Competencies in Performance Mgt.

© Bersin & Associates, proprietary research, *Corporate Talent Management Factbook*, n=780, to be published in Q2 2007

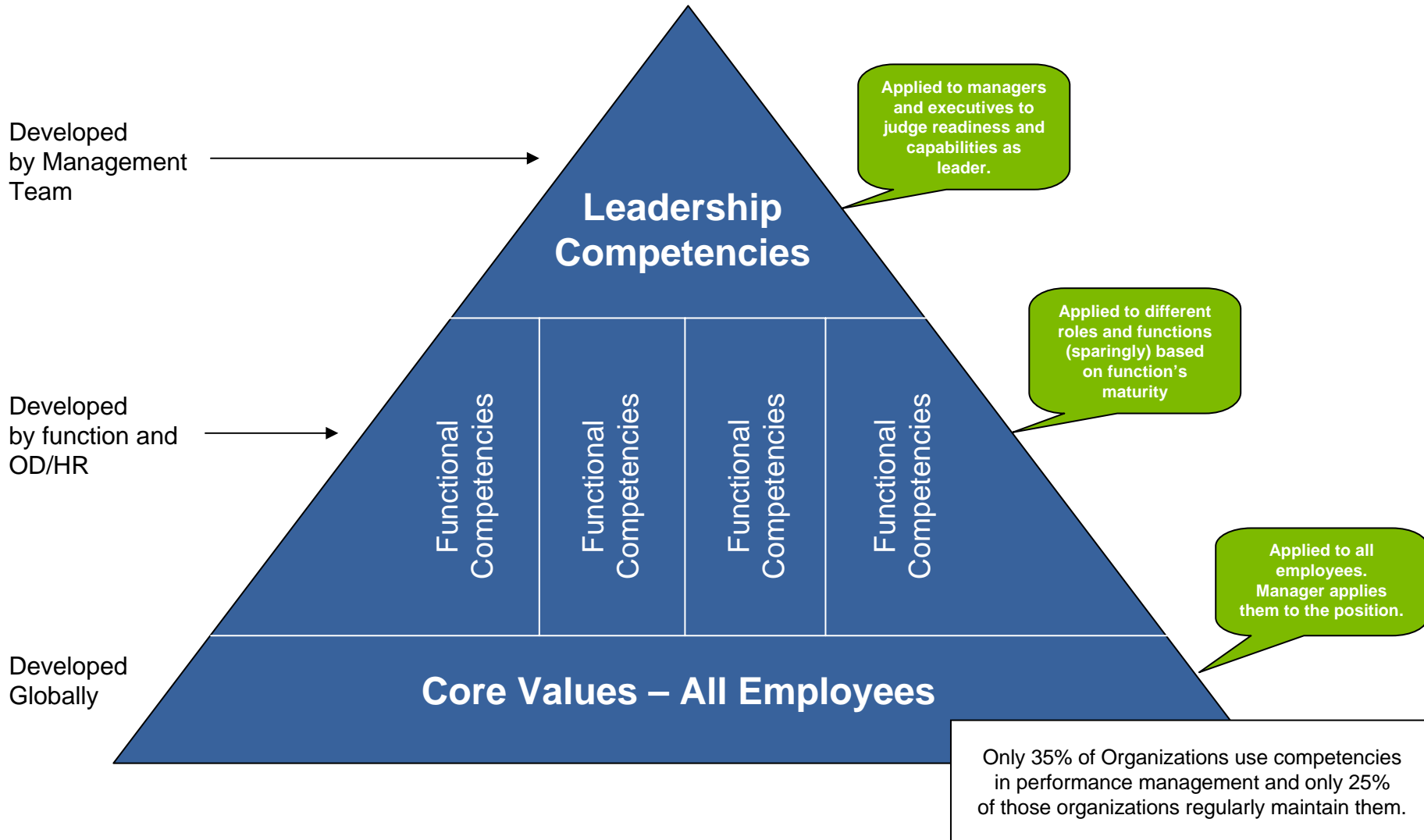
What our Research has Found

- Performance-driven organizations develop competencies which are specific and proven for their business
- When organizations want to improve poor performance of a business function, they first focus on identifying the proven competencies.
- The question is: which competences form the right “currency” for your organization?

High Impact Talent Management Framework



Types of Competencies



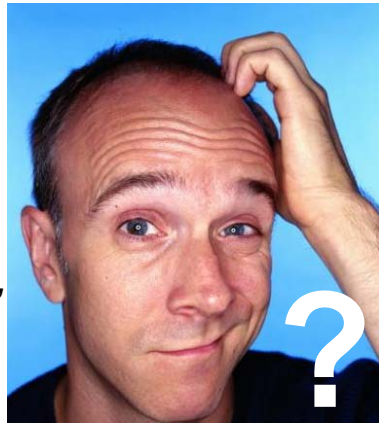
How do you fairly and consistently assess people?

Is Joe a better manager than Bill?

Both Bill and Bob achieved goals, which should get the higher raise and why?

Should I promote Bill or Sue?

If I give Bob a low rating, how do I explain it so he can improve?



