

Competing through People: Put Strategy First Not People

or . . .

Building a Strategy-Capable Organization



A photograph of four people standing in a line against a white background. From left to right: a man in a blue striped shirt, a man in a grey striped shirt, a woman in a purple long-sleeved shirt, and a woman in a black long-sleeved shirt. All four individuals are looking back over their right shoulders towards the camera. A semi-transparent grey rectangular box is overlaid across the middle of the image, containing the text.

People are **NOT** your
most important asset

A silhouette of a person in a suit stands on the left side of the slide. The background features a bar chart with blue bars of increasing height from left to right, and a faint world map. The text is centered over the chart and map.

“Talent issues are at the heart of our rapidly changing world economy and will continue to present formidable challenges to business leaders.”



A photograph of four diverse business professionals standing in a row against a white background. From left to right: a man in a blue striped shirt looking left, a man in a grey striped shirt looking forward, a woman in a purple top looking right, and a woman in a black top looking right. A semi-transparent grey box is overlaid across the middle of the image, containing the title text.

A Strategic Approach to Talent

Top 10 signs that you are **NOT** taking a strategic approach to talent

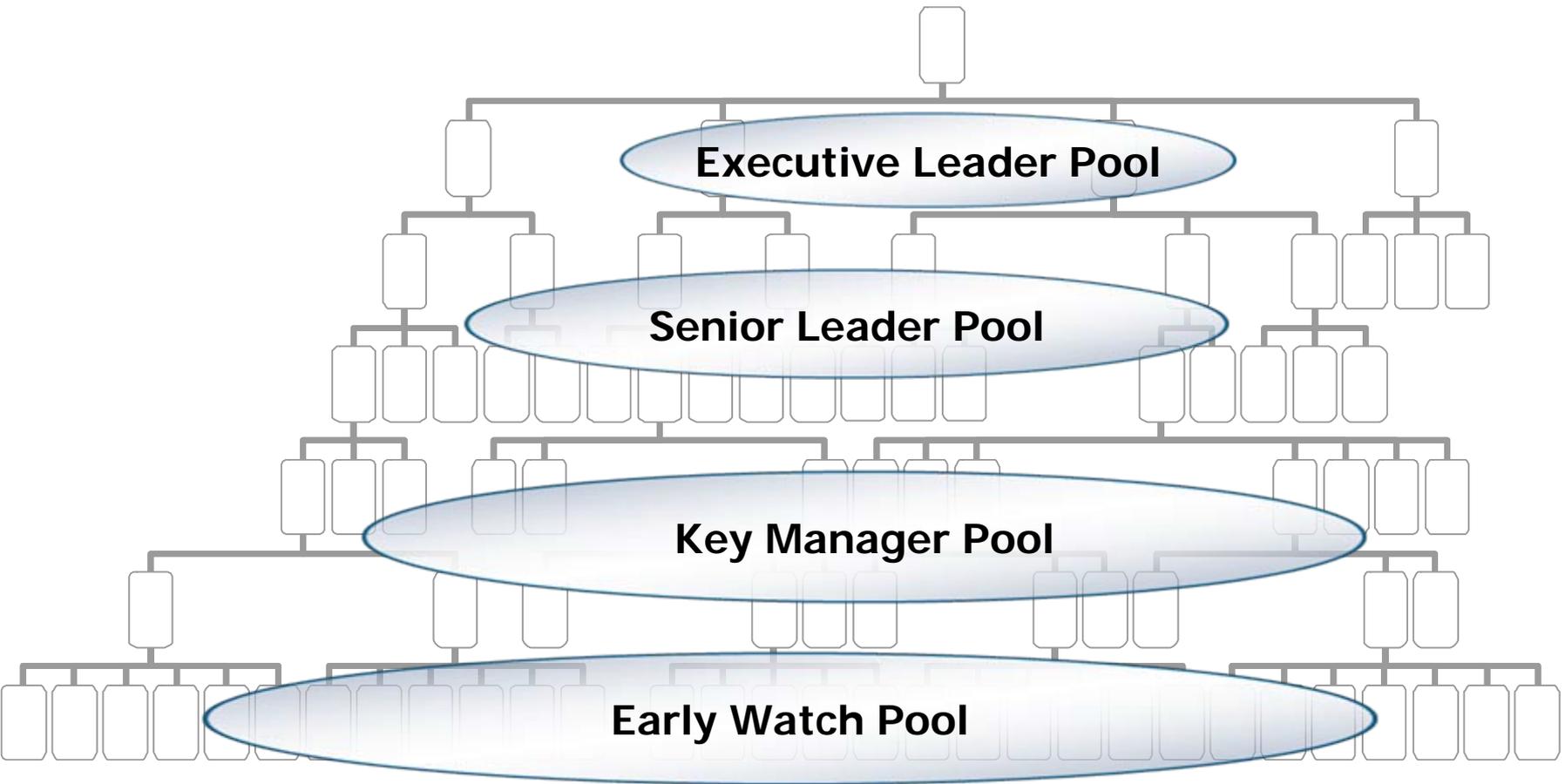
1. No one can describe the link between talent and the strategy
2. Your company says it has an “Employees First” strategy
3. Executives are not held accountable for managing talent
4. Competency models are not strategy or high-performance focused
5. Don’t selectively invest in high-value employees
6. HR spends the most time on recruiting and employee relations
7. Poor performance is tolerated
8. You use a “Peanut Butter” approach to compensation
9. Training & Development is all “T” and no “D”
10. HR says employees are their customers

Strategy Driven Organization DevelopmentSM



Talent has value only if it makes a difference in executing the strategy

Building a Strategy-Capable Organization



Building Organization Muscle

A pipeline of promotable or expandable talent that is future-focused and aligned with strategy

