

How to Use Evaluation to Achieve HR System Alignment

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Sound Familiar?

We hire the best people and give them
extensive training, but they don't stay.

Our reps always score a 9 or 10 on their
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We eliminate the bottom 10 percent of our workforce performers annually based on performance reviews. We're a team-oriented company, so it's important we have the best people working together.

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Integrated HR System

Culture

Talent Management

Recruiting, Screening, Interviewing
Hiring
Compensation & Benefits
Succession / Promotion Path
Job Titles, Hierarchy
Infrastructure & processes
Aligned with ED, PM, RR

Employee Development

Learning & Growth Opportunities
(knowledge, job assignments, stretch work, guidance)
On-boarding
Career Support
Aligned with TM, PM, RR

Job Task Analysis
Competencies
Metrics
Evaluation
Communication

Rewards & Recognition

What, how, & when to reward
Fair, consistent, accurate, manageable
Linked to performance, values, compensation
Aligned with TM, ED, PM

Performance Management

What, how, who, & when to measure
Fair, consistent, accurate, manageable
Remediation & feedback
Links between individual, team, & organization
Aligned with TM, ED, & RR

Tradeoffs:

Time v. Quality
Short Term Gains v. Long Term Objectives

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Take Stock

1. What does my organization have and not have?
2. Where is my organization misaligned? Where are the gaps and trouble-spots?
3. Where is the “low-hanging fruit?” What can I do now that will make progress toward alignment?
4. What is my plan to assess the gaps and take action to get better alignment?
5. My priorities for the next 6 months, 12 months, and within 2 years...

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Presenting Results

- Dependencies & consequences
- Stakeholder ownership of judgment
- Prioritize
- Customize
- Ethics

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Session Abstract

Evaluation plays a critical role in assuring HR systems are aligned to achieve the maximum benefits for organizations. Too frequently organizations have mismatched practices regarding talent management, employee development, performance management, and rewards and recognition. In many cases for-profit organizations are unfamiliar with the breadth and depth of evaluative capabilities they could use because the only experience they have involves evaluating training courses. By using evaluative inquiry throughout the system, alignment among the four areas can be managed over time to help the organization reach strategic goals. This session presents a model and complementary questions for aligning HR systems using an evaluative inquiry approach. Participants will be introduced step-by-step to each of the four areas and how to ask questions and present evaluation information to decision-makers, what challenges to expect in the process and when they are likely to occur, and what conditions influence successful use of the tool.

That sounds familiar...

- We hire the best people and give them extensive training, but they don't stay.
- Some positions have higher turnover than others. We can't seem to attract the right kind of people to stay in the job even though it pays well.
- Error reporting exploded when we started offering rewards for reporting safety violations. That hasn't helped us with our safety audits – it looks like we're worse off than ever before.
- Our reps always score a 9 or 10 on their service ratings from customers. That's good, because we wouldn't want them to be any lower. So we're right on target.
- We eliminate the bottom 10 percent of our workforce performers annually based on performance reviews. We're a team-oriented company, so it's important we have the best people working together.
- Corporate bought into a competency program that no one actually uses. We're supposed to, but the competencies are too general to be of use to us in managing performance. We really need technical competencies that are directly related to our work in this unit. That's why we have our own system.
- We're looking for a senior leader who can build a training department from the ground up and make us a leader in our industry for corporate learning. The workforce is dispersed and low-tech right now, but we believe we can move to a mobile learning environment for our field offices in 18 months. The board is still working on funding, so only the director job is fully funded right now. The CEO hasn't defined any performance criteria – he says he'll know it when he sees it.
- Our employees are rewarded based on call volume. Ideally, we want our call center staff to complete a call within 3 to 5 minutes. Our numbers look great, and most days we meet our target call volume. Now our CEO wants us to improve our customer satisfaction scores to 98 percent. Some of our staff are looking for other work because if they spend more time on calls to improve service, they'll lose their performance bonus.

What are some potential consequences that might be lurking behind the scenes in these organizations?

Where Do I Start?