How do I avoid giving everyone the same rating?

Why is Sue so good at one thing but not others?

Performance Rating
Compensation
Promotion to Leadership
Forced Ranking
Employee Satisfaction

Step 1: Look at a Defined Competency for this position

Step 2: Observe Specific Behaviors which describe the competencies

Step 3: Assess Gaps, Areas to Improve, and Potential against competencies

Competencies are the answer

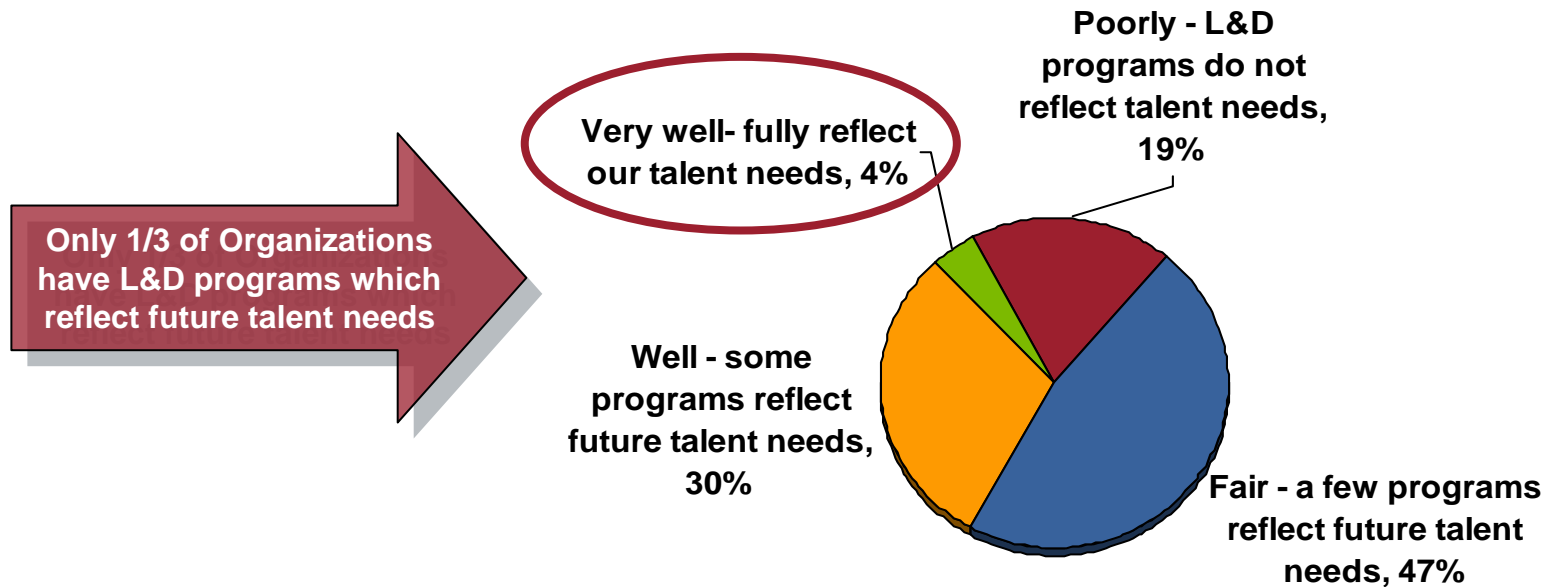
1. Competencies give managers a common “currency” for assessing performance and potential for promotion
2. Competencies give employees a set of clear objectives for self-improvement and development
3. Competencies enable the whole organization to select high potential leaders consistently and effectively
4. Competencies provide benchmarks and criteria for hiring the right people for particular jobs
5. Competencies enable the L&D team to create focused performance improvement programs
6. Competencies create alignment and a clear understanding of corporate culture and values

Agenda

- The Talent Management Challenge
- Research Methodology
- 22 Best Practices Highlights
 1. Coaching
 2. Talent planning
 3. Scientific, centralized recruiting
 4. Performance management
 5. Competency management
 - ➔ 6. Alignment of talent-driven learning
 7. HR Systems
- Final Thoughts
 - Talent management is still new
 - Take a business-driven approach

