



# Success on the High Seas: *How to Show the Real Value of Human Resources*

## Western Region IPMA-HR 2010 Annual Conference



*Human Resource Services*

CPS Human Resource Services  
April 29, 2010  
San Diego



# About CPS Human Resource Services

CPS is a self- supporting public agency providing a full range of human resource services to the public sector.

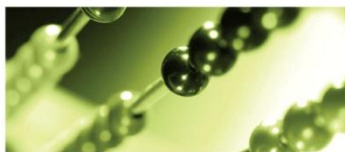
Our mission is to *transform* human resource management in the public sector.



# Our Services

## TALENT MANAGEMENT CONTINUUM

*Providing the complete range of human resource services for better recruitment, selection and development of employees.*



### Organizational Strategy

- Organizational Assessment, Redesign and Re-engineering
- Workforce Planning
- Succession Planning
- Competency Models
- Performance Management
- Career Development Systems

### Acquisition

- Recruitment
- Staffing and Classification Services
- Employment Testing
- Assessment
- Applicant Tracking and Testing Systems

### Development

- Leadership and Management Development
- Employee Training
- Staff Development and Mentoring Programs
- Team Building and Facilitation

### Retention and Deployment

- Classification and Compensation Studies
- Employee Relations
- Rules, Policies and Procedures Development
- HR Outsourcing





# Today's Topics



## An Introduction to HR Metrics

- Creating meaningful, measurable outcomes
  - A strategic alignment/integration of HR
  - Focus on ROI factors of HR activities
    - An introduction to building your own HR Scorecard
- A review of current literature & best practices
- Questions/Answers/Open Discussion



# Today's Workplace

## Challenges

- Uncertain funding
- Program/dept. consolidations
- Service cuts
- Doing more with less
- Redefining jobs/bodies of work
- Layoffs/furloughs





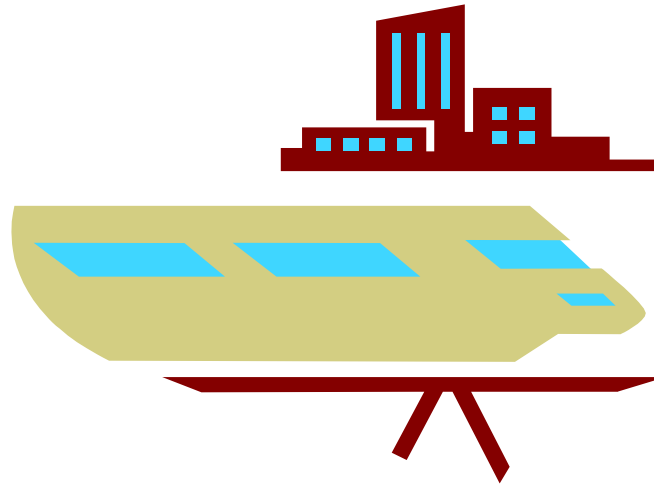
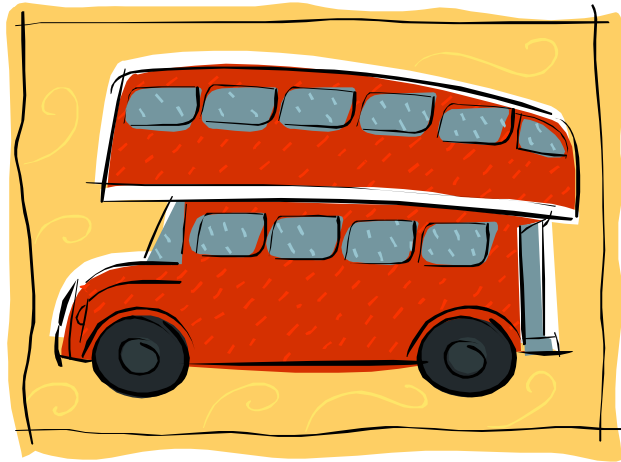
# Today's Workforce

## Challenges

- Retirees – ?
- Turnover - ?
- Knowledge Transfer/Capturing
- Changes in Expectations Based on Generational Differences
- Shortage of Workers in Some; Increased Applicants in Others



# The Bus is Moving . . . .



# Strategic Human Resources

An integrated approach to HR activities takes the HR function **beyond** a transactional, process-oriented function to a **strategic** player for an organization