Strategic Talent Management



Keys to Building Organization Muscle

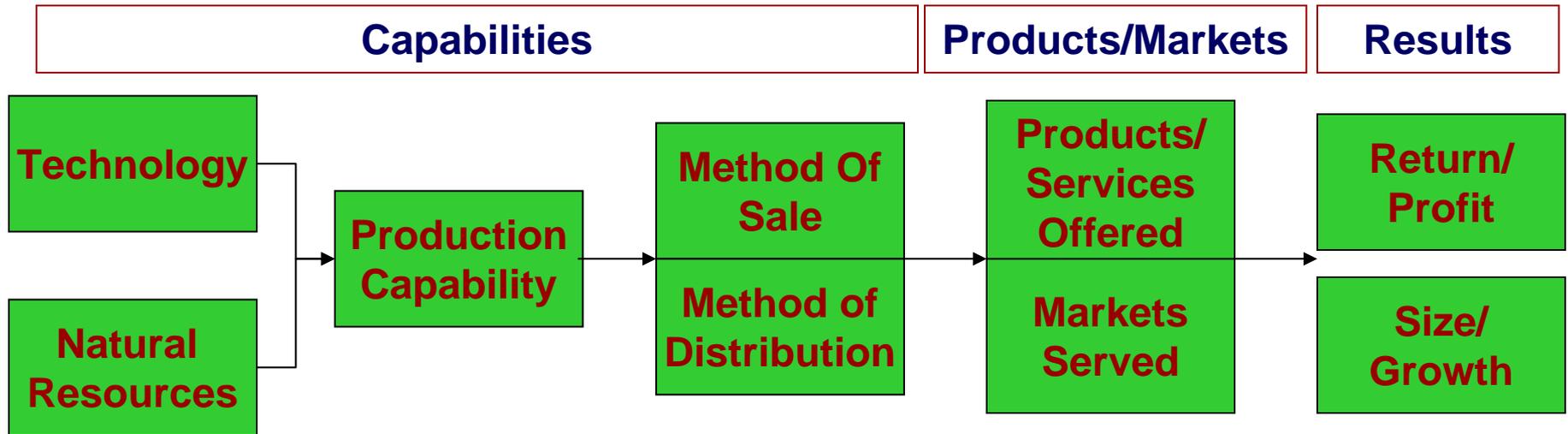


Strategy Driven Organization DevelopmentSM



Put Strategy First, Not People

Business Strategy – Driving Force



Adapted from Tregoe and Benjamin, 1980

Driving Force: How organizations exert influence in the market

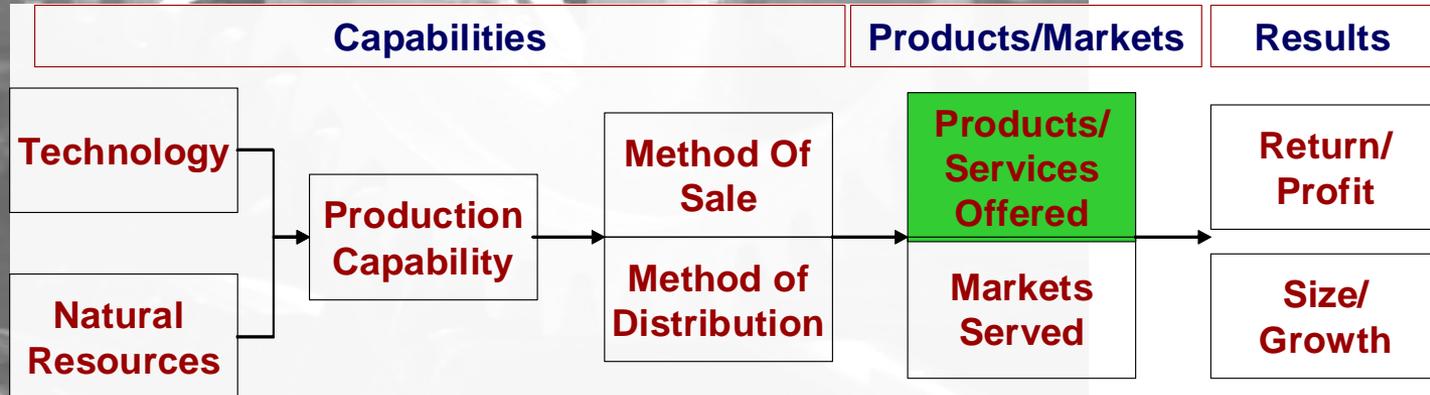
Different Driving Forces *demand* different organizations

Manufacturing Case Study - Strategy

- **Slow Growth**
- **Declining Margins**
- **Mature Markets**
- **Domestic**
- **Relationship Selling**
- **Increased Competition**



Manufacturing Case Study - Strategy



- **Driving Force: Products and Services Offered**
 - Development, promotion, and delivery
 - New products
 - Value-added services

Strategy Driven Organization DevelopmentSM



The ABC's of Roles

A Positions

- Direct strategic impact
- Create growth & value
- Mistakes are very costly and impact revenue

Pivotal Roles

B Positions

- Indirect strategic impact
- Support growth & value creation
- Mistakes are costly

Enabling Roles

C Positions

- Very indirect strategic impact
- Support business process
- Not necessarily costly

Business Necessity

**All jobs are important
Not all jobs are Pivotal**

Adapted from Huselid, Becker, & Beatty. HBR, December 2005

Manufacturing Case Study - Demand

Create a Growth Infrastructure

- New Products and Services
- Value Marketing and Pricing
- Team-Based Consultative Selling
- Margin Improvement



Manufacturing Case – Pivotal “A” Roles?

Create the Growth Infrastructure

- Product Development
- Sales & Marketing
- Product Management
- Order Fulfillment Value Stream



Organization Demand – Competencies

Non-Profit Healthcare Case Study

Predictable Funding
Non-Profit
Consistency



Fee for Service
Cost Reduction
Outcome-Based

Past

Future

- Tactical
- Traditional hierarchy
- Clinician
- Technical Knowledge
- Department Manager
- Certainty

- Strategic
- Collaboration
- Generalist
- Business Acumen
- Team Player
- Ambiguity

Strategy Driven Organization DevelopmentSM



Building Organization Muscle



Talent Assessment Tools



Tool	Validity	Reliability	Face Validity	Utility
Manager Assessments			✓	
Testing	✓	✓	✓	✓
Assessment Centers	✓	✓	✓	✓
Organization Capability Assessment	✓	✓	✓	✓

Reliability of Manager Assessments



6,000 leaders evaluated by two bosses

- 80% rated above average
- 15% rated “outstanding” by one boss
 - 2nd boss disagreed 62% of the time
- 17% rated “average” or lower
 - 2nd boss disagreed 39% of the time