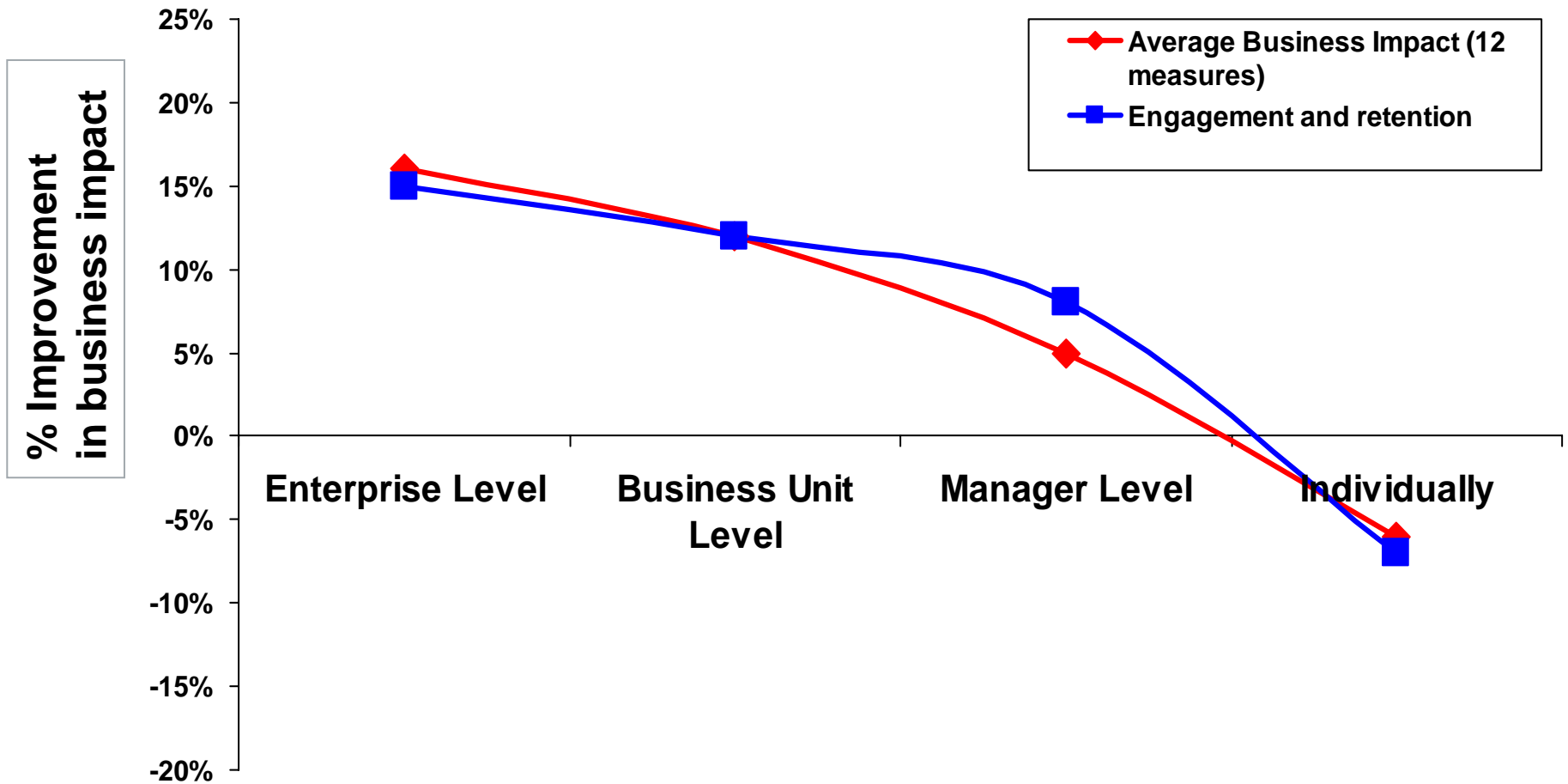
6. Alignment of L&D – Weak Today

L&D programs are not well enough aligned toward current and future talent needs



Need for Career Development

Centralized Approach to Development Drives Far Greater Value

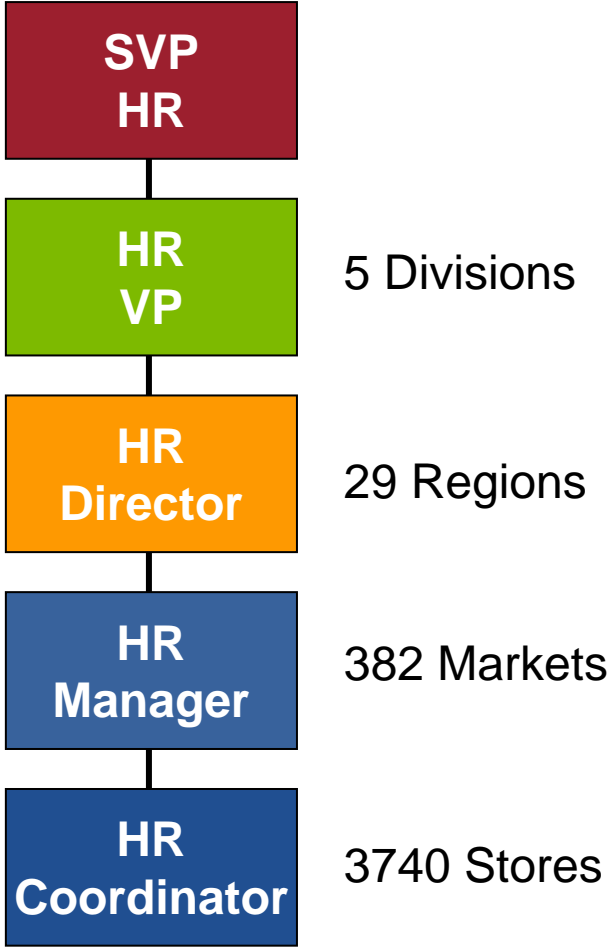


A New Role for Learning

	Performance-Driven Learning	Talent-Driven Learning
Drivers:	<u>Business performance</u> issues in operational units and functions	<u>Talent and leadership gaps</u> , critical skills shortages, engagement and culture
Goal:	Develop <u>individual capabilities</u> and fill performance gaps	Develop <u>organizational capabilities</u> driven by competencies, not performance
Examples:	Sales Training, Customer Service Training, Field service certification	Multi-tier leadership development New-hire onboarding programs
Organization:	Aligned by job within function	Aligned to all job roles in a job function
Timeline	Months or even shorter	Multiple quarters to years
Complexity	Functional	Enterprise or Divisional-wide
Integrated with:	Product launches, new service offerings, geographic expansion	Performance management, recruiting, succession planning
Challenges:	Performance consulting, program design, manager engagement	Resource allocation, program design, job alignment, manager adoption
How to measure success	Solving business problems: sales, service, quality, turnaround	Filling and solving talent gaps (ie. shortages, recruiting goals)

Example: Wal-Mart

- **Situation:** Store hiring and personnel processes developed around goal of reducing costs
- **Problem:** Millions of dollars of legal problems, turnover, and inconsistent development of store managers
- **Solution:** Integrated HR talent-driven learning curriculum, with certification, for all 4,077 HR professionals
- Developing competency model for 1.8 million people, behavioral assessment tools, 180 job families



Talent-Driven Learning Programs

The Six Key Elements

1. Designed around clearly defined competency gaps
2. Require a complete curricula to develop people through the leadership pipeline
3. Aligned with performance and development planning
4. Fit into a career development program
5. Use techniques which attract millenia and Generation X workers

Competency Management		Job Profiles	Corporate Values	Leadership Competencies	Functional Competencies
Onboarding	Management Training		Leadership Curricula	Coaching/Mentoring Programs	
Role-based Curricula	Operational Training		E-Learning Strategy	Developmental Assignments	
Content Development & Delivery	Learning & Development			Certification Programs	

