

# EMBA PROGRAM

## PEOPLE MANAGEMENT

13-15 May 2022, Zagreb

# PROGRAM OVERVIEW

<u>DAY I</u>	<u>DAY II</u>	<u>DAY III</u>
<p><i>Introduction</i></p> <p><b>People, Human Beings</b></p> <p><b>Human Resources Management vs People Management</b></p> <p><b>HRM Strategy, Human Capital</b></p> <p><b>Attract/Recruit and Select People</b></p> <p><b>Employer Branding</b></p> <p><i>Closing</i></p>	<p><i>Wrap up Day I</i></p> <p><b>People Development</b></p> <p><b>Organizational Culture</b></p> <p><i>Closing</i></p>	<p><i>Wrap up Day II</i></p> <p><b>People Retention</b></p> <p><b>People Metrics</b></p> <p><b>Future of People Development and HRM</b></p> <p><i>Conclusion</i></p> <p><u><i>Final Exam</i></u></p>

# Objectives of the module

- To understand relations between people agenda, Human Capital, and business success, and management roles and accountabilities within that frame.
- To clarify differences and interconnections between Human Resources function and People Management routines.
- To learn the importance and role of managers from any organizational level as people managers and support they should ask/get from HRM function.
- To develop some of crucial skills that they need to be good people managers.

# **Day I – HRM function and People Management**

- **Introduction**
- **People, Human Beings – the most valuable asset?**
  - **The nature of human, psychological and sociological rules and drivers**
- **Human Resources Management vs People Management**
- **HRM Strategy**
- **Human Capital**
- **Attract/Recruit and Select People**
  - **EVP**
  - **Concept of competencies**
- **Interviewing skills**
- **Employer Branding**