1. What does my organization have and not have?

<p>Talent Management</p> <ul style="list-style-type: none"> Job descriptions for every position Performance-based compensation Regular reviews of compensation and benefits to maintain market parity Sourcing strategy (recruiting, university pipelines, local job market, etc.) Comprehensive on-boarding program Career paths identified 	<p>Employee Development</p> <ul style="list-style-type: none"> Career paths identified for job roles (technical and management roles in particular) Management development plans for all levels Succession plans Learning strategy for the workforce based objectives for the business and requirements of each job
<p>Rewards and Recognition</p> <ul style="list-style-type: none"> Rewards and recognition program and associated policies Differential rewards or standard rewards Link to organizational performance measures Monetary and non-monetary rewards 	<p>Performance Management</p> <ul style="list-style-type: none"> Performance management system to monitor outcomes for every position (including validity and reliability of the assessments) Explicit guidelines for assessing performance Performance-based compensation Remediation mechanisms for underperformance Periodic assessments Links between individual, team, organization

2. Where is my organization misaligned? Where are the gaps and trouble-spots?

3. Where is the “low-hanging fruit?” What can I do now that will make progress toward alignment?

4. What is my plan to assess the gaps and take action to get better alignment?

5. My priorities for the next 6 months, 12 months, and within 2 years:

Trade-offs

Time versus Quality

Short-Term Gains versus Long-Term Objectives

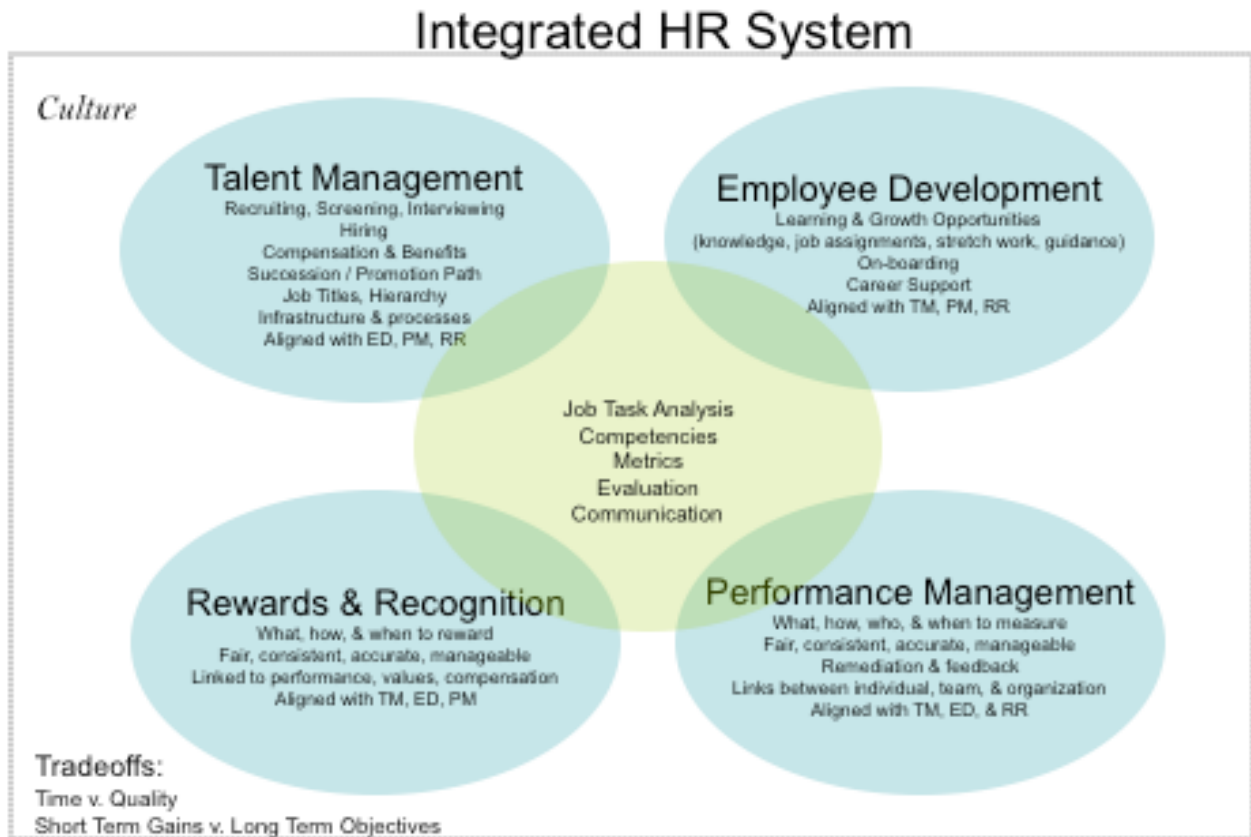
The Tool

The attached graphic shows the intersection of the four areas of HR systems that are connected. We can use evaluation to assist in keeping this system in alignment.

Talent Management – Employee Development – Performance Management – Rewards & Recognition

HR often likes to start with recruiting and job descriptions for hiring. What matters is performance on the job. Clear job tasks are needed to be able to recruit people and explain the work and the associated career opportunities. Start with the end in mind, and work backwards.