Stages of Leadership Development

Bersin & Associates Leadership Development Maturity Model®

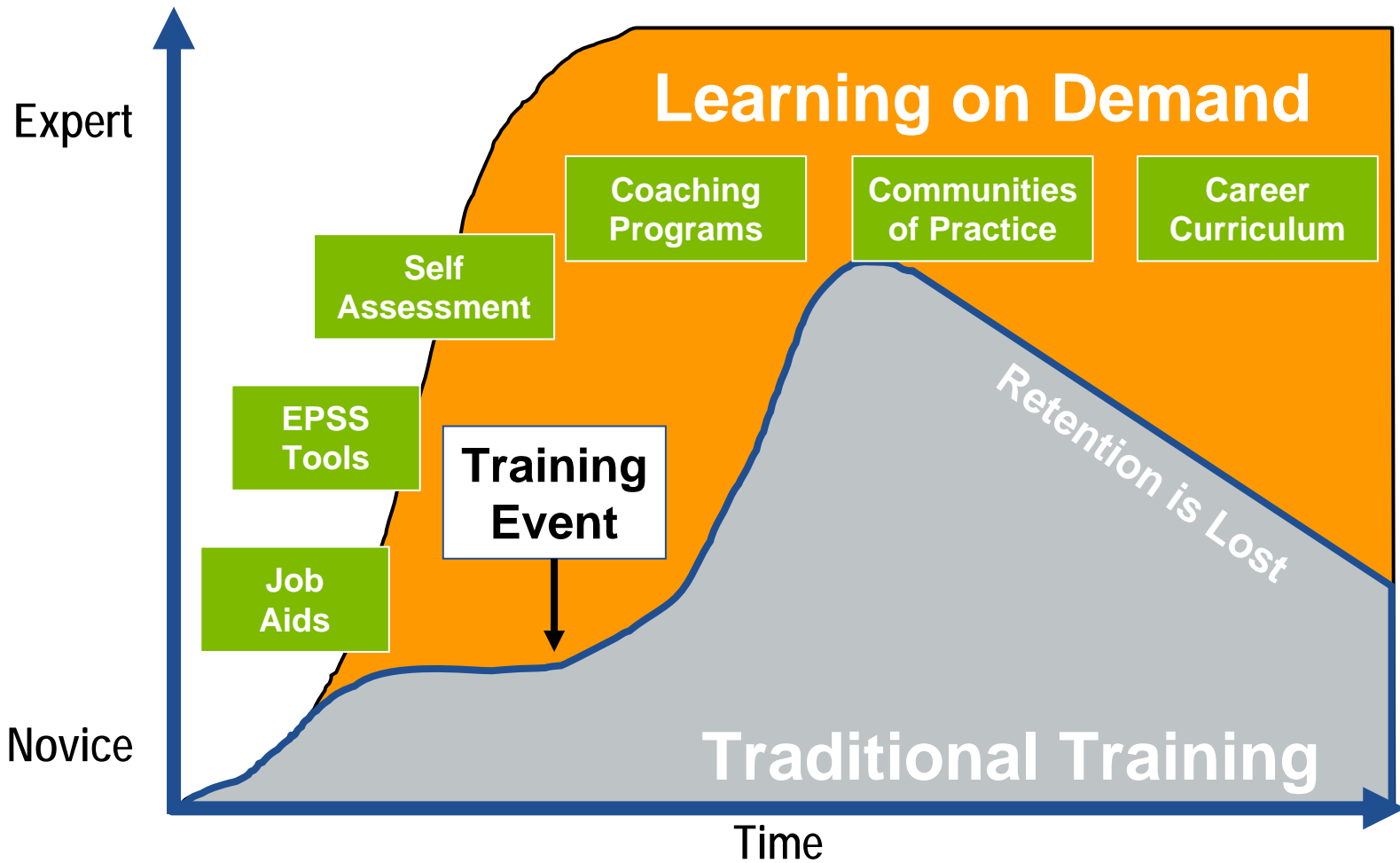


Addressing The New Workforce

Demographic Group	Born: Age Range	Values, Traits, Characteristics	Learning Styles
Traditionalists	1928-1945 (61+ years old)	Hierarchical, loyal to institutions, motivated by financial rewards and security	Traditional, instructor-led, reading, homework <i>“teach me”</i>
Boomers	1946-1964 (42-60 years old)	Idealistic, competitive, striving to achieve	Traditional, group effort, expert-driven, self-driven, <i>“lead me to information”</i>