*To be delivered by Jelena Jelušić, Photomath*

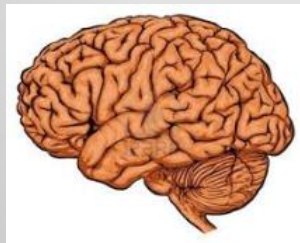
# Human Being

# Why Human Resources

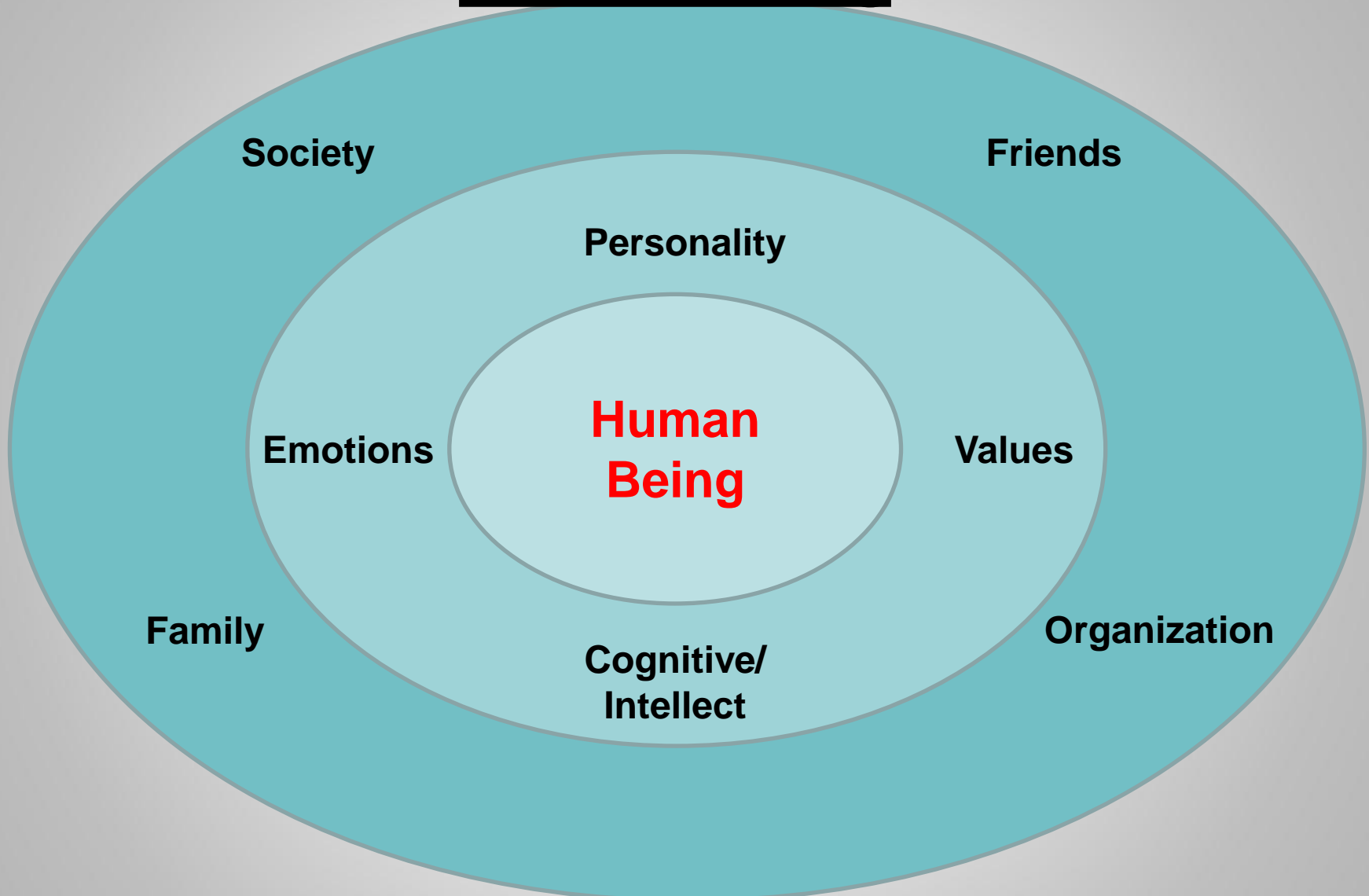


**H**EART  
**B**RAIN

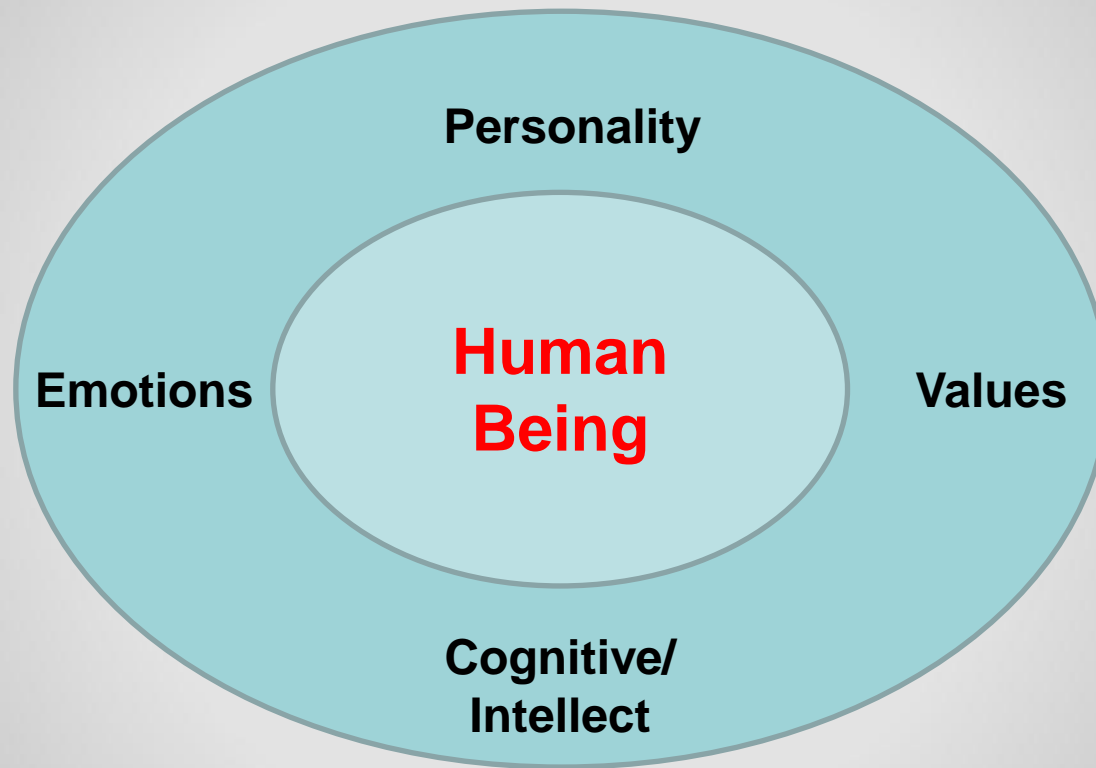
FUNCTION



# Human Being

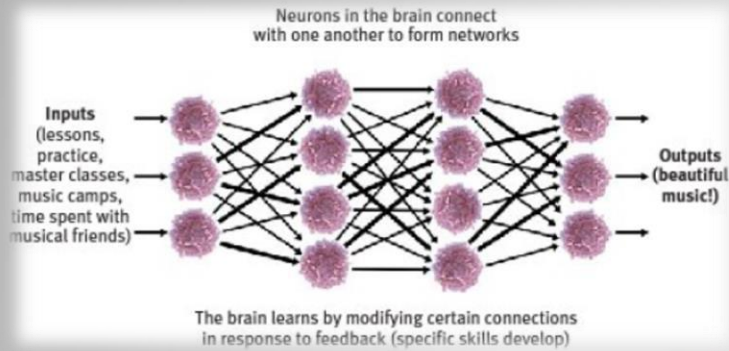


# Human Being - self





# It is all about this



Billions of neurons and synapsis

And dozens of different messengers, neurotransmitters

Neurotransmitter	Function	Examples of Malfunctions
Acetylcholine (ACh)	Enables muscle action, learning, and memory.	With Alzheimer's disease, ACh-producing neurons deteriorate.
Dopamine	Influences movement, learning, attention, and emotion.	Excess dopamine receptor activity is linked to schizophrenia. Starved of dopamine, the brain produces the tremors and decreased mobility of Parkinson's disease.
Serotonin	Affects mood, hunger, sleep, and arousal.	Undersupply linked to depression. Prozac and some other antidepressant drugs raise serotonin levels.
Norepinephrine	Helps control alertness and arousal.	Undersupply can depress mood.
GABA (gamma-aminobutyric acid)	A major inhibitory neurotransmitter.	Undersupply linked to seizures, tremors, and insomnia.
Glutamate	A major excitatory neurotransmitter; involved in memory.	Oversupply can overstimulate brain, producing migraines or seizures (which is why some people avoid MSG, monosodium glutamate, in food).

# Human Nature - Intelligence

**Intelligence** – mental quality consisting of ability to learn from experience, solve problems, and use knowledge to adapt to new situations.

**Creativity** – the ability to produce novel and valuable ideas

Components of creativity (Sternberg & Lubart):

- Expertise
- Imaginative thinking skills
- A venturesome personality (growth mindset)
- Intrinsic motivation
- A creative environment

# Human Nature - Intelligence

## Intelligence theories/models

<b><u>Spearman</u> General intelligence (g)</b>	<b><u>Thurstone</u> Primary mental abilities</b>	<b><u>Gardner</u> Multiple intelligences</b>	<b><u>Sternberg</u> Triarchic</b>
The basic intelligence predicts our abilities in variety of areas (g)	<ul style="list-style-type: none"><li>- Word Fluency</li><li>- Verbal Comprehension</li><li>- Spatial Ability</li><li>- Perceptual Speed</li><li>- Numerical Ability</li><li>- Inductive Reasoning</li><li>- Memory</li></ul>	<ul style="list-style-type: none"><li>- Linguistic</li><li>- Logical – mathematical</li><li>- Musical</li><li>- Spatial</li><li>- Body-kinesthetic</li><li>- Intrapersonal (self)</li><li>- Interpersonal (other people)</li><li>- Naturalist</li></ul>	<ul style="list-style-type: none"><li>- Analytical</li><li>- Creative</li><li>- Practical</li></ul>

# Human Nature - Intelligence

## Gardener's theory, example

### Gardner Multiple intelligences

- |   |   |
|---|---|
| <ul style="list-style-type: none"><li>- Linguistic</li><li>- Logical – mathematical</li><li>- Musical</li><li>- Spatial</li><li>- Body-kinesthetic</li><li>- Intrapersonal (self)</li><li>- Interpersonal (other people)</li><li>- Naturalist</li></ul> | <ul style="list-style-type: none"><li>- T.S Eliot, poet</li><li>- Albert Einstein, scientist</li><li>- Igor Stravinsky, composer</li><li>- Pablo Picasso, artist</li><li>- Michael Jordan, sportsman</li><li>- Sigmund Freud, psychiatrist</li><li>- Mahatma Gandhi, leader</li><li>- Charles Darwin, biologist</li></ul> |
|---|---|

# Human Nature - Intelligence

Intelligence test – a method for assessing and individual's mental aptitudes and comparing them with those of others, using numerical scores

**VERBAL**

**General Information**  
What day of the year is Independence Day?

**Similarities**  
In what way are *wool* and *cotton* alike?

**Arithmetic Reasoning**  
If eggs cost 60 cents a dozen, what does 1 egg cost?

**Vocabulary**  
Tell me the meaning of corrupt.

**Comprehension**  
Why do people buy fire insurance?

**Digit Span**  
Listen carefully, and when I am through, say the numbers right after me.

7 3 4 1 8 6

Now I am going to say some more numbers, but I want you to say them backward.

3 8 4 1 6


**PERFORMANCE**

**Picture Completion**  
I am going to show you a picture with an important part missing. Tell me what is missing.


'85

SUN	MON	TUE	WED	THU	FR	SAT
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					


**Picture Arrangement**  
The pictures below tell a story. Put them in the right order to tell the story.



**Block Design**  
Using the four blocks, make one just like this.



**Object Assembly**  
If these pieces are put together correctly, they will make something. Go ahead and put them together as quickly as you can.