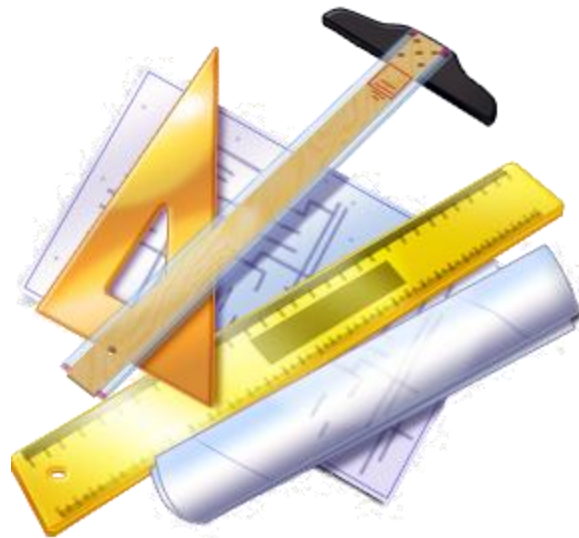
**How would  
you describe a  
successful HR program?**



# Today's Watchwords

High  
Performance ROI  
Efficiency  
Metrics  
Accountability

# Measuring Success?

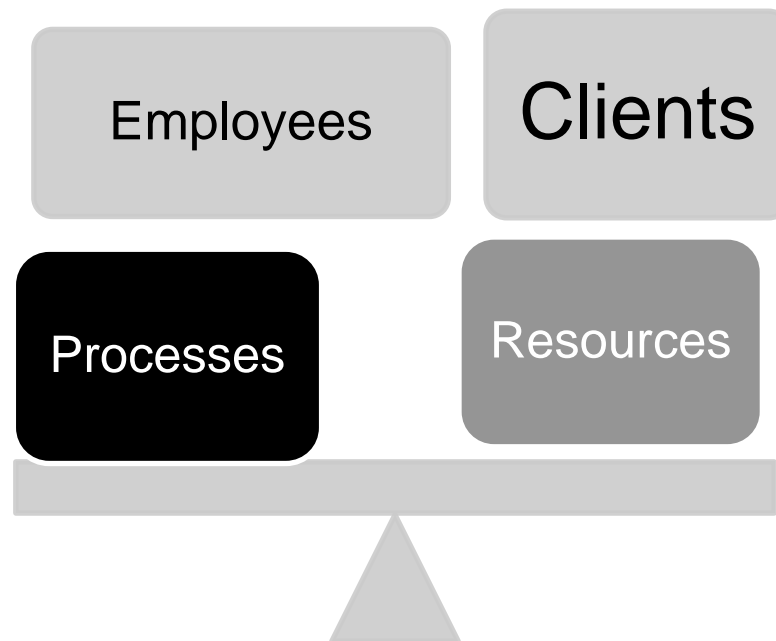




# What is an HR Scorecard?

Many definitions and explanations, but...

A means to achieve a “balanced” set of measures of the impact of HR – all are important



