

# INTELLIGENCE

**Only 48 percent of HR professionals agree that their organizations are effective at aligning employee development with the company's business objectives.**

/TALENT MANAGEMENT/

## Falling Short

A development study shows that many companies have a ways to go.

By Eva Kaplan-Leiserson

JUST 48 PERCENT of HR professionals surveyed recently by the Society for Human Resource Management agree that their organization effectively identifies employees' development needs. Only 52 percent agree that the organization is effective in helping employees develop.

In addition, only 49 percent of the HR professionals agree that their organization effectively identifies high-potential employees, while only 44 percent agree that the organization is effective in helping those high-potential employees develop.

And—in this time when HR and workplace learning professionals are trying to gain a “seat at the table”—only 48 percent of the HR professionals agree that their organization is effective at aligning employee development with the company's business objectives.

When the numbers are all around 50

percent, is the glass half-full or half-empty? This editor would propose the latter. Those results, from a survey of 248 people who were randomly selected from SHRM's membership, show that there is much work to do. If HR professionals don't believe that the job is getting done, then how can executives, employees, or customers?

The respondents to the SHRM study reported that 65 percent of organizations often assign employee development opportunities informally (as opposed to effectively identifying needs, identifying high-potential employees, effectively developing employees, and aligning development with business goals). And most organizations still don't collect ROI data for any of the development methods. However, those that do consistently demonstrate a positive ROI no matter what method is used (see top chart).

According to SHRM the highest ROI

comes from apprenticeships/internships (20 percent of companies reporting positive ROI), formal coaching (18 percent), and leadership training (18 percent). However, those methods probably also better lend themselves to collecting ROI, SHRM says, because the costs are measurable and the outcomes tangible.

Only 57 percent of organizations are using apprenticeships or internships, which SHRM found surprising given the methods' high ROI. Apprenticeships are deemed by SHRM as cost-effective and low-risk methods of identifying people with high potential. Formal coaching is used by only 55 percent of organizations, despite its high return-on-investment.

### Diversity initiatives

SHRM's survey also examined diversity development efforts. The top methods companies use to reach out to women and racial or ethnic minority groups are development planning (29 percent

## Employee Development Methods and Their ROI

	Use	Positive ROI	Negative ROI	No Analysis of ROI
Training other than leadership training	84 %	17 %	3 %	81 %
Cross-functional training	80 %	16 %	1 %	83 %
Leadership training	71 %	18 %	3 %	78 %
Development planning	70 %	15 %	1 %	84 %
Apprenticeships/internships	57 %	20 %	2 %	78 %
Formal coaching	55 %	18 %	1 %	81 %
“Stretch” assignments	47 %	9 %	2 %	89 %
Executive task forces	47 %	14 %	3 %	83 %
Leadership forums	44 %	17 %	2 %	82 %
Formal identification of high-potential employees	40 %	14 %	3 %	83 %
Formal succession planning processes	35 %	13 %	5 %	82 %
Job rotation	30 %	15 %	3 %	82 %
Formal career mentoring (internal)	25 %	11 %	5 %	84 %
Job sharing	25 %	8 %	7 %	85 %
Formal career mentoring (external)	10 %	10 %	1 %	89 %

Source: Adapted from SHRM/Catalyst Employee Development Survey Report

## Employee Development Methods for Specific Groups

	Women	Racial/Ethnic Minorities
Development planning	29 %	29 %
Apprenticeships/internships	26 %	26 %
Leadership training	25 %	25 %
Training other than leadership training	25 %	25 %
Cross-functional training	25 %	25 %
Formal identification of high-potential employees	20 %	21 %
Formal coaching	17 %	18 %
Formal succession planning processes	17 %	17 %
Executive task forces	17 %	15 %
“Stretch” assignments	17 %	16 %
Leadership forums	16 %	15 %
Formal career mentoring (internal)	14 %	13 %
Job rotation	13 %	12 %
Job sharing	9 %	8 %
Formal career mentoring (external)	3 %	2 %

Source: Adapted from SHRM/Catalyst Employee Development Survey Report

each), apprenticeships or internships (26 percent each), and leadership training (25 percent each). Formal career mentoring seems to be underused (14 percent for women and 13 percent for minorities). SHRM suggests this is an important area for improvement.