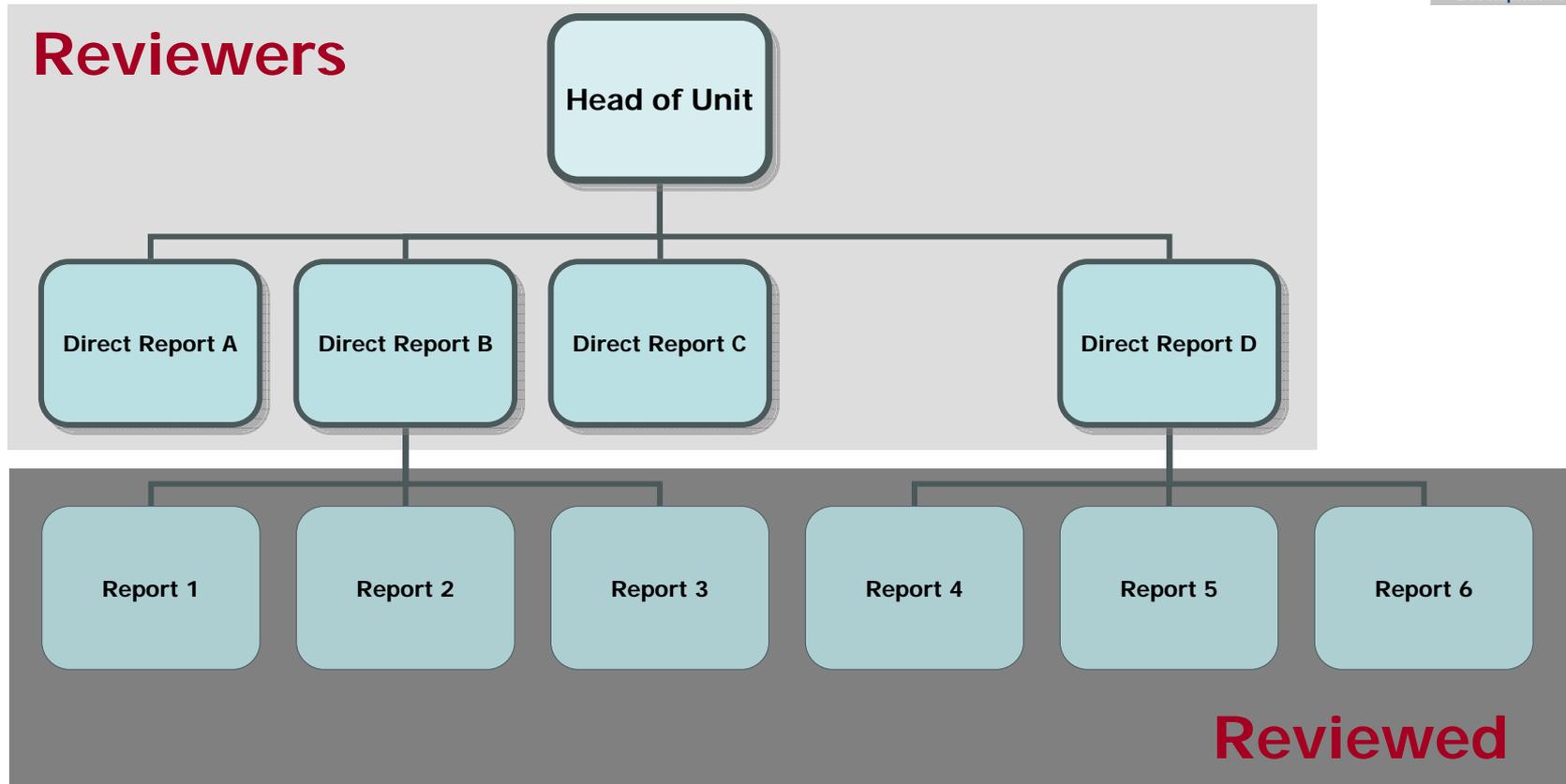
Organization Capability Assessment

- “. . . honest and open conversations about performance and potential.”
- “. . . honest assessment of talent capabilities and gaps through **robust talent reviews.**”

Hewitt Associates, Talent Management Magazine 2009



Talent Reviews

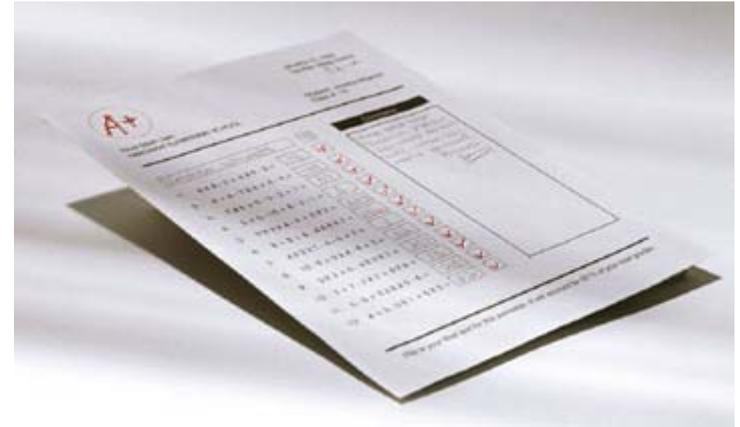


- Facilitated, objective, candid discussions
- Observations from multiple sources
- Critical leadership behaviors

Talent Assessment



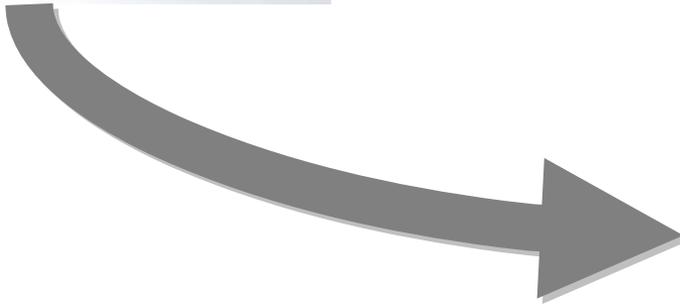
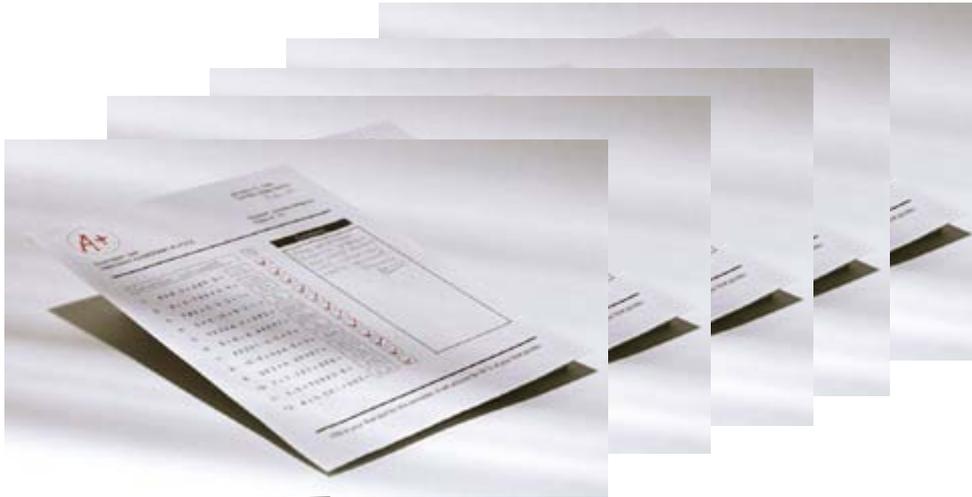
- Strengths
- Development Needs
- **Performance Effectiveness**
- **Growth Potential**
- Opportunities, Back Up, Succession
- Turnover Risk
- Turnover Impact
- Next Position Readiness