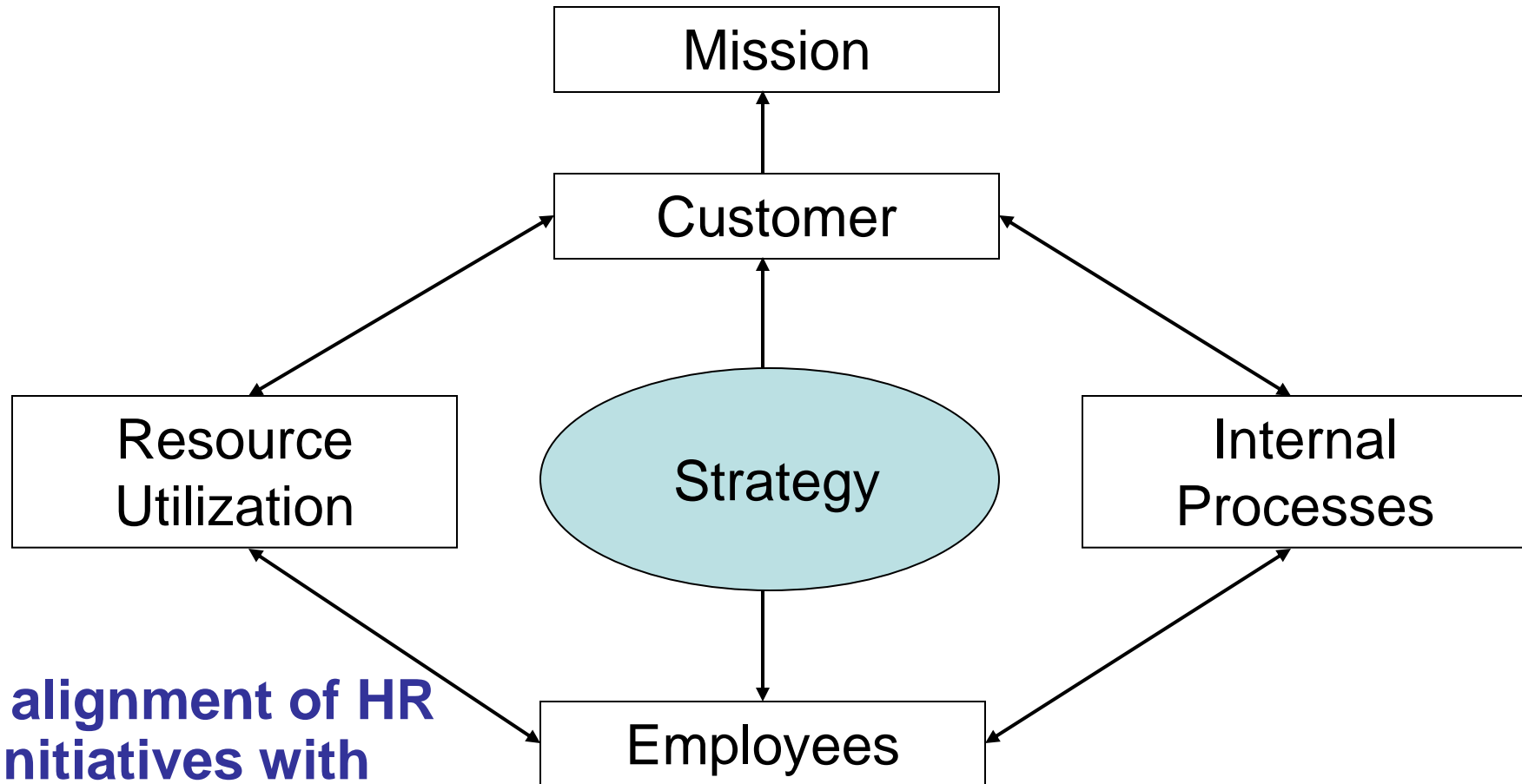


# What is the Value

## It Provides . . . .

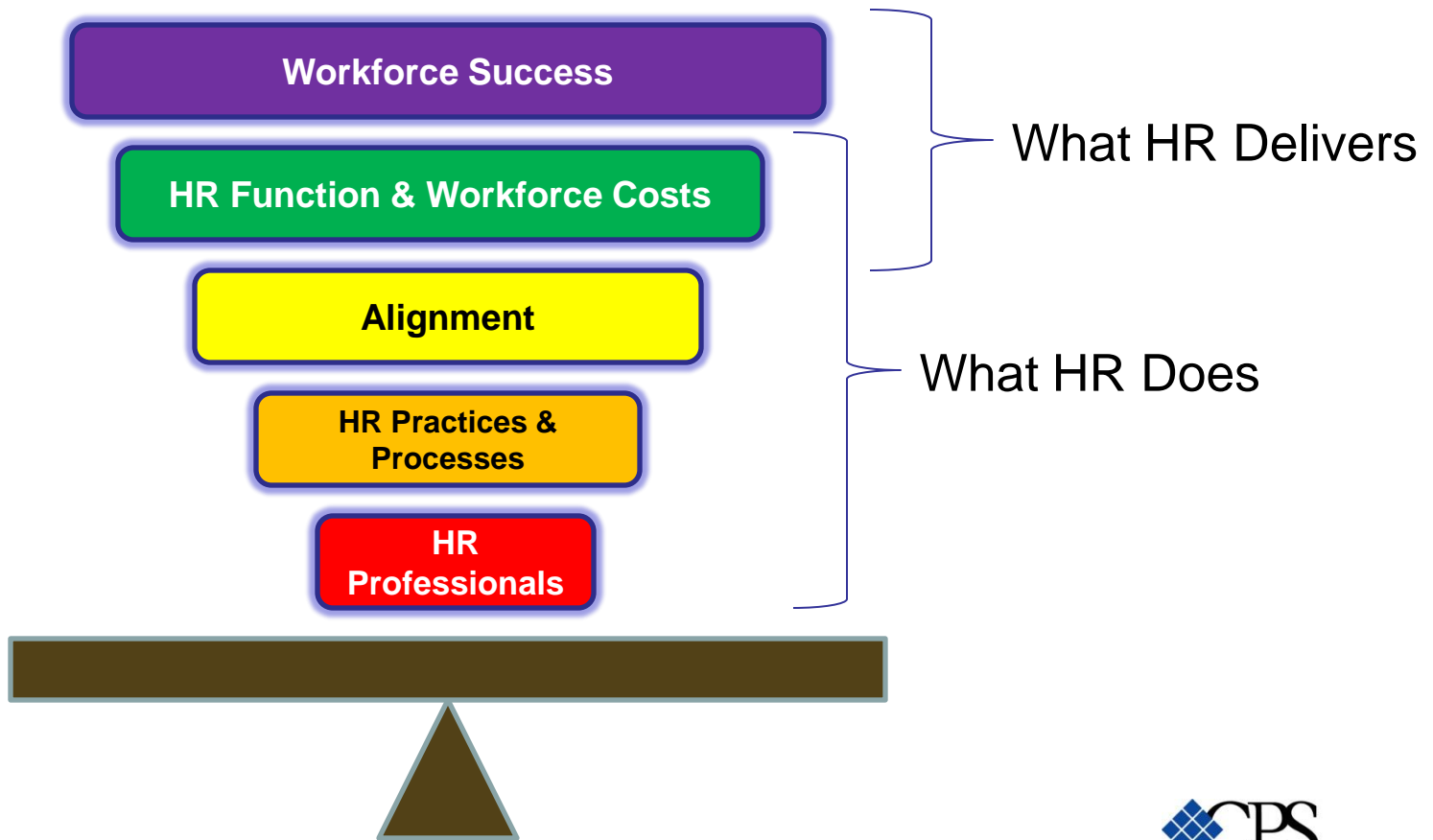
- An evaluation and evidence that investments in HR and workforce are key to meeting agency's mission
- The causal relations between HR initiatives and ***business solutions***, not HR solutions