**Digit-Symbol Substitution**

Code

△	○	▱	×	◇
1	2	3	4	5

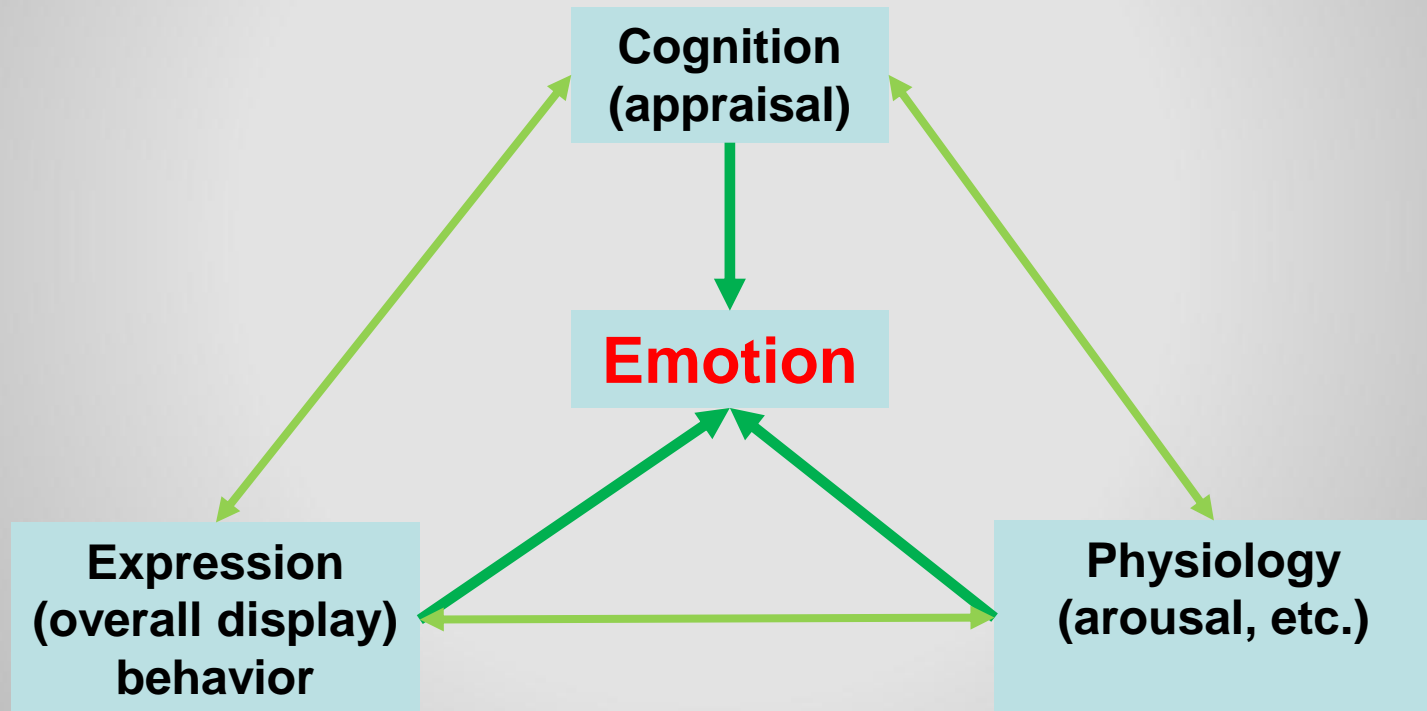
Test

1	5	4	2	1	3	5	4	1	5

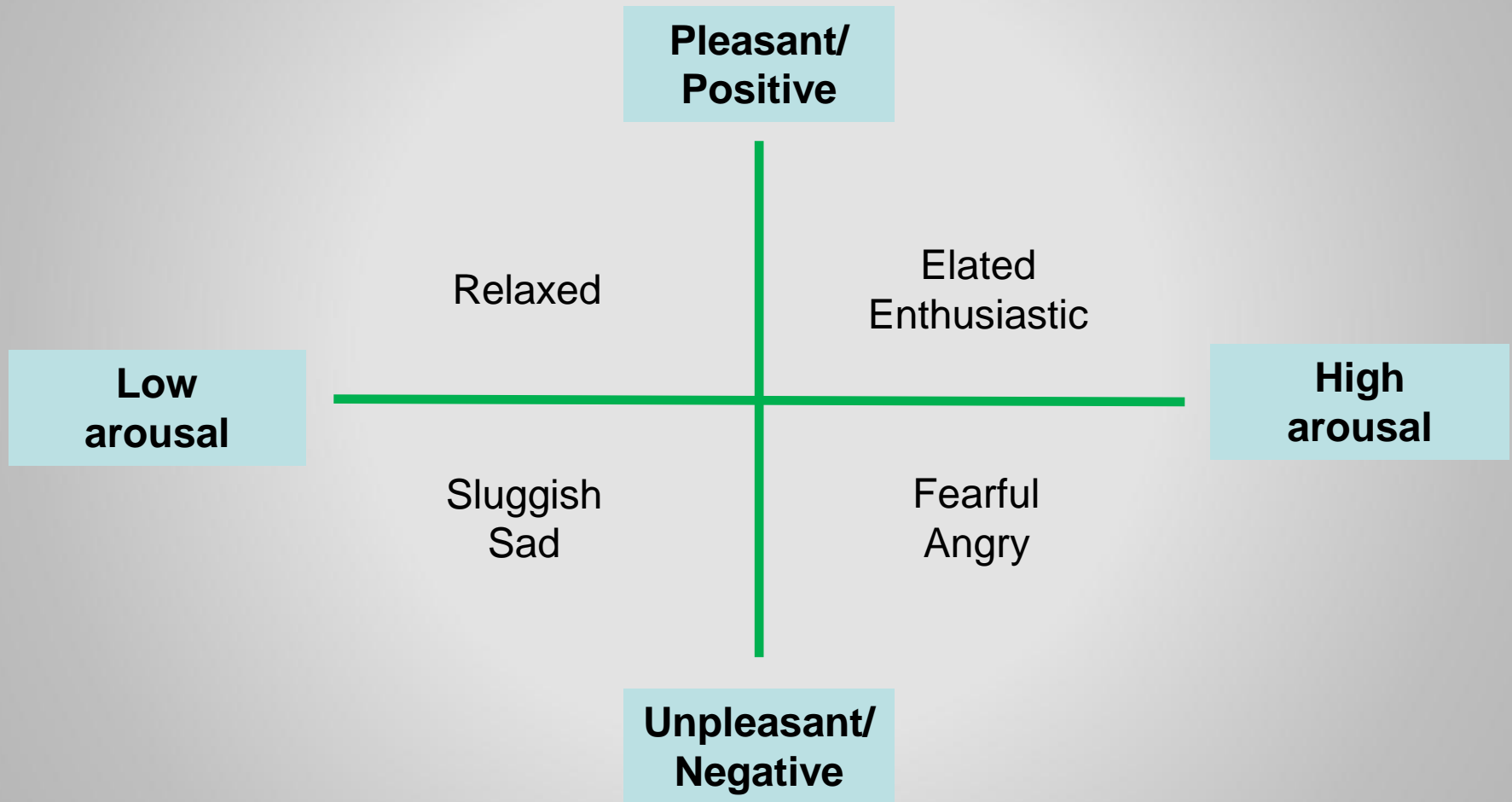
Wechsler Adult Intelligence Scale (WAIS), Thorndike & Hagen, sample

# Human Nature - Emotions

**Emotions** – a state of feeling, a response of the whole organism, involving physiological arousal, expressive behaviors, and conscious experience



# Human Nature - Emotions





# Human Nature - Emotions

## Expression



Tom McCarthy/Rainbow

(a) Joy (mouth forming smile, cheeks lifted, twinkle in eye)



Perick Donelua/Photo Researchers, Inc.