Organization Capability



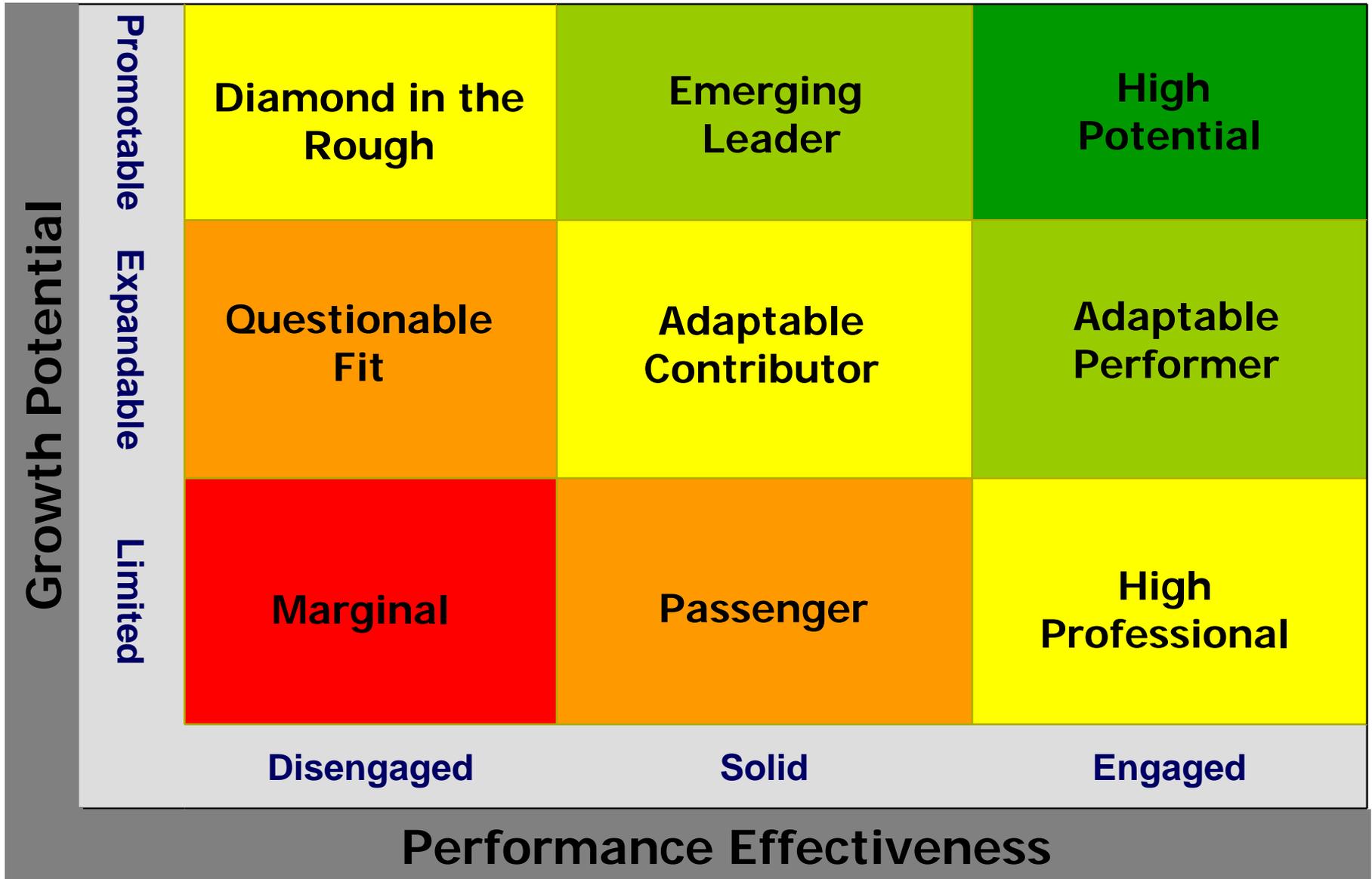
Talent Assessments



Organization Capability

Growth Potential	Promotable	C	B	A
	Expandable	D	C	B
	Limited	E	D	C
		Disengaged	Solid	Engaged
		Performance Effectiveness		

Organization Capability Assessment



“Top Grading” Talent

“Not everybody is created equal, and it’s important for companies to identify those high potentials and treat them differently, accelerate their development and pay them more. That process is so incredibly important to developing first-class leadership in a company.”

Anne Mulcahy
Chairwoman and Chief Executive Officer
Xerox Corporation
On what she learned as Global Head of HR