*If I implement this process [initiative, training course, policy, value system, etc.], how will it affect each of the four areas?
How well aligned is the organization's HR System?*



Talent Management

HRCI BOK: Workforce planning and employment practices, Total Rewards, Employee & Labor Relations, Risk Management (compliance-type issues)

<p>Sample Questions</p>	<p>Are we asking people to do work that the business actually needs?</p> <p>How does someone progress forward in their career from this role?</p> <p>Who are our critical employees, and what would happen if they left this week?</p> <p>How do managers make decisions about new hires?</p> <p>How well do we integrate new hires?</p> <p>Where do we find our new hires?</p> <p>How well does our hiring process reflect our corporate culture and values?</p>
<p>Metrics to Consider</p>	<p>Analytics (characteristics of the job and recruits, relationships between retention and compensation/benefits, succession planning, bench strength assessments, strategic staffing)</p> <p>Perceptions of benefits, employment practices, exit interviews, psychometric testing for employment</p> <p>Turnover risk (impact of losing specific job positions)</p>
<p>Possible Evaluation Activities</p>	<p>Appreciative inquiry – how can we create the best possible experience for new hires?</p> <p>Empowerment evaluation – how can we bring management and labor together to envision an employment contract that works for everyone?</p>
<p>Likely Challenges</p>	<p>Real-time, reliable data</p> <p>Willingness to do things differently</p> <p>Mitigating self-preserving activities</p> <p>Assumptions</p>

Employee Development

HRCI BOK: Human Resource Development

Sample Questions	<p>How well do we reinforce our corporate culture? Is this the culture we want and need? How does the culture influence performance?</p> <p>How best do we cultivate our workers?</p> <p>What arguments can be made for each job role as to whether it's better to internally source and develop or seek outside talent?</p> <p>How do our employees perceive their development opportunities? Is this an accurate perspective?</p> <p>What imbalances exist in employee development opportunities?</p> <p>What is our "bench strength?" How does this fit with the organization's future objectives?</p>
Metrics to Consider	<p>Competency assessments</p> <p>Alignment of training with business objectives</p> <p>Engagement levels</p> <p>Career path progress – look for ceilings, bottlenecks, underdevelopment</p> <p>Risk assessment</p> <p>ABC analysis of the workforce</p> <p>Pipeline fill-rate</p>
Possible Evaluation Activities	<p>Relationship between job analysis (task definition) and bench strength, job assignments, and available learning opportunities</p> <p>Examine engagement in combination with corporate values</p>
Likely Challenges	<p>Individual-level value judgments</p> <p>Contractual obligations</p> <p>Assumptions</p>

Performance Management

HRCI BOK: Human Resource Development

Sample Questions	<p>How do we ensure the success of our people?</p> <p>What data do we need, and how often, and from whom to gauge performance for this role?</p> <p>What factors influence sustained high performance?</p> <p>What role does manager interaction play in performance management, engagement, and overall satisfaction?</p> <p>How can performance ratings be gamed?</p>
Metrics to Consider	<p>Social Network Analysis</p> <p>Comparisons of performance data with other available data (like social networks, customer satisfaction ratings, engagement levels, etc.)</p> <p>Changes in performance ratings (absolute and relative) from year to year, by job type, and department</p> <p>Alignment of performance outcomes with business outcomes (and why)</p> <p>Engagement levels</p>
Possible Evaluation Activities	<p>Audit of performance management results and practices</p> <p>Reliability assessment of performance ratings by job type and department</p> <p>Perceptions of fairness and completeness of performance management activities</p> <p>Examination of performance results with compensation practices</p>
Likely Challenges	<p>Differentiation – purposeful or not?</p> <p>Data sensitivity</p> <p>Human subjects protections</p> <p>Denial</p> <p>Assumptions</p>

Rewards & Recognition

HRCI BOK: Total Rewards

Sample Questions	<p>How might this reward influence behavior?</p> <p>How does variability and differentiation in rewards affect behavior?</p> <p>Who receives the rewards, when, and why?</p> <p>How can the system be gamed (and potentially devalued)?</p>
Metrics to Consider	<p>Engagement levels</p> <p>Distribution patterns</p> <p>Value perceptions associated with rewards and recognition given</p> <p>Alignment of rewards and recognition with performance results</p> <p>Compensation patterns compared with rewards and recognition patterns</p>
Possible Evaluation Activities	<p>Audit of rewards and recognition practices</p> <p>Appreciative inquiry – if creating a new program or redesigning an existing program</p> <p>Statistical correlations</p> <p>Examination of compensation versus rewards and recognition (value assessment)</p>
Likely Challenges	<p>Perceptions of fairness and value</p> <p>Loopholes in practice</p> <p>Assumptions</p>