### Conclusions

What are the nuggets of wisdom we can draw from this research? SHRM proposes that more organizations

may need to institute formal succession planning processes and career mentoring programs that include women and minorities, in order to increase their representation in management levels.

Also, when organizations aren't confident that they are effectively identifying employee development needs, SHRM says, HR (and workplace learning professionals) can step in to work with managers to determine those needs.

**MORE**/search on “Employee Development” at <http://shrmstore.shrm.org/shrm>

**/BIZZ—THE BUZZ ABOUT SMALL BUSINESS/**

## You Don't Have to Be Big to Be Good

By Skip Corsini

EVERY YEAR, business journals across the United States come out with lists of the best places to work in their local areas. We can learn a lot from companies that meet the criteria. In great places to work, smart leaders attract, retain, and develop their people; keep them engaged over the long haul; and then reap the rewards. Those companies realize that success is entirely dependent upon the intellect, creativity, dedication, and integrity that their people display daily.

Here is the formula for all to see: A motivated workforce stays with you and creates a motivated customer base, which will also stay with you.

For most business owners and managers, the formula is both simple in principle and a disturbing challenge. At any one time, studies say, 25 percent of your employees and, by association, 25 percent of your customers are at risk—fully prepared to jump ship. I am the father of four fine children and can say from experience that this also applies to my kids. There's always one who wants to heave overboard.

So, what's the secret? How do managers get things done *and* provide a niche for talent? How do you keep people feeling appreciated so they won't move on?

*Hint: It's not always about money.* I am an alumnus of a firm with a superb reputation in its industry, a generous pay scale, and a turnover rate greater than a penny slot machine. People can't wait to leave. Just like 25 percent of my kids.

Nor is the answer a laissez-faire management style, free beer on Fridays, and birthdays off. Good people are achievers. When they are "on" they will work harder than the worst boss could expect. In fact, you'll have to hose them down once in a while.

Here are some ideas to keep your people "on" for little or no money.

- Provide the right tools and resources.

Let your people tell you what's right.

- Make new hires and old ones feel welcome, with sincerity. As in courtship, we tend to let up after the initial excitement. Keep the fires burning.

- Spruce up the office. Put some stuff on the walls. Take care of the place.

- Say "thank you" over and over, in different and genuine ways.

- Make sure that the people at the bottom have direct lines of communication to the top. If not, you might as well change that at-risk figure to 50 percent.

- Route out incompetent people, especially managers. Hire for a positive attitude and then train for skills you need.

- Give new people no more than 90 days to prove there is a good match between what they do well and what you need doing. If you determine that the match isn't there, let them go right away. Any other move is mercy misplaced and will get you in trouble with the rest of your people.

- Provide a compelling vision, ambitious and achievable goals, clear expectations, and the structure people need to succeed.

- Involve your best people, at all levels, in every major decision.

- Link your employee-developed compensation plan to creation of customer value. Eliminate positions with no value. Fewer people paid more is a great concept.

Bonus philosophical throw-in: It's not what you say, it's what they hear and what you do.

Even if you only put two or three of these ideas into play, you will be far ahead of the game. Then you just have to wait for your company's name to make the list of best places to work.

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**/GLOBAL 360/**

## Scotland Invests in Computer Training

All Scottish citizens over the age of 18 will receive up to £100 to help them develop and improve their computer skills, BBC News reports. The initiative extends the benefits of the Individual Learning Account, a program that has been giving low-income learners up to £200 a year for courses.

Deputy Minister for Lifelong Learning Allan Wilson says in the BBC article, "ILA Scotland has already opened up opportunities for thousands of people on lower incomes who previously would have faced financial barriers to learning. [Now], the practical support of ILA Scotland is extended to all adults in Scotland."