New York Times, 3/22/2009

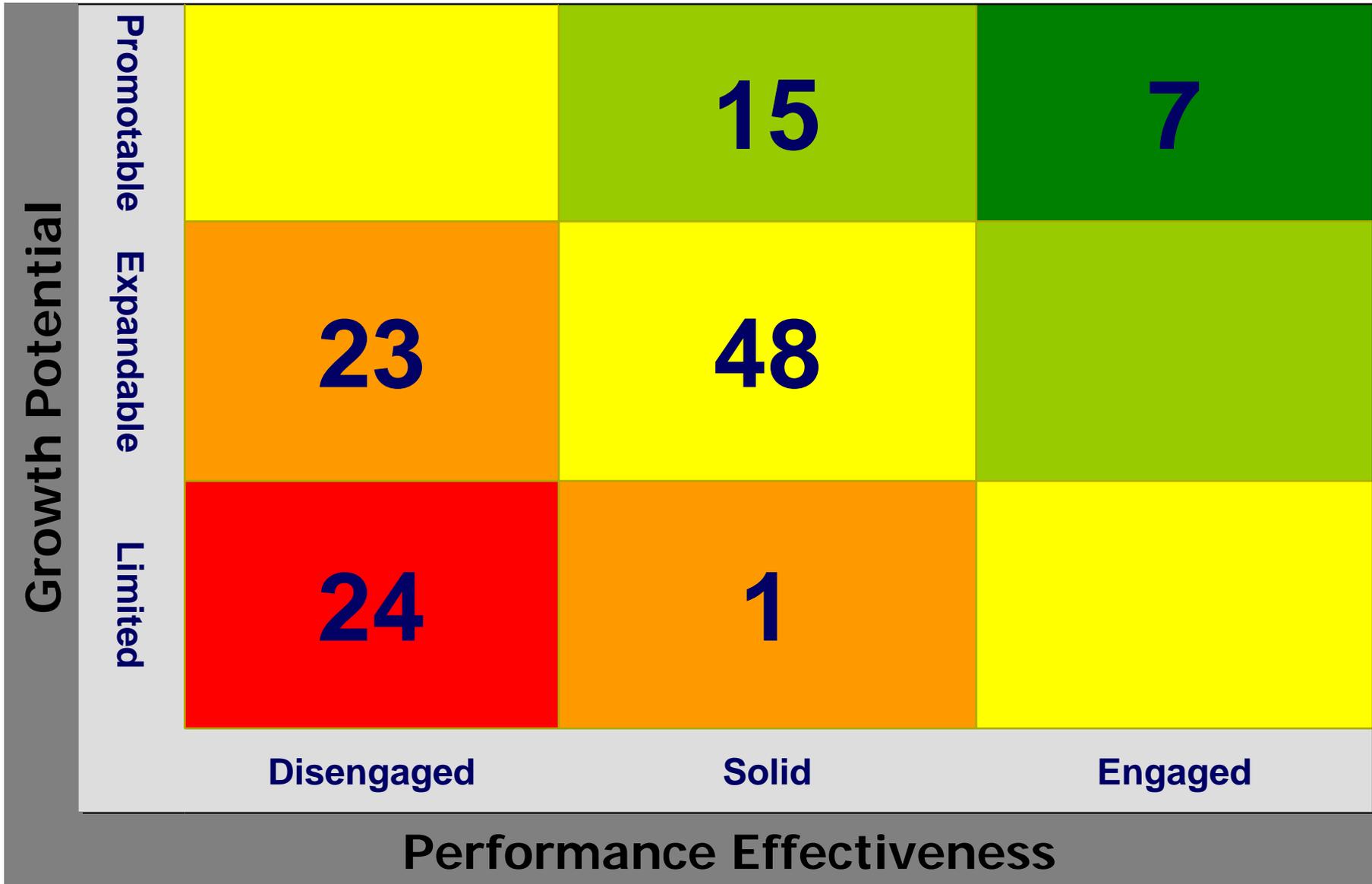
Building Organization Muscle



Strategy Driven Organization DevelopmentSM



Capability Assessment - Manufacturing Case

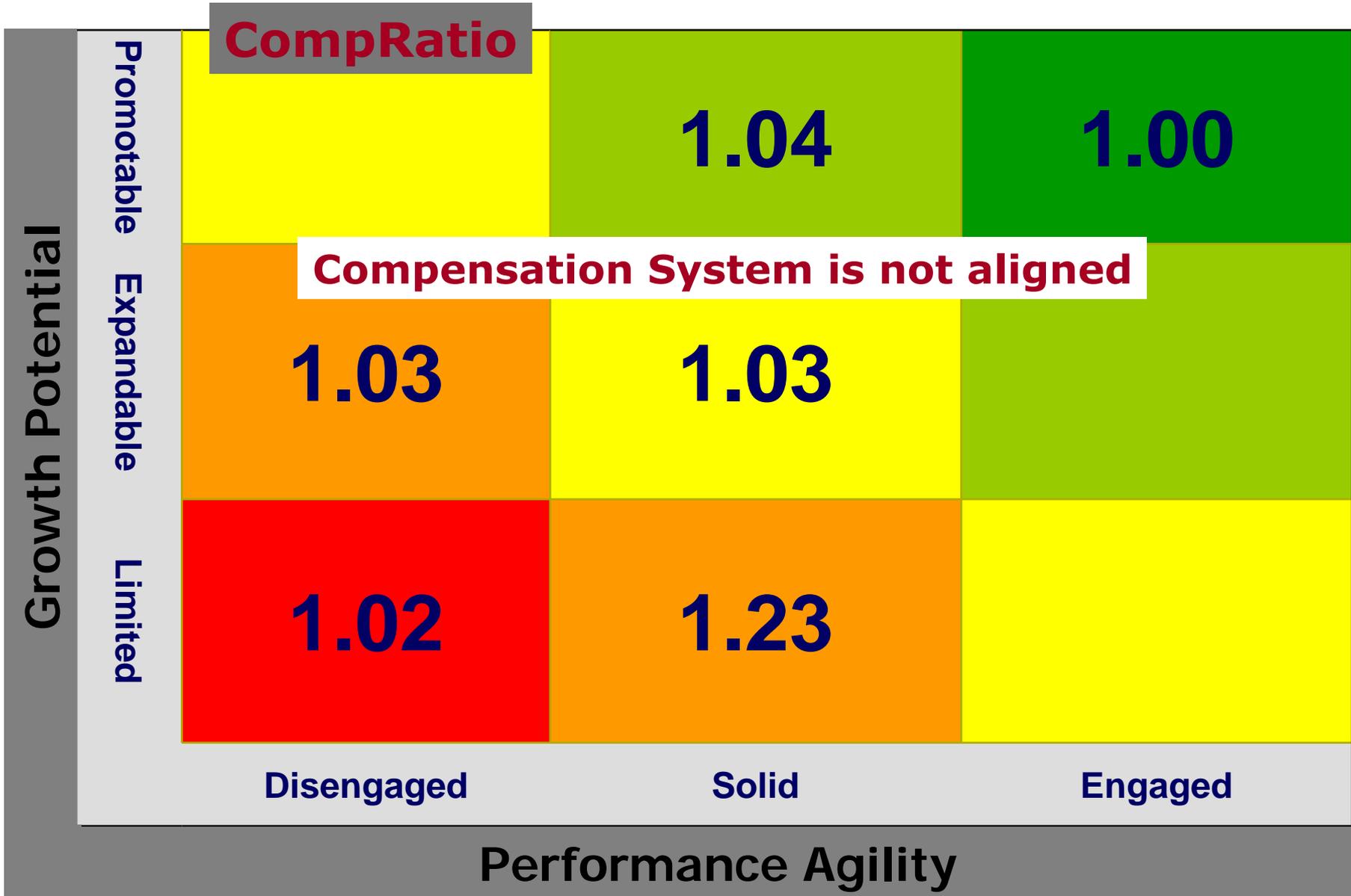


Building Organization Muscle

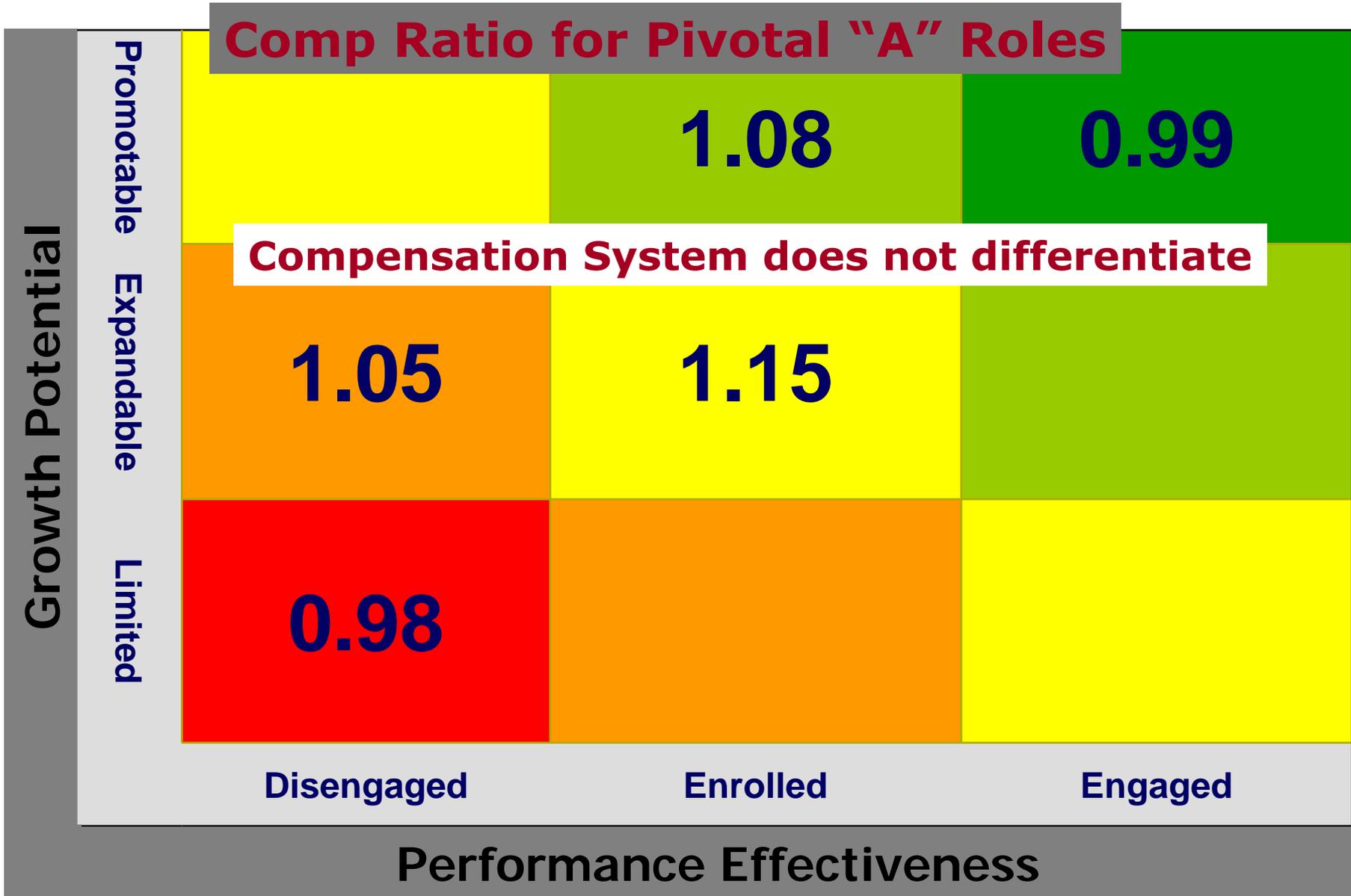


Consistency & Effectiveness

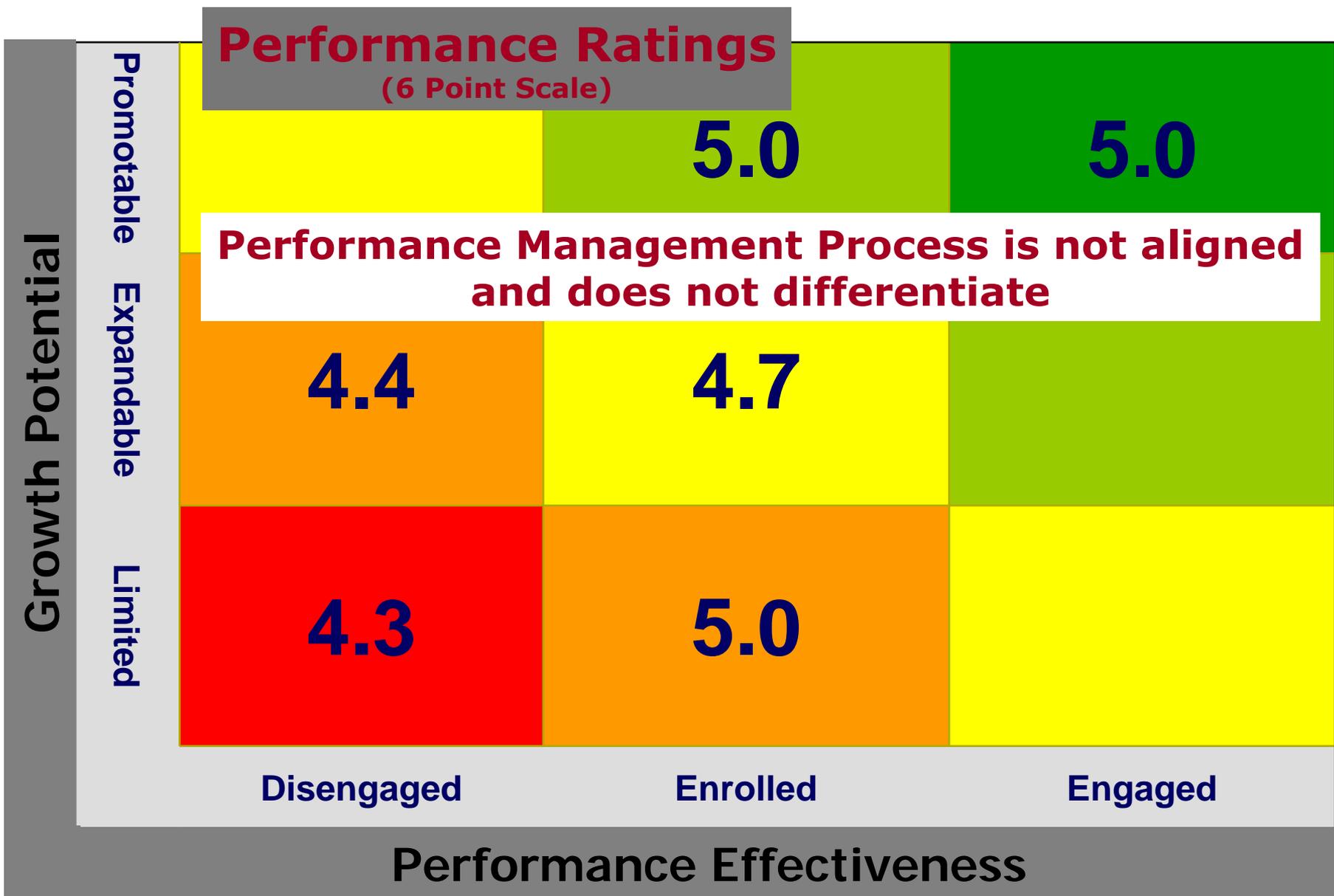