(b) Anger (brows drawn together and downward, eyes fixed, mouth squarish)



Bob Deamtrich/The Image Works

(c) Interest (brows raised or knitted together, mouth softly rounded, lips may be pursed)



Low Marny/Photo Researchers, Inc.

(d) Disgust (nose wrinkled, upper lip raised, tongue pushed outward)



Nancy Brown/The Image Bank

(e) Surprise (brows raised, eyes widened, mouth rounded in oval shape)



Marc Grinberg/The Image Bank

(f) Sadness (brow's inner corners raised, mouth corners drawn down)



Michael Newman/PhotoEdit

(g) Fear (brows level, drawn in and up, eyelids lifted, mouth corners retracted)



# Human Nature - Emotions

## Arousal and ANS



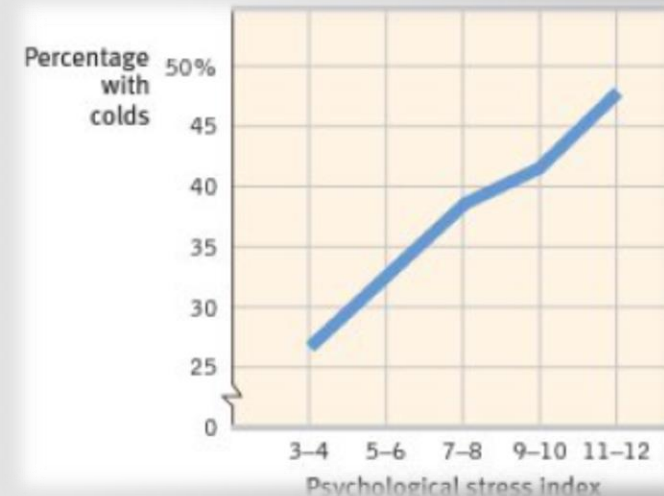
### Autonomic Nervous System Controls Physiological Arousal

Sympathetic division (arousing)		Parasympathetic division (calming)
Pupils dilate	EYES	Pupils contract
Decreases	SALIVATION	Increases
Perspires	SKIN	Dries
Increases	RESPIRATION	Decreases
Accelerates	HEART	Slows
Inhibits	DIGESTION	Activates
Secrete stress hormones	ADRENAL GLANDS	Decrease secretion of stress hormones



# Human Nature - Emotions

**Stress** – the process by which we perceived and respond to certain events, called stressors, that we appraise as threatening or challenging; individual and emotional relation to an event



# Human Nature – Values, Attitudes

**Values** – neural processes resulting from binding cognitive representation of concepts, goals, and beliefs with emotional attitudes. Judgment about how important is something to us.

Three basic attributes:

- a) Values are subjective judgments
- b) We make judgment of how important something is relative to something else
- c) Values may be principles that help us make important personal decisions

<https://www.psychologytoday.com/us/blog/hot-thought/201304/what-are-values>

# Human Nature – Values, Attitudes

**Attitudes** – feelings, often influenced by our beliefs, that predispose us to respond in a particular way to objects, peoples, and events.



# Human Nature – Personality

**Personality** – characteristic sets of behaviors, cognitions, and emotional patterns that evolve from biological and environmental factors; motivation patterns and psychological interactions with one's environment

## Biological influences

- Genetically determined temperament
- Autonomic nervous system reactivity
- Brain activity

## Psychological influences

- Learned responses
- Unconscious thought processes
- Expectations and interpretations

**Personality**

```
graph TD; A["Biological influences  
- Genetically determined temperament  
- Autonomic nervous system reactivity  
- Brain activity"] --> C["Personality"]; B["Psychological influences  
- Learned responses  
- Unconscious thought processes  
- Expectations and interpretations"] --> C; D["Social-cultural influences  
- Childhood experiences  
- Influence of the situation  
- Cultural expectations  
- Social support"] --> C;
```

## Social-cultural influences

- Childhood experiences
- Influence of the situation
- Cultural expectations
- Social support

# Human Nature – Personality

## Reciprocal determinism (Bandura):

Individual – environment interaction:

1. Different people choose different environments
2. Our personalities shape how we interpret and react to events
3. Our personalities help create situations to which we react

# Human Nature – Personality

## The “Big Five” model:

Trait Dimension	Endpoints of the Dimension		
Conscientiousness	Organized	↔	Disorganized
	Careful	↔	Careless
	Disciplined	↔	Impulsive
Agreeableness	Soft-hearted	↔	Ruthless
	Trusting	↔	Suspicious
	Helpful	↔	Uncooperative
Neuroticism (emotional stability vs. instability)	Calm	↔	Anxious
	Secure	↔	Insecure
	Self-satisfied	↔	Self-pitying
Openness	Imaginative	↔	Practical
	Preference for variety	↔	Preference for routine
	Independent	↔	Conforming
Extraversion	Sociable	↔	Retiring
	Fun-loving	↔	Sober
	Affectionate	↔	Reserved

# Human Nature – Personality

## MBTI:

Creators

***Katharine Briggs and Isabel Briggs Myers***

Objectives

Translate Jung's theory (psychological types)

Make it practical and useful in daily life

Questionnaire developed over the past 50 years

More than 3.5 million surveys every year

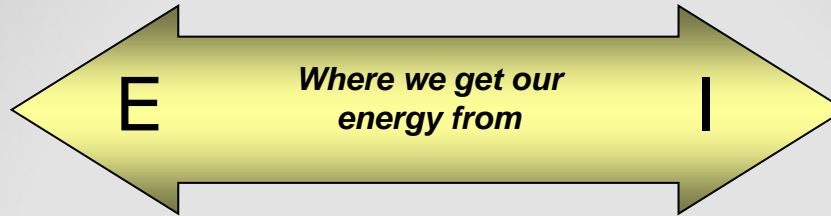
### Applications:

- Personal and career development
- Team building
- Group effectiveness
- Management and leadership training
- Communication
- Influencing and persuasion
- Organization development



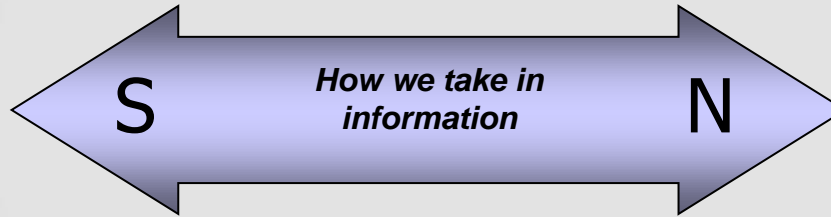
# Human Nature – Personality

*Draw energy from being with people*



*Draw energy from time alone*

*Use 5 senses and prefer reality*



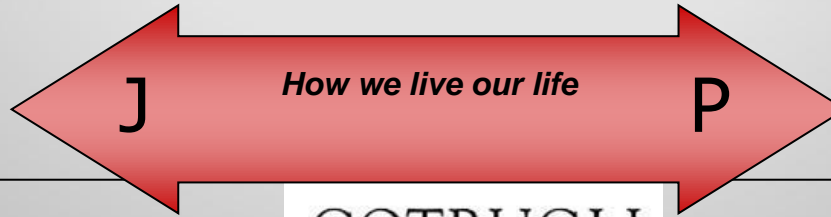
*Use a “sixth sense” and consider possibilities*