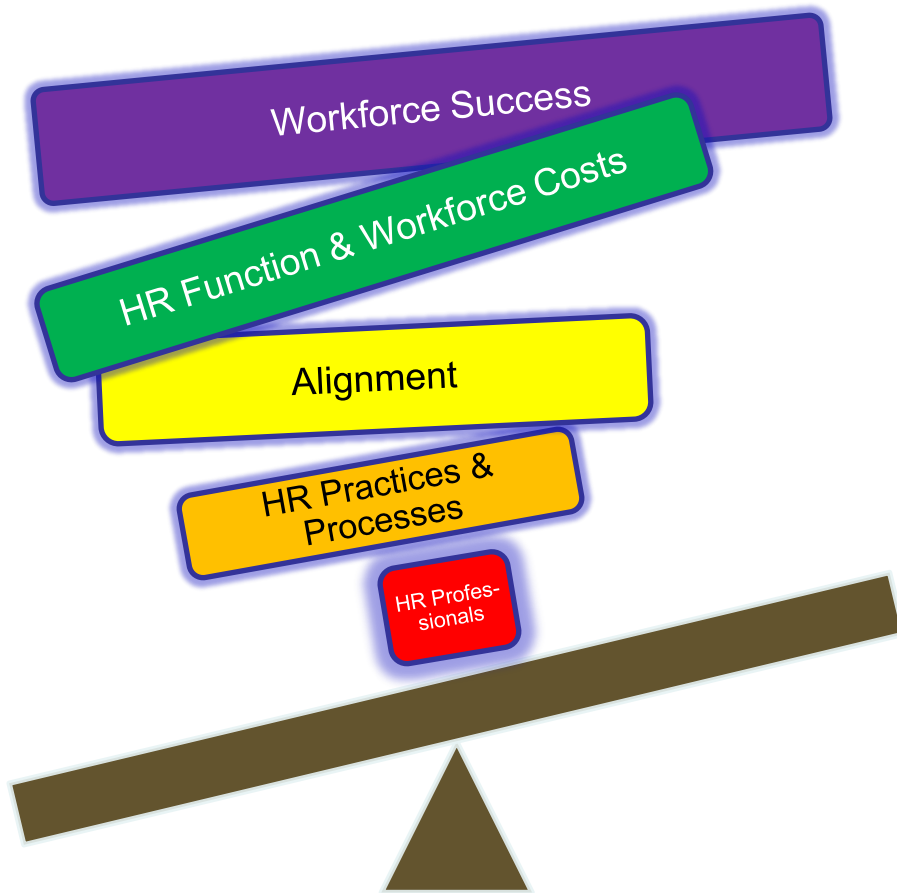
# Elements of a Balanced Scorecard



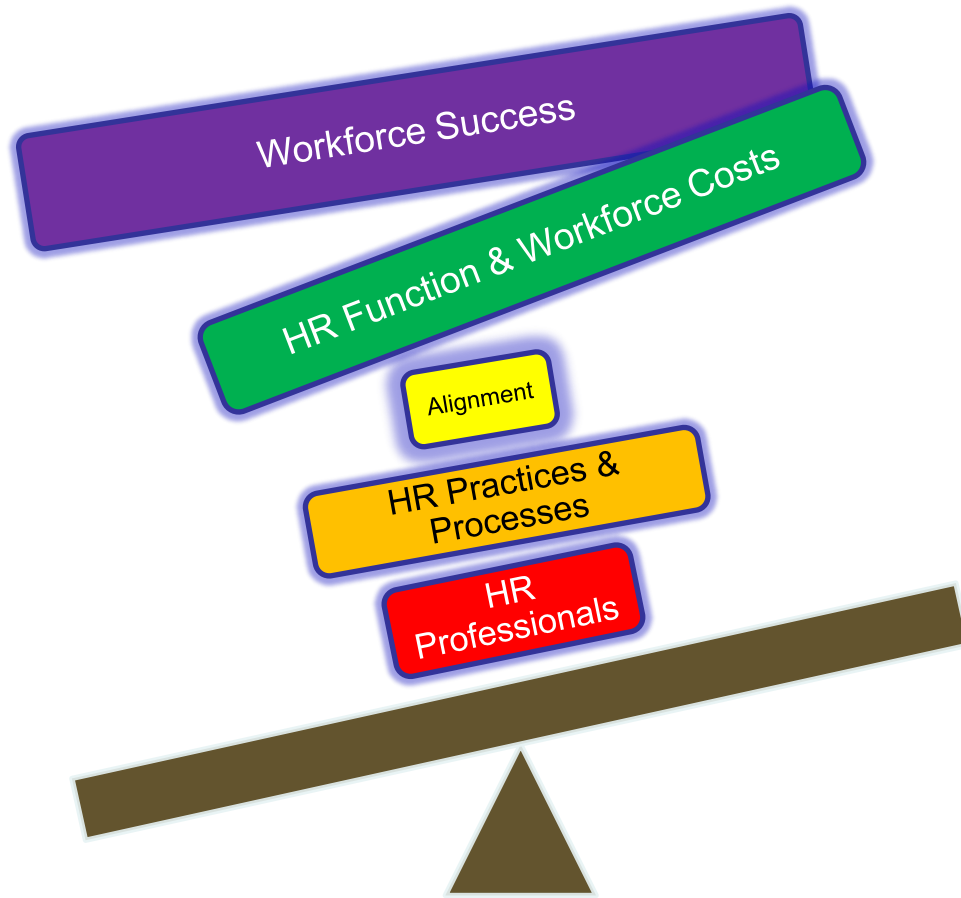
**An alignment of HR initiatives with overall organizational strategies & goals**

# Key Drivers of an HR Scorecard











# HR Program Metrics

**Question: How would you measure results and impacts from the perspective of:**

- Client/customers
- Employee
- Stakeholders
- Organization



1. Do these groups contribute directly to definitions of what matters to THEM?
2. Should they?



# Think High Impact Think Value

High impact metrics should indicate something about the value of the HR practice/initiative tied to the success of the organization





# HR Program Metrics

How would you measure results and impacts from the perspective of:

- Client/customers
- Employee
- Stakeholders
- Organization

**Don't forget to  
ASK THEM what  
matters**





# Determining Metrics: Organizational Strategy

## Overall organizational strategies



### Organizational Strategy

Organizational  
Assessment, Redesign  
and Re-engineering

Workforce Planning

Succession Planning

Competency Models

Performance Management

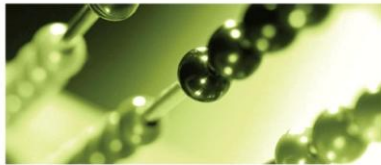
Career Development  
Systems

## Think High Impact:

- *Integration of metrics* for analysis and evaluation
- Reengineering work flow
- Strategic plan impact on workforce