Presenting Results

Decision-makers need guidance for how to use evaluation results. Here are a few practical tips:

- Frame results in terms of dependencies and consequences (if I do this, then these consequences are bundled with that choice)
- Avoid making judgmental statements about choices and consequences – let the decision-makers decide how they feel about it
- Provide prioritization of activities (short-term, medium-term, long-term)
- Discuss consequences of inaction or faulty action
- Customize the reporting of the results to the audience receiving it
- Watch out for spin – managers often like to “adjust” the way and how much information is reported to support an agenda they have

Success is Possible

- Identify and involve an advocate for evaluation in an influential position in an organization
- Use the tool as a conceptual model and talk about it with decision-makers (limited detail)
- Keep people moving in the process – delays can lead to inaction

Case Example

A high-tech scientific company decides its legacy costs for pensioner healthcare is too great a burden for the organization long term. Management decides to institute a program whereby all new hires will not receive a pension or guaranteed benefits, and existing workforce members will receive legacy benefits (pension and healthcare coverage) if they meet a qualification calculation goal determined by a combination of age and service years with the company. In addition, hundreds of workers will be offered buyout packages that provide substantial cash payments, but no healthcare guarantees.

Some statistics about this company:

Employees: around 10,000 workers

Retirement eligibility: 40-60% (estimated, over the next 5-7 years)

Community impact: This organization sustains a moderate-sized city's economy. The next nearest metropolitan area with similar industries is over 500 miles away. The high-technology focus is research-based and has national security and defense linkages.

1. What are the implications for each of the four areas?
2. What evaluative questions would you ask to determine an appropriate strategy to manage the HR system in this context?

Relevance

Evaluation is a critical component of effective HR systems because little or no evaluation occurs in for-profit organizations outside of evaluating training programs. Few for-profit organizations take the time to examine what outcomes they want to achieve and how human resource practices are aligned with those outcomes. Some authors have attempted to explicate those connections (Becker, Huselid, & Ulrich, 2001), but they do not talk about how to leverage evaluative inquiry to determine human capital strategy. This model provides an important practical perspective on how to manage the four key elements in the system – talent management, employee development, performance management, and rewards and recognition – for alignment by accumulating information for decision-making and questioning the value of those decisions in context.

Evaluation key questions and practices in this model focus on aligning the activities and outcomes in each of the four areas to be in agreement with each other. For example, an evaluative inquiry approach to an organization entering a new market might include the following questions: How agile is our workforce to adjust to serving the new market? How will we move people around to accommodate the growth? Do we need to hire new workers, or can we develop existing workers to serve this market? How will we manage their performance in this new market compared to our existing activities, and if we are successful, how will we reward these people for their efforts?

A fraction of all evaluators work in for-profit settings, and fewer yet employ evaluation to inform HR strategy. This model helps evaluators talk about the role of evaluation in the language and context of business practices with which managers are familiar. The movement toward evidence-based management and the role of evaluative practices in that paradigm (Pfeffer & Sutton, 2006) make this an opportune time to learn how to frame the conversation and demonstrate evaluators' capabilities to provide managers with exactly the assistance they need for making decisions today.

Evaluators adhere to a code of ethics and rigorous standards for data collection, human subjects protections, and transparent reporting of processes and findings, including the Guiding Principles for Evaluators (American Evaluation Association, 2010). With this model, evaluators can bring this professionalism to the business community at a time when they are seeking qualified, knowledgeable assistance to help make decisions in tough economic conditions. The demonstration session adds to our knowledge as evaluators of how to operate successfully in the for-profit context. It also provides an extension of the organizational learning approach to evaluation (Preskill & Torres, 1999).

Resources

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Stephanie Fuentes is Chief Learning Strategist for Inventivo Design, a private consulting firm that focuses on aligning workforce strategy with business strategy through evaluation. She has experience in the entire supply chain of learning in organizations, which gives her a unique perspective on how operational, workforce, and learning decisions intersect to create measurable value in an organization. Stephanie has worked in a variety of industries, and with both private sector and government clients. Stephanie received her Ph.D in Organizational Learning and Instructional Technologies and her MBA in Production and Operations Management from the University of New Mexico. She also holds a MA.Ed. from the University of Colorado at Denver. She regularly speaks at conferences and professional association meetings about evaluation applications in business. You can find Stephanie on the web at <http://www.inventivodesign.com> and on Twitter @InventivoDesign.