*Make objective decisions based on logic*



*Make decisions based on their impact on people and values*

*Live an organised and planned life*



*Live a spontaneous and flexible life*

# Human Nature – Personality

ISTJ

ISFJ

INFJ

INTJ

ISTP

ISFP

INFP

INTP

ESTP

ESFP

ENFP

ENTP

ESTJ

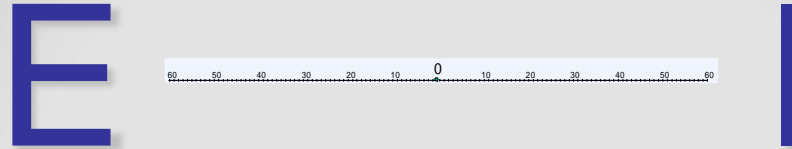
ESFJ

ENFJ

ENTJ

# Human Nature – Personality

Where do you prefer to focus your attention?  
Where do you get your energy from?



## EXTRAVERSION

Energized by outer world  
Focus on people, things  
Active  
Breadth of interest  
Live it, then understand it  
Interaction  
Outgoing

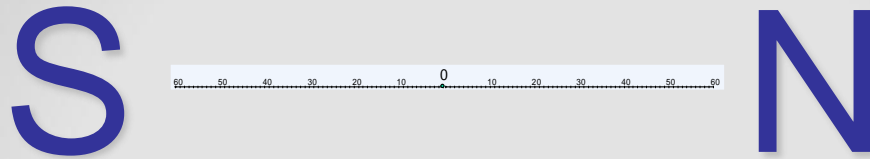
## INTROVERSION

Energized by inner world  
Focus on thoughts, concepts  
Reflective  
Depth of interest  
Understand it, then live it  
Concentration  
Inwardly directed

Recommendation: <https://www.sciencealert.com/what-everyone-gets-wrong-about-introverts>

# Human Nature – Personality

How do you prefer to take in information?



## SENSING

Specific facts  
Data  
Experience  
Reality-based  
Actual  
Here and now  
Utility  
Asks 'why?'

## INTUITION

Meanings  
Associations and Patterns  
Possibilities  
Hunches, speculations  
Theoretical  
Future  
Fantasy  
Asks 'why not?'

# Human Nature – Personality

How do you make decisions?

T



F

THINKING

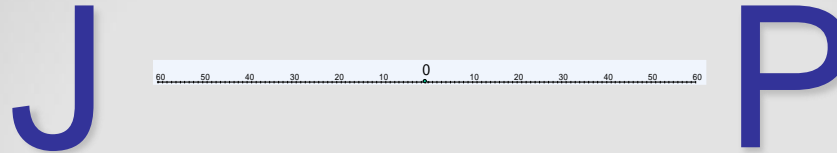
Analysis  
Objective  
Logic  
Impersonal  
Critique  
Reason  
Criteria

FEELING

Empathy  
Subjective  
Emotion  
Personal  
Appreciate  
Caring  
Values

# Human Nature – Personality

How do you deal with the outer world?



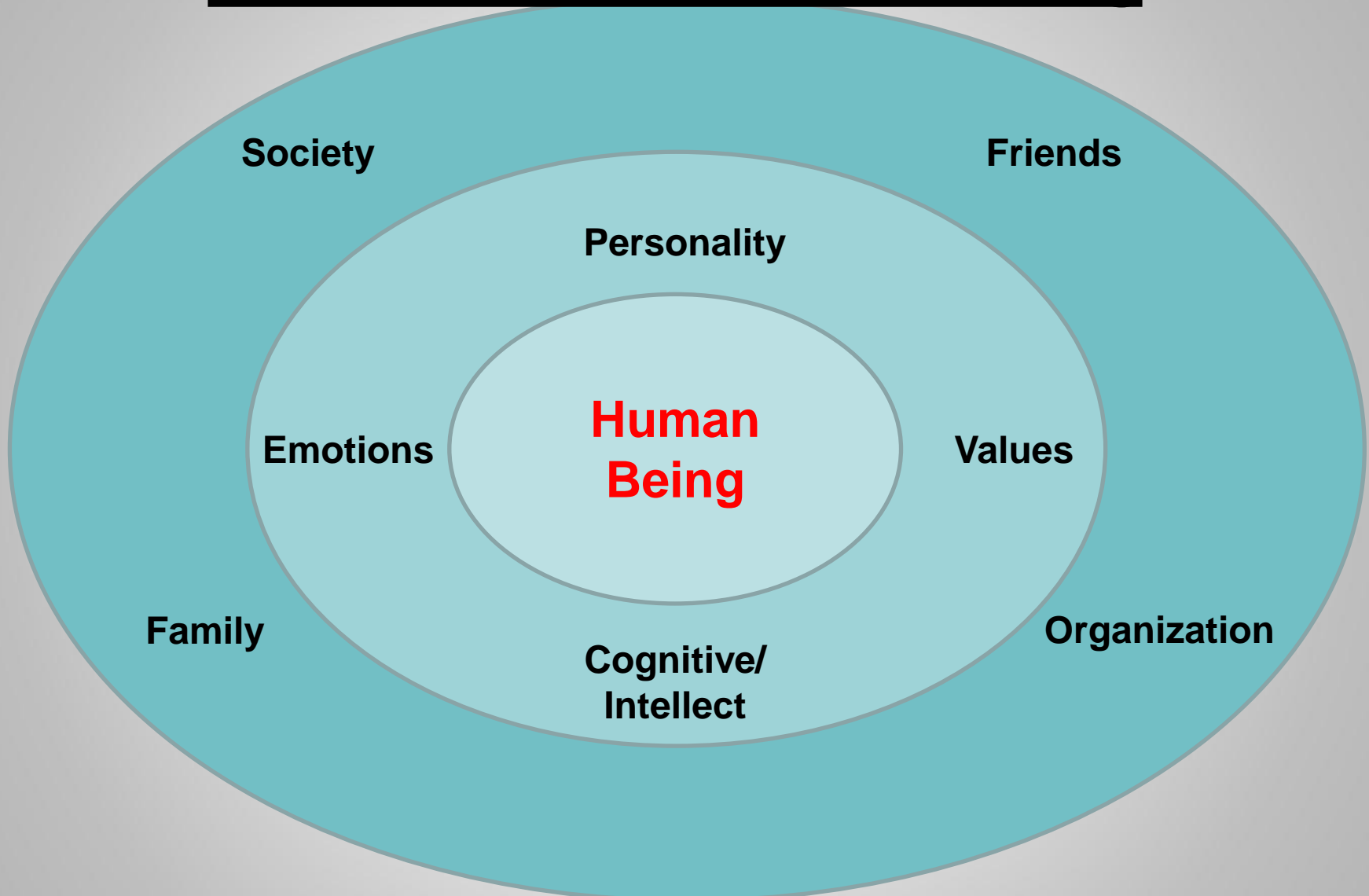
## JUDGING

Organized  
Settled  
Planned  
Decisive  
Control one's life  
Set goals  
Systematic