# Determining Metrics – Talent Acquisition



## Acquisition

Recruitment

Staffing and  
Classification Services

Employment Testing

Assessment

Applicant Tracking  
and Testing Systems

## Testing/Selection and Recruitment

### Think High Impact:

- Hiring/appointment & promotion
- Fit decisions
  - Exams and other skills assessment for the “soft” fit
- Employer competitiveness & reputation



# Determining Metrics: Training and Development

## Development and Training



### **Development**

Leadership and  
Management  
Development

Employee Training

Staff Development and  
Mentoring Programs

Team Building and  
Facilitation

## Think High Impact

- Mastery of topics/concepts
- Application of concepts on the job
- Preparation for role/job in the future



# Determining Metrics: Retention and Deployment

## Performance Management and Retention



### **Retention and Deployment**

Classification and  
Compensation Studies

Employee Relations

Rules, Policies and  
Procedures Development

HR Outsourcing

## Think High Impact

- Employee engagement, satisfaction
- Employee turnover – anticipated, proactive
- Employer competitiveness & reputation

# Metric Examples

| <b>Typical Transactional Metrics<br/>(Quantitative)</b> | <b>Example High Impact Metrics<br/>(More Tied to Strategic Outcome)</b> |
|---|---|
| Cost per hire   | Time-to-productivity once hired   |
| Days to fill vacancy                                    | Manager satisfaction with quality                                       |
| Turnover rate   | Retention rate of high performing Ees                                   |
| % of vacant positions                                   | Internal candidates qualified for key promotional vacancies             |
| Training days/hours                                     | Application of learning to job  |
| Cost of training  | Correlation of training with productivity or customer measures          |
| Market placement –salary/benefits                       | Employee engagement & satisfaction measures                             |
| Performance appraisals done                             | Correlation of performance ratings with productivity/outcomes           |
| # of classification studies done                        | Decrease in requests for studies  |

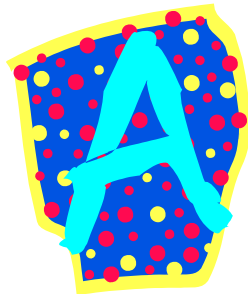
# Share Ideas





# Developing a Scorecard

- There is no single format for presenting/depicting the scorecard
- Each organization's scorecard should align its metrics and present them in a meaningful way
- The metrics should tell a story “at a glance” for the organization to the trained eye

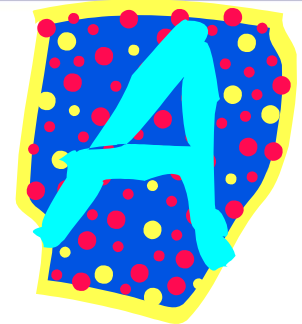




# Developing a Scorecard

## How-to Methodology:

1. Decide where to begin
2. Build your team
3. Build consensus around strategic objectives  
(*customer, financial, employee, processes*)
4. Define specific metrics
5. Select and design measures for each objective/metric, with targets and initiatives
6. Build the implementation plan
7. Build the communication plan
8. Implement, monitor, revise





# Scorecard Example

Figure III-1

| Financial   |            |          |         |             |
|---|------------|----------|---------|-------------|
| "To succeed financially, how should we appear to our shareholders?" | Objectives | Measures | Targets | Initiatives |
|   | -----      | -----    | -----   | -----       |
|   | -----      | -----    | -----   | -----       |
|   | -----      | -----    | -----   | -----       |

| Customer  |            |          |         |             |
|---|------------|----------|---------|-------------|
| "To achieve our vision, how should we appear to our customers?" | Objectives | Measures | Targets | Initiatives |
|   | -----      | -----    | -----   | -----       |
|   | -----      | -----    | -----   | -----       |
|   | -----      | -----    | -----   | -----       |