Generation X	1966-1980 (26-41 years old)	Self-reliant, willing to change rules, tribal and community oriented	Team-driven, collaborative, “wisdom of crowds,” peer-to-peer <i>“connect me to people”</i>
Millenials	1980-2000 (6-26 years old)	Confident, impatient, socially conscious, family centric, technology savvy	Give context and meaning, make it fun, search and explore, entertain me <i>“connect me to everything”</i>

Innovative Approaches to Learning

Supports the Talent Development Process and Appeals to GenX Learners



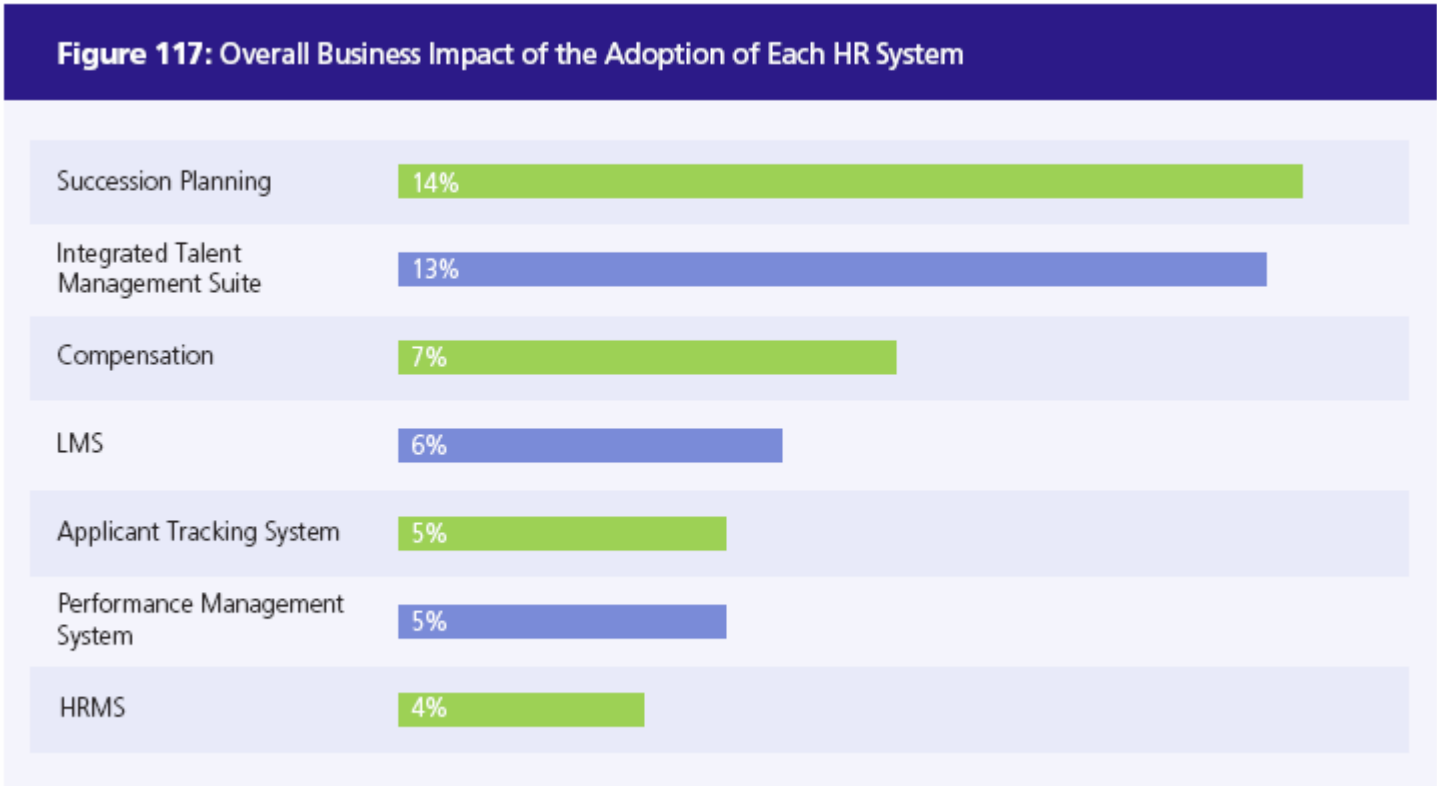
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7. Impact of HR Systems: The Truth