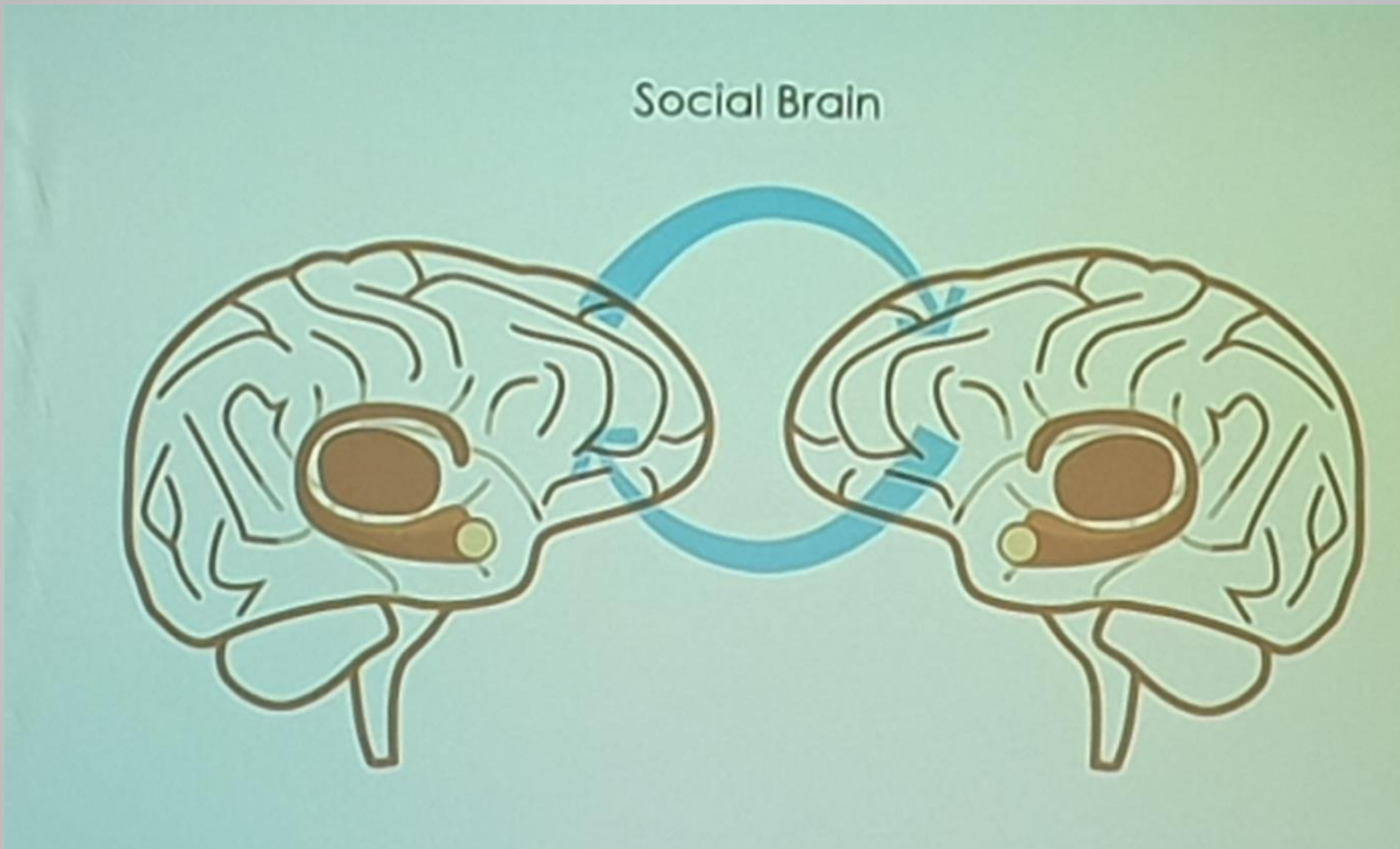
## PERCEIVING

Pending  
Flexible  
Spontaneous  
Tentative  
Let life happen  
Undaunted by surprise  
Open to change

# Human Nature – Social Being



# Human Nature – Social Being





# Human Nature – Social Being

## *Harvard Study of Adults Development*

<https://www.youtube.com/watch?v=8KkKuTCFvzI>

- **Satisfaction with relationships in 50's the strongest predictor of physical health in 85's**

# Human Nature – Social Being

Key denominator of quality life and interaction with other is:

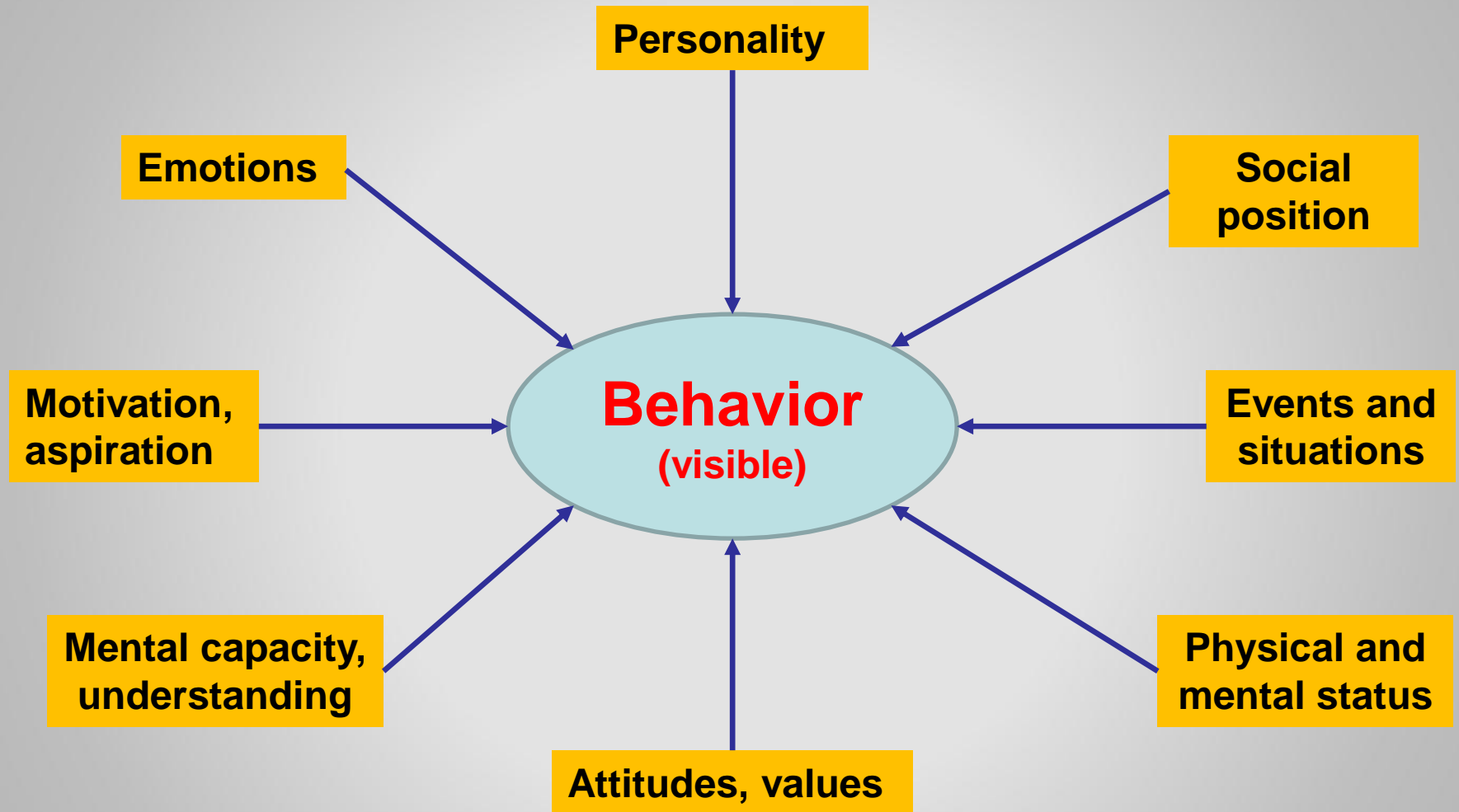
## Relationship

# Human Nature – Self and Social

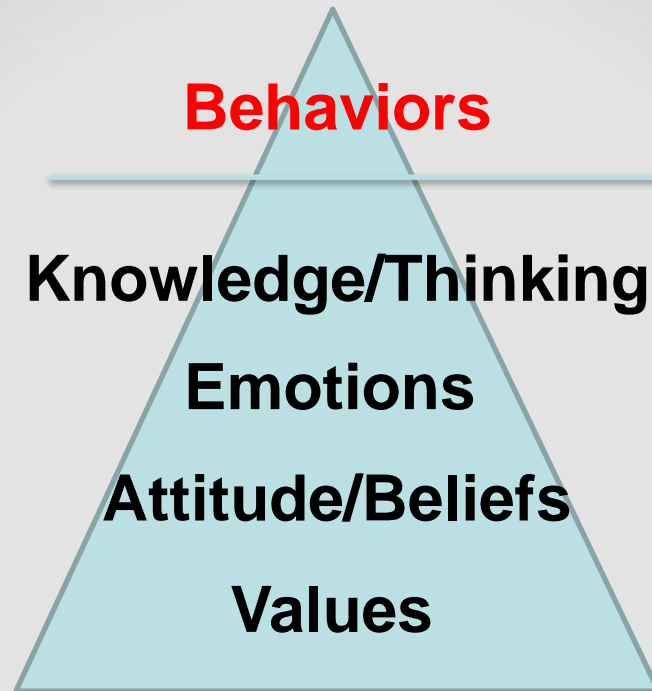
**Emotional Intelligence** – ability to recognize, evaluate, and regulate own emotions and emotion of the others.



# Composition of behavior



# Different perspectives



**Self – perception –**  
How we see ourselves  
(intentions)

**Reputation –** How  
others perceive us  
(actions/behaviors)

# Human Capital

# Human Capital

**Human Capital** consist of *'the individual's capabilities, knowledge, skills and experience of the company's employees and managers, as they are relevant to the task at hand, as well as the capacity to add to this reservoir of knowledge, skills, and experience through individual learning'*.

Dess and Picken (1999)

**Structural Capital** can be described as the supportive infrastructure, processes, and databases of the organization that enable human and social capital to function.

Ordonez de Pablos et al (2013)

# Human Capital vs Structural Capital

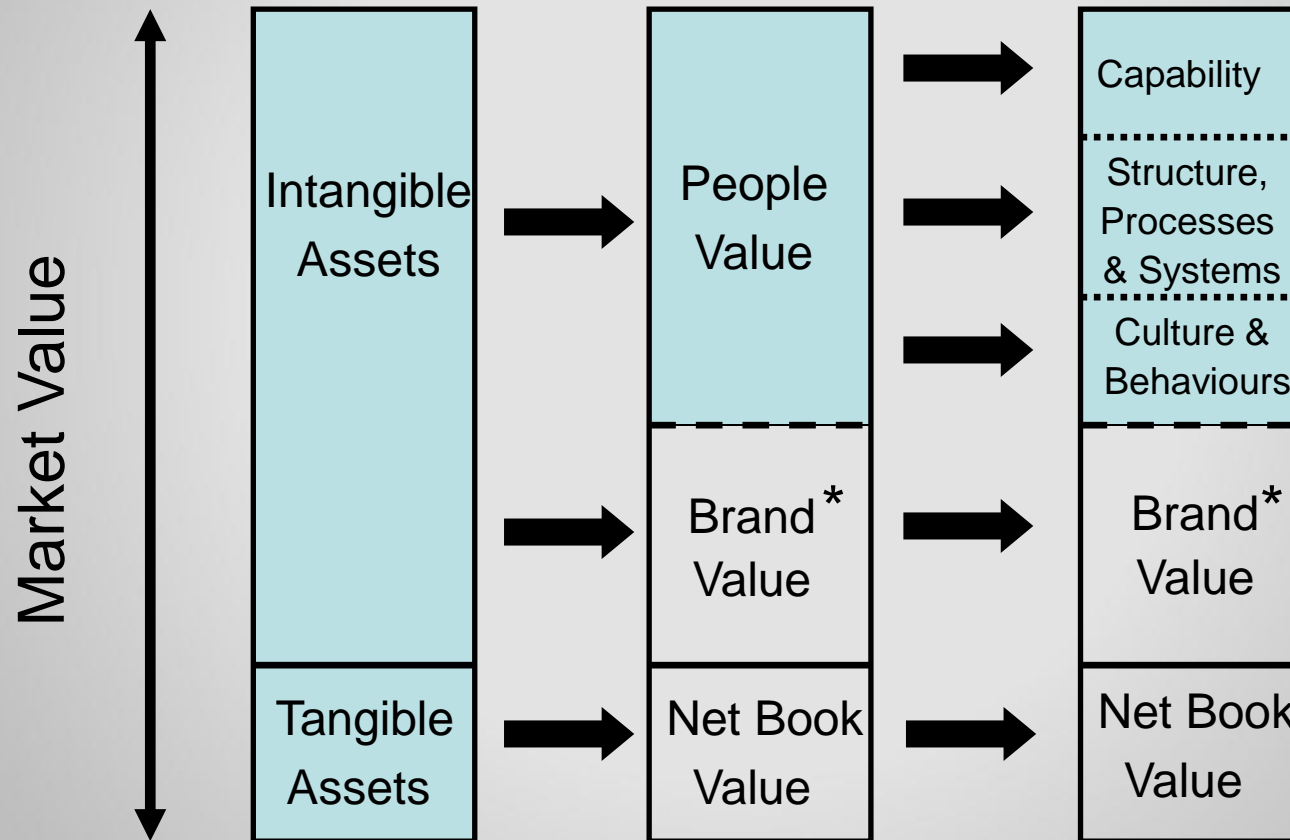
Human Capital is flying through a company and it is potential – everybody has it