Capability Assessment - Manufacturing Case



Capability Assessment - Manufacturing Case



Capability Assessment - Manufacturing Case



Organization Development Plan

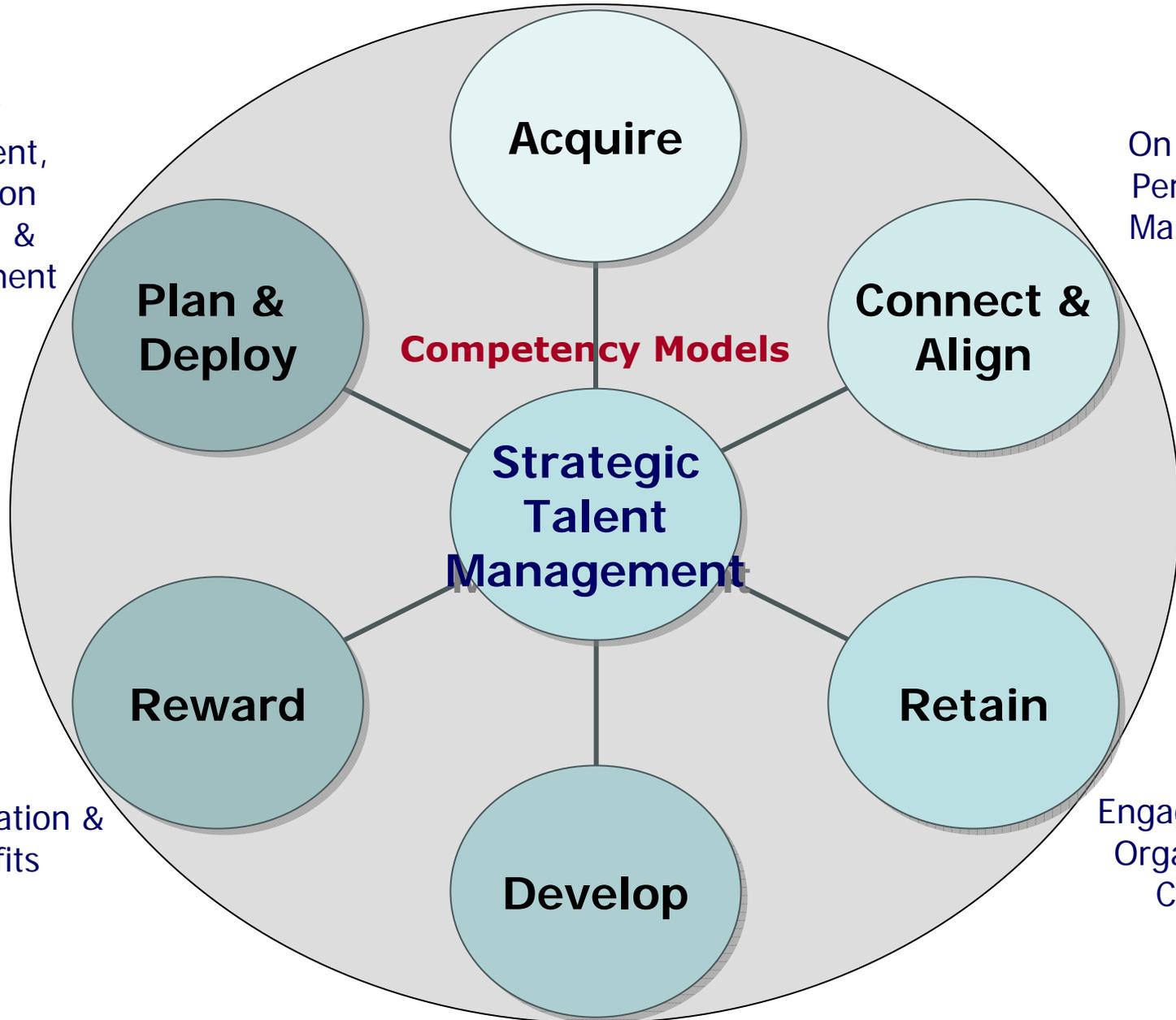
- “Best practice organizations . . .
 - go beyond recruiting-based plans . . .
 - an integrated action plan . . .
 - 4 - 5 most effective talent management changes to close strategic gaps”