Process Improvements, not Software, Drive Impact



Source: Bersin & Associates, 2007.

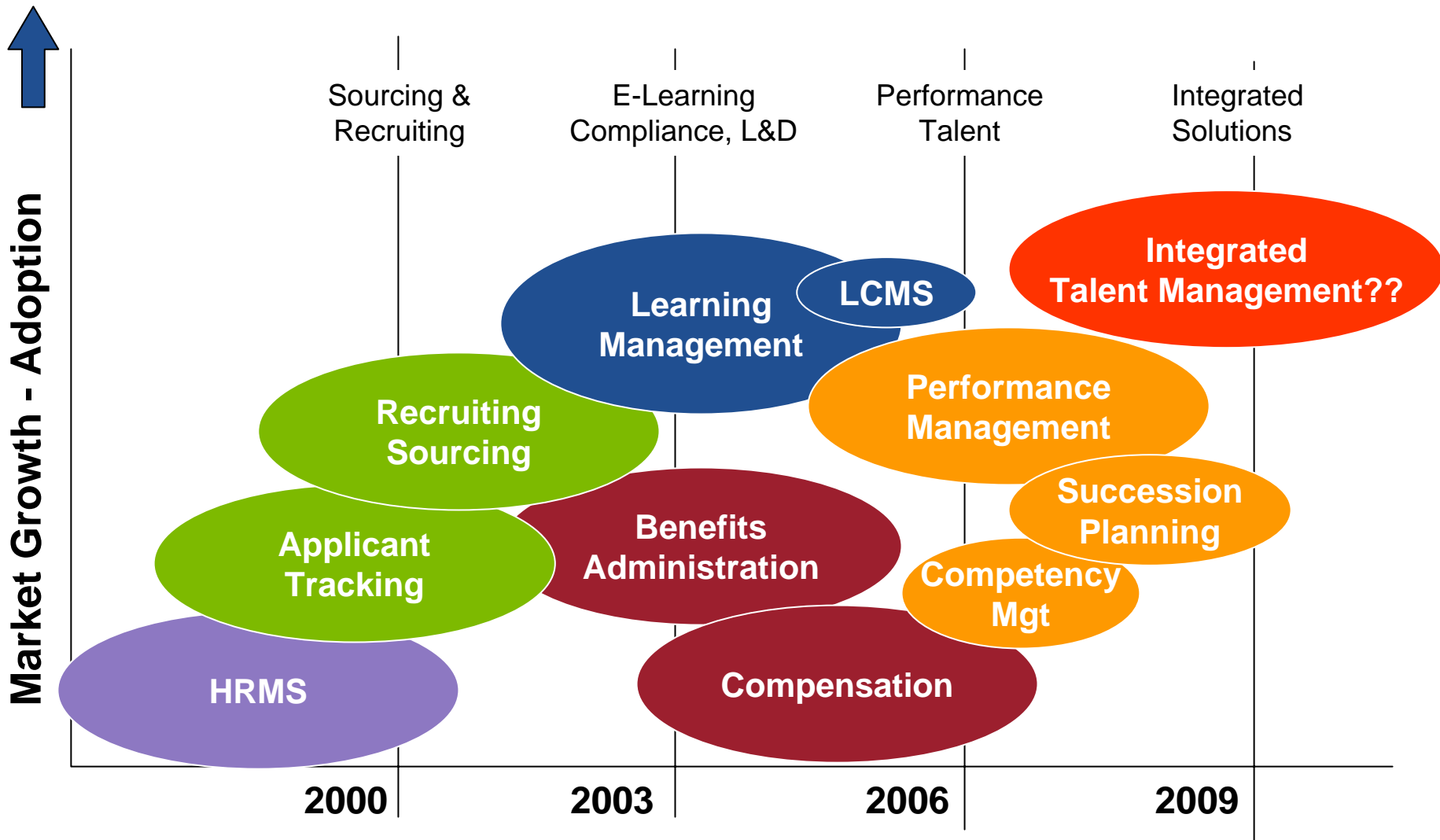
No HR Systems come close to delivering impact at levels of the top 22 processes