Wilson reports that information and communications technology training was chosen for the universal offer because, even among those who claim basic skills in those areas, few have formal qualifications to prove their expertise.

**MORE**/[http://news.bbc.co.uk/2/hi/uk\\_news/scotland/4734103.stm](http://news.bbc.co.uk/2/hi/uk_news/scotland/4734103.stm)

**/COOL TOOL/**

## The Universal Packing List

This handy web-based application lets you input details about your upcoming trip, including dates, maximum and minimum temperatures, transportation, and so forth, and it returns a customized packing list that you can print and email. It is designed more for international travel than local, but it's still a great way to make sure you remember the necessities no matter where you're going.

**MORE**/<http://upl.codeq.info/index.jsp>

**/FROM THE BLOG/**

# The Future of Assessments

Call it assessments 2.0. A new way of measuring learner knowledge has been developed and patented after 12 years of research at the University of California, Los Angeles.

Knowledge Factor, the company whose Confidence-Based Assessment is based on the research, explains that traditional assessments don't distinguish between correct answers given with confidence and those that are given with doubt or are lucky guesses. Yet, we rely on results from such assessments to certify people's competence and allocate responsibilities. (It's a scary thought: What if your doctor or police officer simply lucky-guessed his or her way through the assessment test?)

The Confidence-Based Assessment measures which knowledge is confidently held and will translate into productive behavior and which comes with doubt. According to Knowledge Factor, confidence is the best predictor of people's performance.

Learn more at the *T+D* Blog and the Knowledge Factor homepage:

[MORE/http://tdblog.typepad.com/td\\_blog/2005/08/the\\_future\\_of\\_a.html](http://tdblog.typepad.com/td_blog/2005/08/the_future_of_a.html)

[MORE/www.knowledgefactor.com](http://www.knowledgefactor.com)

I AM SURE	I AM PARTIALLY SURE	I DON'T KNOW
Right = Maximum Reward Wrong = Maximum Penalty	Right = Partial Reward Wrong = Maximum Penalty	No Reward No Penalty
<input type="radio"/> A <input type="radio"/> B <input type="radio"/> C	<input type="radio"/> A or B <input type="radio"/> B or C <input type="radio"/> A or C	<input type="radio"/>

The Panama Canal connecting the Atlantic and Pacific Oceans generally flows:

- A. North-South
- B. East-West
- C. Northeast-Southwest

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**/SURVEY SAYS/**

# Knowledge Workers Shifting Research Information Sources

The web once ruled among professionals conducting research, but its use is waning as other, more targeted, methods are gaining ground. So says Outsell, a California-based advisory company that serves the information industry.

According to Outsell, people are using corporate intranets, colleagues, alert services, and other targeted resources more, and the web less.

In 2001, 79 percent of professionals conducted their research on the web. In 2004, that number fell to 67 percent. In 2001, only 5 percent of the people surveyed used their corporate intranet as a research tool. In 2004, the number rose to 15 percent.

Info overload is still a problem, however. Outsell reports that knowledge workers are spending more time gathering information and less time analyzing it. Finance, HR, and legal professionals spent 52 percent of their time gathering information in 2004, up from 45 percent in 2001. The percentage of time spent in analysis in 2004 was just 48 percent, compared to 58 percent in 2001.

**SOURCE/Workforce Management**

**/SUPPLIER SNAPSHOT/**

# Become Customer-Centric

By Jay R. Galbraith

What does it mean to be “customer-centric?” A customer-centric company is one that tries to find as many products as possible for its customers. A product-centric company is one that tries to find as many customers as possible for its products.

Those definitions are important because many companies feel the need to become more customer-centric when they don't need to. My belief is that there's nothing wrong with being product-centric. Just ask Apple or Genentech. Those companies are performing well while being product-centric.