Vision and Strategy

| Internal Business Process  |            |          |         |             |
|--|------------|----------|---------|-------------|
| "To satisfy our shareholders and customers, what business processes must we excel at?" | Objectives | Measures | Targets | Initiatives |
|  | -----      | -----    | -----   | -----       |
|  | -----      | -----    | -----   | -----       |
|  | -----      | -----    | -----   | -----       |

| Learning and Growth  |            |          |         |             |
|--|------------|----------|---------|-------------|
| "To achieve our vision how will we sustain our ability to change and improve?" | Objectives | Measures | Targets | Initiatives |
|  | -----      | -----    | -----   | -----       |
|  | -----      | -----    | -----   | -----       |
|  | -----      | -----    | -----   | -----       |

| <b>CUSTOMER</b>    | <b>RESOURCES</b>   | <b>EMPLOYEES</b>   | <b>PROCESSES</b>   |
|--------------------|--------------------|--------------------|--------------------|
| <b>Objectives:</b> | <b>Objectives:</b> | <b>Objectives:</b> | <b>Objectives:</b> |
| <b>Measures:</b>   | <b>Measures:</b>   | <b>Measures:</b>   | <b>Measures:</b>   |
| <b>Targets:</b>    | <b>Targets:</b>    | <b>Targets:</b>    | <b>Targets:</b>    |

| <b>CUSTOMER</b>  | <b>RESOURCES</b>   | <b>WORKFORCE</b>  | <b>PROCESSES</b>  |
|--|--|---|---|
| <p><b>Objectives:</b><br/>Increased ability to effectively serve customers</p>   | <p><b>Objectives:</b><br/>Provide training resources to close skill gaps</p>   | <p><b>Objectives:</b><br/>A more high performing workforce.</p>   | <p><b>Objectives:</b><br/>Effective internal processes.</p>   |
| <p><b>Measures:</b><br/>1) Improve “right fit” of new hires<br/>2) Provide just-in-time customer information</p>                               | <p><b>Measures:</b><br/>1) Increase ratio of internal promotions to external hires<br/>2) Training opportunities are more widely available</p> | <p><b>Measures:</b><br/>1) Productivity improvements<br/>2) Retention rate of high performing employees</p>   | <p><b>Measures</b><br/>1) Conduct and complete employee on-boarding<br/>2) Ease and effectiveness of performance management system</p>                                |
| <p><b>Targets:</b><br/>1) Separation during new employee academy is reduced by 75%<br/>2) Reduce wait-time between inquiry/response by 50%</p> | <p><b>Targets:</b><br/>1) 4 to 1 promotion to new hire ratio<br/>2) Increase field office training opportunities by 50%</p>                    | <p><b>Targets:</b><br/>1) Productivity for xyz process improves by 20% in FY<br/>2) Retention rate of high performers is twice that of low performers</p> | <p><b>Targets:</b><br/>1) Fully trained and engaged employee within 6 months of hire<br/>2) Improved supervisor and employee satisfaction ratings of system value</p> |





# Scoring Your Scorecard

Using a traffic light scoring system allows you to measure where your organization is on a continuum of success. Over time, progress from Red to Green can be tracked.

**Green** for success

**Yellow** for mixed results







**Red** for unsatisfactory



*Human Resource Services*



# Sample Traffic Light Scoring

| Indicator  | Red   | Yellow  | Green   |
|--|---|---|---|
| Rate of retention of high performers is twice that of lower performers |  |  |  |
| Reduce wait-time between inquiry/response by 50%                       |  |  |  |



# Connect the Dots . . . Through HR Initiatives

Establish a *clear line of sight* from organizational strategy to employee's performance management plan

Organizational Strategy



Department Goals



Business Unit Objectives

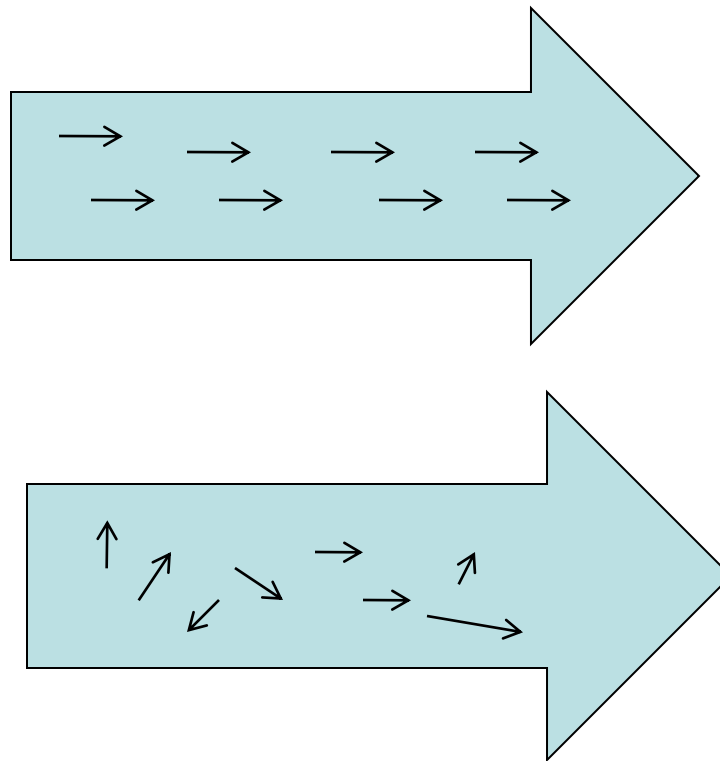


Individual Performance



# Align Individual Performance with Organizational Performance

Which diagram fits your organization?