Corporate Executive Board 2007

Source, Select, Attract

Talent
Assessment,
Succession
Planning &
Measurement

On Boarding,
Performance
Management

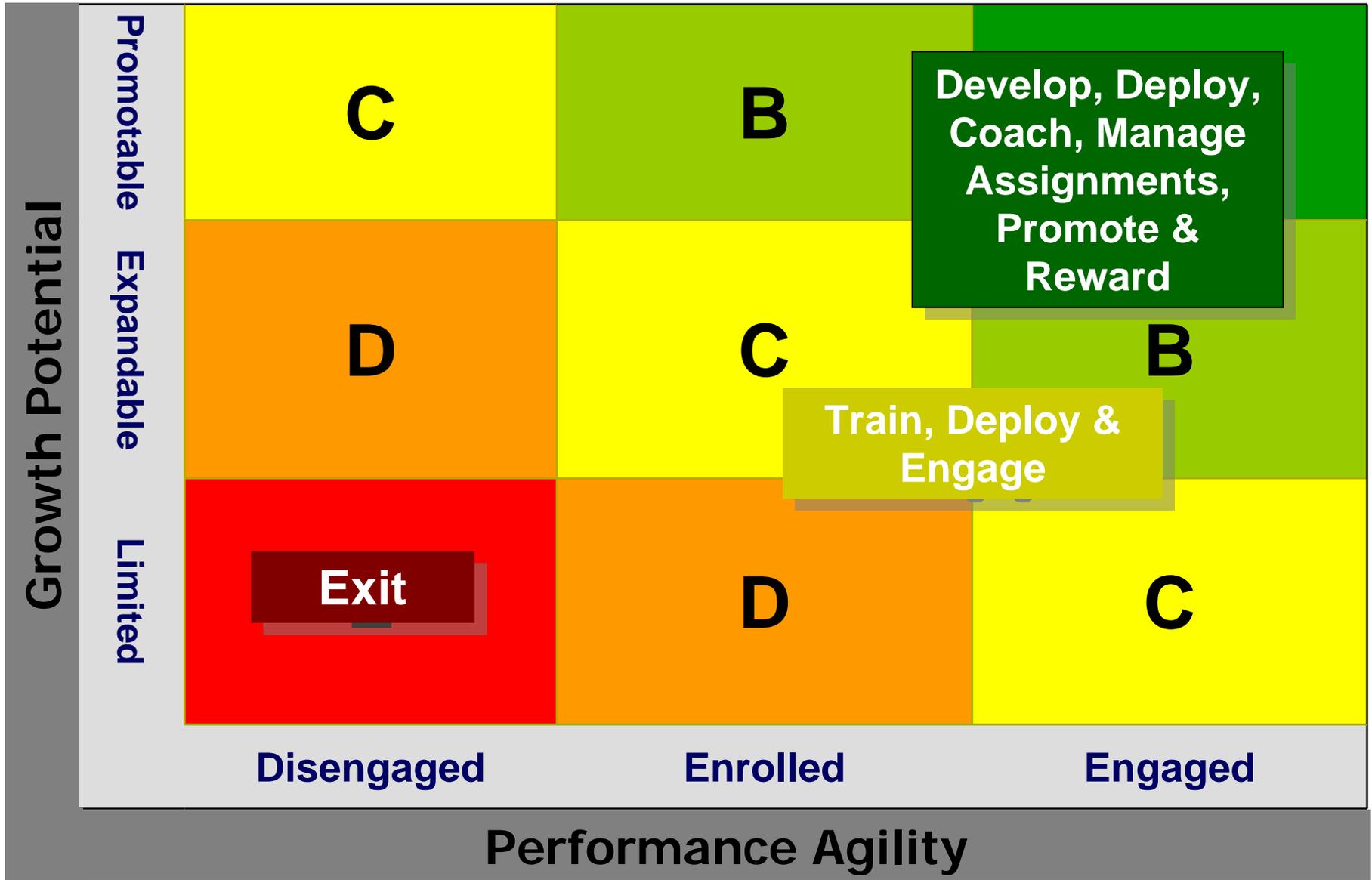


Training & Development

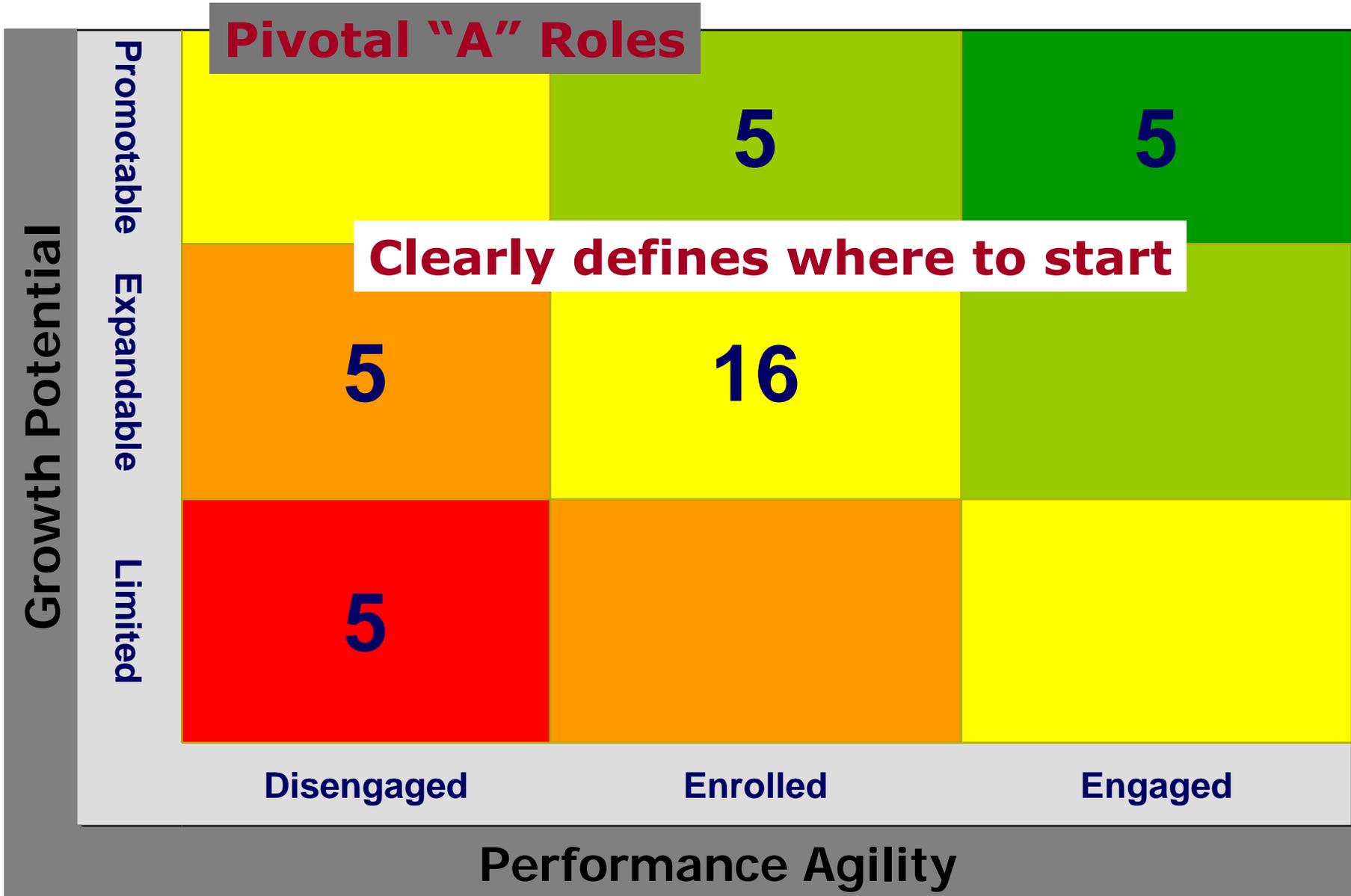
Compensation &
Benefits

Engagement &
Organization
Culture

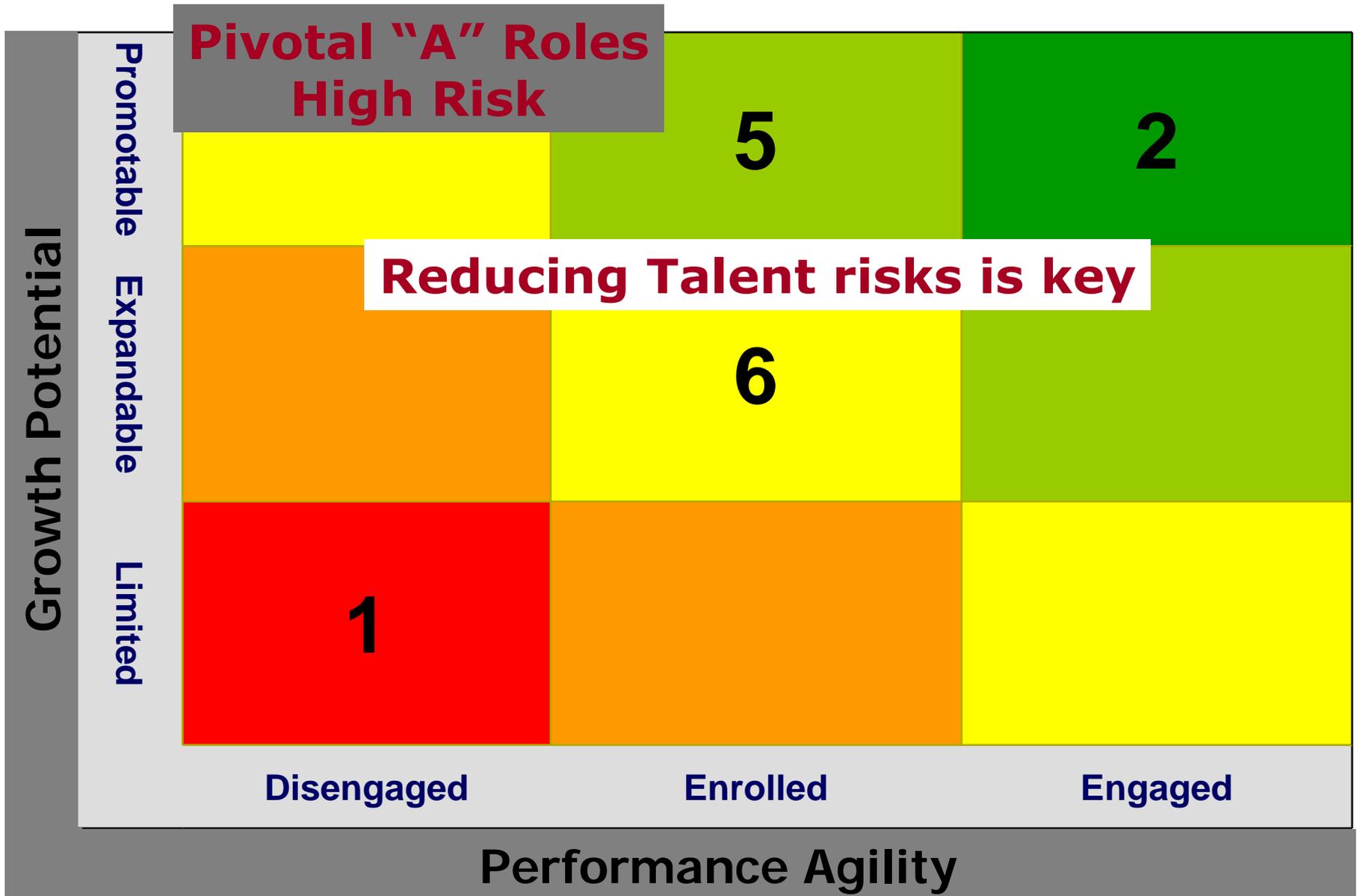
Organization Development Plan



Capability Assessment - Manufacturing Case



Capability Assessment - Manufacturing Case



Talent Priorities

Growth Potential	Promotable	C	B	A
	Expandable	D	C	B
	Limited	E	D	C
		Disengaged	Solid	Engaged
		Performance Effectiveness		

1. Remove D & E (maybe C) Players from Pivotal Positions
2. Get A Players in Pivotal Positions
3. Assure A & B Players are challenged, valued and rewarded
4. Develop B Players in Pivotal Positions
5. Keep C Players aligned and competitive
6. Exit E Players
7. Address D Players

Differentiated Talent Strategies

Position

	A	B	C
Staffing	Never wait Planned Back-Up Retained	Wait for a vacancy Contingency	Why fill? Electronic
Pay	Above Market At Risk Bonus	Market At Risk Increase	Market Market Increase
T&D	Lots of D	Lots of T	Some T

Adapted from Huselid, Becker, & Beatty. HBR, December 2005

Building Organization Muscle



- **High Performing Organizations**
 - Can demonstrate that talent management efforts are successful