And just because you give the customer a prominent place on your radar screen doesn't mean that you're customer-centric. A customer-centric company bundles and packages stand-alone products so that the package, also known as the solution, creates value for customers in ways that they couldn't do themselves. So creating solutions to avoid becoming a commodity is the primary driver toward becoming customer-centric.

Here's my advice for companies that want to become customer-centric.

**Organize around the customer.** Many companies create a solutions unit or customer segment units that contain people who have an in-depth knowledge of the customer.

But creating customer-facing units is only the first step in organizing around the customer. Customer-centric organizations are process-intensive. They have all of the processes that product-centric organizations have—business unit planning, new product development, and supply chain management. In addition, the customer-centric organization has customer segment and business unit plans as well as solutions-development and portfolio-planning processes.

A company needs to plan its portfolio so that the products can be easily combined into solutions for the customers.

The amount of effort that must go into creating and implementing processes depends on the nature of the solutions.

If there are a few products being combined into a loose bundle, the processes can be simple. A consumer bank trying to cross-sell mortgages with transaction accounts, investment products, and credit cards is an example of a loose bundler.

A computer company selling customer relationship management systems is at the other extreme. This company's solutions contain hardware products, software products, partners' products, and multiple services. The computer companies have evolved sophisticated processes to manage the delivery of solutions.

Typically a company starts with a small, loose solutions bundle and evolves to large, complex offerings. The processes are developed and enhanced along the way.

**Don't forget the reward systems.** A new organization with the old reward and measurement system won't succeed. Customer-centric organizations require customer-centric reward systems that encourage people to serve and keep profitable customers.

Measurements of customer satisfaction, customer share, and customer retention are the basis of the reward system. In addition, it usually takes longer to sell solutions. So often there is more salary and less bonus.

The large solutions are sold higher in the customer organization. Therefore, the organization needs account managers who can lead teams of product salespeople. These people also need greater consultative selling techniques. Furthermore, the company needs project managers and a common project management process throughout the organization. The training and development function is very active in the conversion. Some people can be trained and converted while others will need to be

hired from the outside.

It's important to remember that a company can be both customer- and product-centric. Often there's an overemphasis on becoming customer-centric in the whole organization. And, yes, it's important that everyone knows and understands the customer-centric strategy. But it's equally important that the company provide excellent products. So maintain a balanced change process to add a customer-centric unit and integrate it into the rest of the company.

**Leadership is key, as usual.** The need for strong leadership arises because of the need to integrate the front, customer-centric structure with the back, product-centric structure. These can be antagonistic positions. Leaders need to manage the natural conflict that arises, toward creating solutions that create value for the customers. This balancing of customer-centric positions with product-centric ones is a major challenge. The management processes already described are the main vehicles for managing conflict.

**Manage the transition process.** The product-centric part of the company usually doesn't welcome the addition of a new customer-centric component into the power structure. An evolutionary path of starting small, earning some success, and then adding more complex solutions is a proven path. The transition is yet another challenge for leaders.

My best advice is to check your strategy first. Are you combining products and services into solutions for customers? If so, create customer-centric units whose members have in-depth knowledge of the customers' problems. Have these groups create solutions that customers value. Then implement processes for customer plans, solutions development, and portfolio planning. Follow up with customer-centric reward systems and develop and recruit the new talent required for the new roles. Then validate the change with

your key customers.

**Jay Galbraith** is the president and founder of Galbraith Management Consultants. His latest book, *Designing the Customer-Centric Organization*, introduces the Strategy Locator, a tool that helps companies determine the degree of customer-centricity their organization needs; [www.jaygalbraith.com](http://www.jaygalbraith.com).

## Monitoring Coaching

ALTHOUGH almost half of the organizations surveyed by Right Management Consultants provide coaching to executives and managers, only

- 52 percent of those companies evaluate how well coaching is meeting its goals
- 49 percent survey the satisfaction of those receiving coaching and their supervisors
- 40 percent measure the return-on-investment from coaching.