Vendor HR Systems vs. In-House

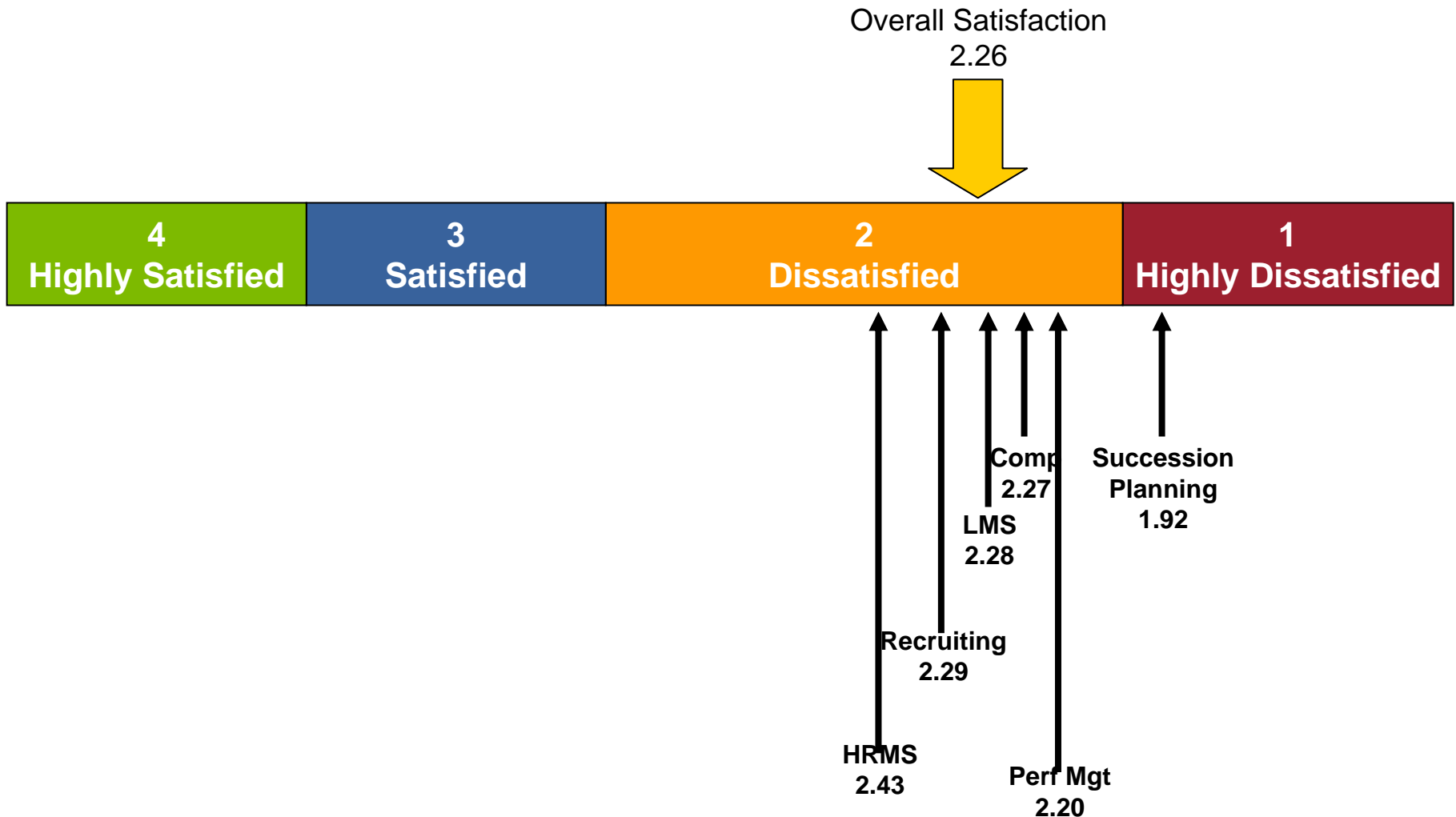
It takes 2-3 years to fully realize benefits of HR systems

- Organizations with automated performance management systems have **14% higher impact** than those with paper-based systems
- However organizations with home-grown performance management software have **9% higher impact** than those with vendor solutions
- Organizations with vendor solutions see benefits over their in-house system after **2.4 years**
- **Even with the best design, governance and change management processes, it will take you 2-3 years to fully implement and integrate a new HR system into your organization**