 - Have specific talent measurement strategies or scorecards in place

Talent Management Measurement Pulse Survey

April 2010



Measurement & Tracking

Time 1

Organization Capability Assessment

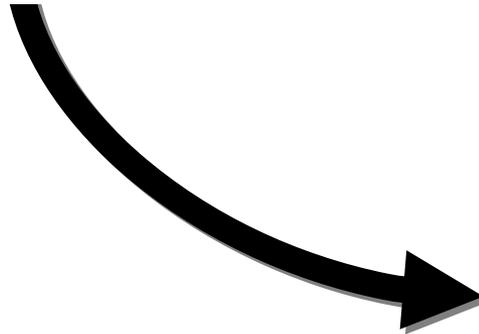
Growth Potential	Promotable	Diamond in the Rough	Emerging Leader	High Potential
	Expandable	Questionable Fit	Adaptable Contributor	Adaptable Performer
	Limited	Marginal	Passenger	High Professional
		Disengaged	Solid	Engaged
		Performance Effectiveness		

- Investment
- Return/Impact

Time 2

Organization Capability Assessment

Growth Potential	Promotable	Diamond in the Rough	Emerging Leader	High Potential
	Expandable	Questionable Fit	Adaptable Contributor	Adaptable Performer
	Limited	Marginal	Passenger	High Professional
		Disengaged	Solid	Engaged
		Performance Effectiveness		



Other Metrics



- Internal placement rate
- “A” Player separation rate
- Ratio of “A” Players to “C” & “D” Players
- % Pivotal Roles with ready backup
- % High Potentials with development plans
- New hire capability matrix (Quality of hires)
- Retention by talent pool
- Quality of talent pools
- Employee Engagement

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People are **NOT** your
most important asset



**The Right People in the
Right Roles doing the
Right Things at the
Right Cost are your
most important asset**



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