Adapted from "The Fifth Discipline" by Peter Senge



# Guiding Principle

**HR is a **system****

**NOT a series of processes**

- Scorecard efforts and metrics should reflect this principle
- Data points of high impact will yield better strategic success measures and evaluation



# In Summary

Organizational Vision



Organizational Mission



Organizational Strategy



HR Practices and Deliverables



Individual Performance



OR...

As some of us may have heard of it:

**Strategic Workforce  
Management**

**Or**

**Workforce Planning**



# Workforce Planning Provides Structure

*Workforce Planning is the process of ensuring that an organization achieves its mission by having the **right people** with the **right skills** in the **right places** at the **right times** . .*

AND manage them appropriately.

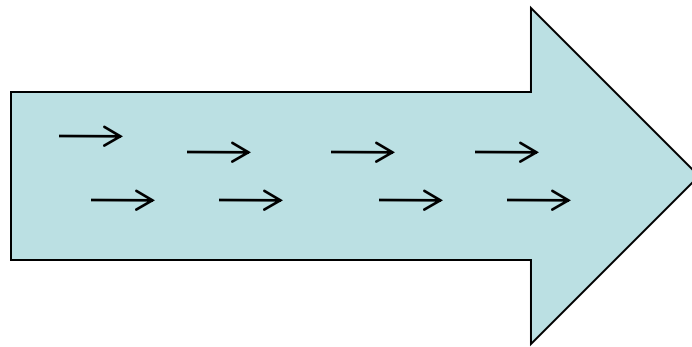
*It is: Ongoing strategic management of an organization's workforce*

*It is NOT: An HR Program*





# Strategic HR Management



Aligning individual performance with  
organizational performance

Adapted from "The Fifth Discipline" by Peter Senge



# Best Practices from the Research

- Scorecards and metrics should focus on four areas: goals, measures, targets, initiatives (the whats, hows, and whys)
- HR Metrics and performance indicators: tie effectiveness of the workforce in meeting the *organization's* goals
- HR should be a strategic partner with organization's leadership in achieving organizational success through its workforce



# Best Practices from the Research (cont.)

- Link HR metrics & processes to total workforce deliverables – qualitative & quantitative measures
- Key measures should be developed in-house, not taken from an “industry” list
- Organization’s leadership should embrace the value of the link between HR *impact* metrics and the mission/vision of the organization
- HR should drive the scorecarding process in tandem with the organization’s leaders



# Research Tidbits

- Leadership support needed from the top-down to support metrics
- Strategically aligned HR team needed for high impact HR metrics to succeed
- Implementing scorecards is more successful when:
  - stakeholders buy into the metrics and the strategic linking of the metrics
  - there is a *shared mind-set*



# HR Metrics matter...

...but only those that are meaningful to indicating the success of an organization

- Tracking progress with weak measures is not a sign of progress
- Measuring for the sake of measuring may be wasteful and can be misleading
- Each organization has to define its own success





# Workforce Success

“Workforce success means effectively delivering the business outcomes required to execute the [organization’s] strategy.”



*Page 31*

*The Workforce Scorecard*

*Mark Huselid, Brian Becker, Richard Beatty*



# Thank you!!

## Final Questions/Points?



Resources on next page...



# Additional Resources

Becker, Brian, Huselid, Mark, Ulrich, Dave, “The HR Scorecard...,” Harvard, Business School Press, 2001

Huselid, Mark, Becker, Brian, Beatty, Richard, “The Workforce Scorecard...,” Harvard Business School Press, 2005

Kaplan, Robert S and Norton, David P., “The Balanced Scorecard – Measures that Drive Performance,” Harvard Business Review, 1992

Niven, Paul R, “Balanced Scorecard Step-by-Step, Wiley & Sons, 2002

Ulrich, Dave and Brockbank, Wayne, “The HR Value Proposition,” Harvard Business School Press, 2005