Evolution of HR Systems



Satisfaction with HR Systems



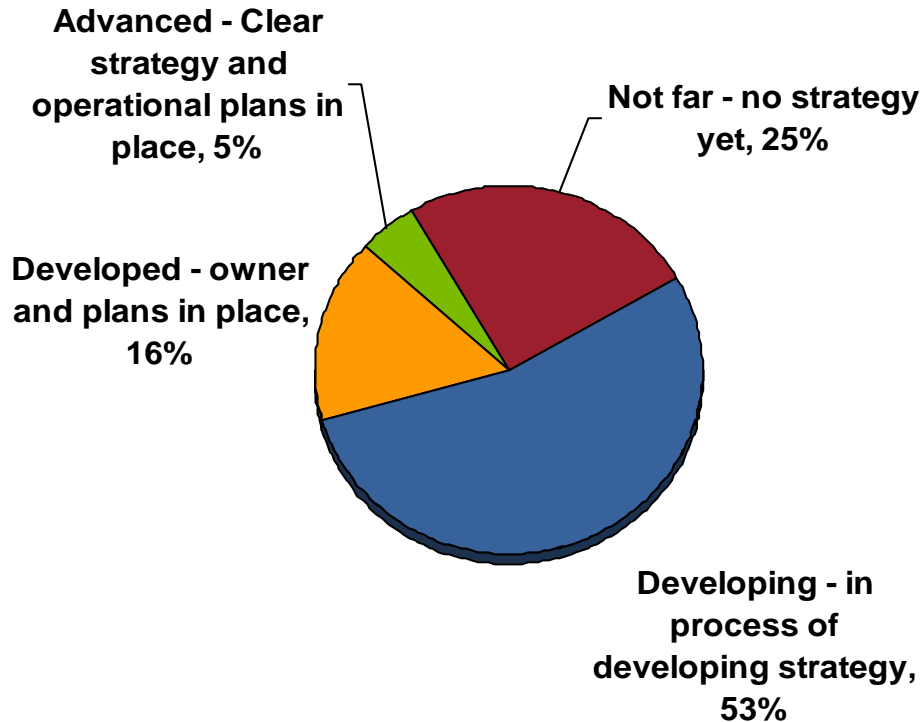
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Talent Management Still Very New

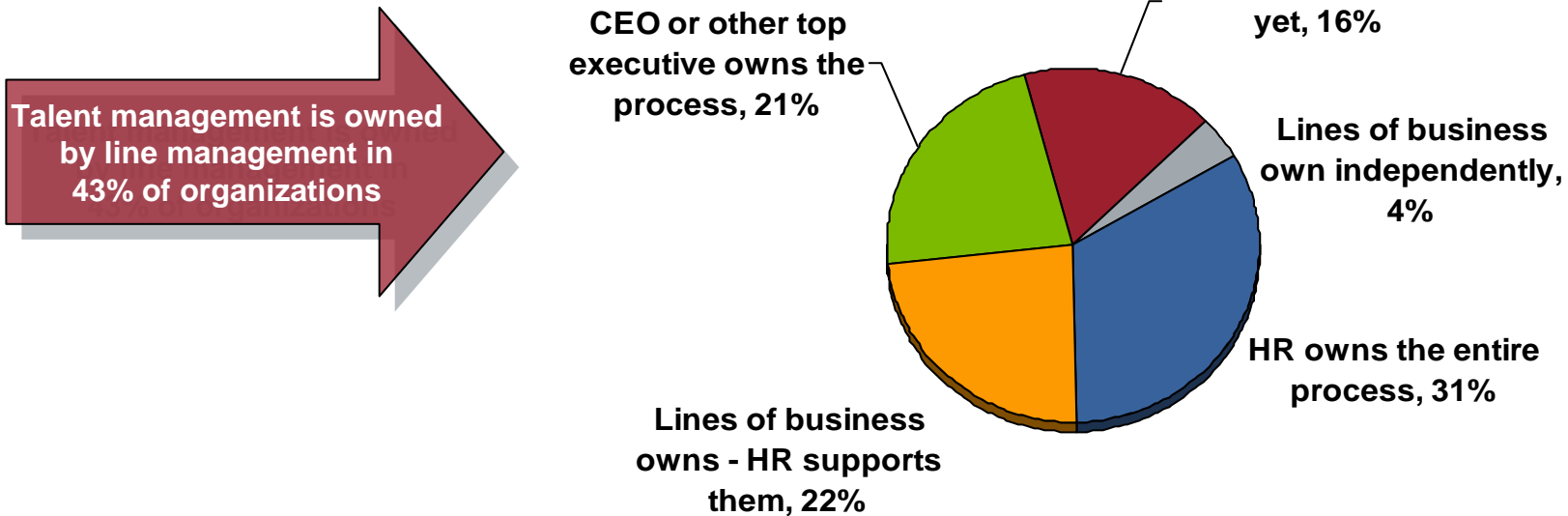
What Stage are you in your talent management strategy?

Only 21% of Organizations have Talent Management Strategies in place



Ownership: Business or HR?

Who leads and owns the overall strategy?



Business Alignment is Critical

All Business Challenges have underlying talent challenges

Talent Governance Model:	CEO or top executive owns process	HR owns and manages the process	Lines of business own, HR supports	Lines of business own independently
Leadership Development	+14%	-7%	Average	-22%
Performance Management	+6%	-5%	-9%	-26%
Hiring the best people	+8%	Average	-4%	-24%
Creating a performance-driven culture	+11%	-12%	+6%	+8%
Creating high levels of engagement and retention	+19%	-7%	-6%	-9%
Impact of all 16 Talent Processes	+ 7%	+ 2%	+4%	-2%

For More Information

- High Impact Talent Management®

- www.berstin.com/hitm
- www.berstin.com/top22

- Competency Management

- www.berstin.com/competencies

- Coaching

- www.berstin.com/coaching

- Research Membership

- www.berstin.com/membership

- Contact us: (510) 654-8500