Structural Capital is used, controlled and tangible – only successful have it



# Human Capital

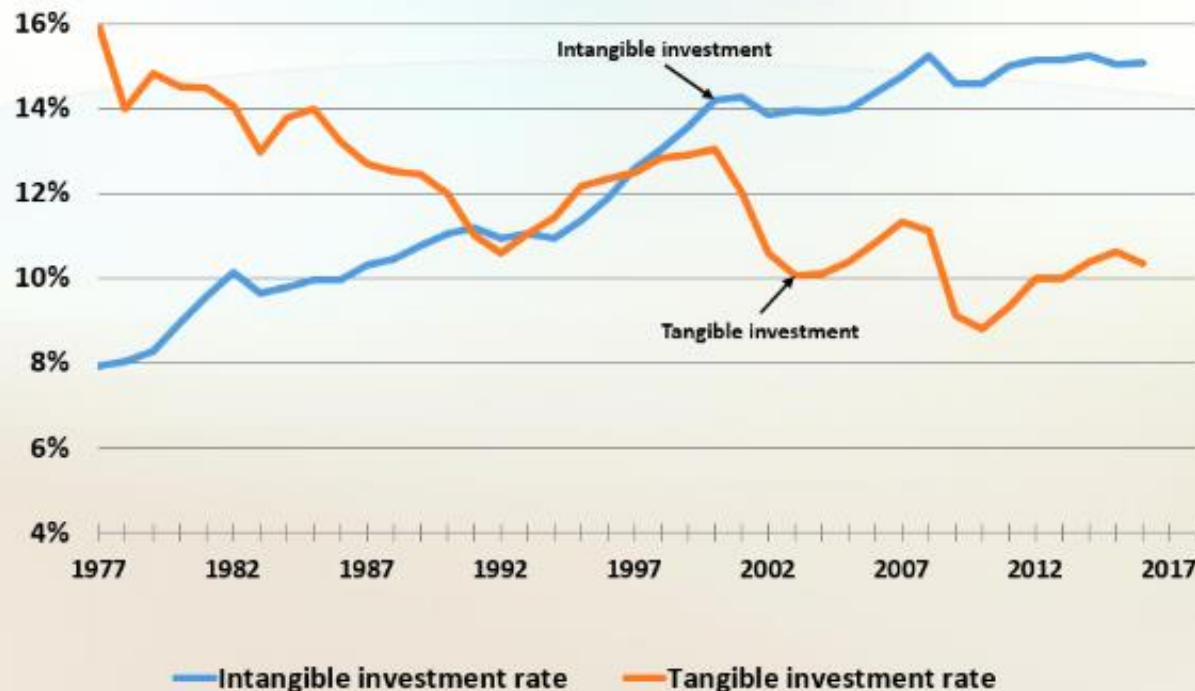
\* Calculated using the Interbrand model



# Intangible vs Tangible Investment

## Corporate Investment in Tangible and Intangible Assets

Figure 1: Investment rates in intangible (rising) and tangible (falling) assets, Private Industries, 1977 to 2016  
(investment relative to private industry gross value added)



Source: Carol Corrado and Charles Hulten: *American Economic Review*

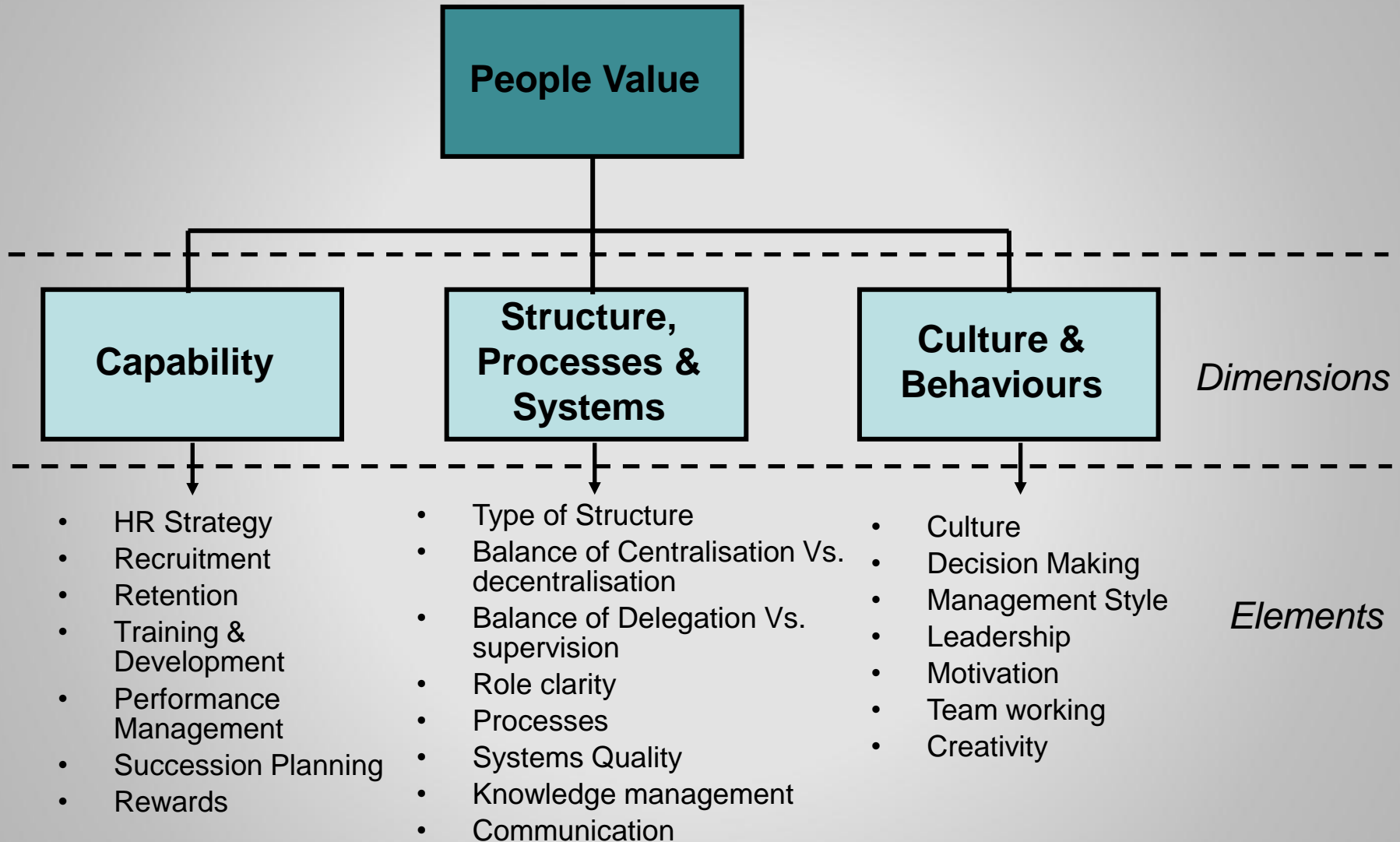
# Human Capital

Company	Net Book Value £m (2000)	Market Value £m (2000)	Brand Value £m (2000)*	People Value £m (2000)	% People Value of Market Value	Value gain from Increase in People Value by 1% (£m)	Enhanced Market value £m
HSBC Holdings	16633	62681	14416**	41519	66%	415	63096
Barclays	8300	24747	8908	7539	30%	75	24822,39
Lloyds	8462	36247	3744	24041	66%	240	36487,41

\* 1998 figures projected for 2000 - supplied by Interbrand

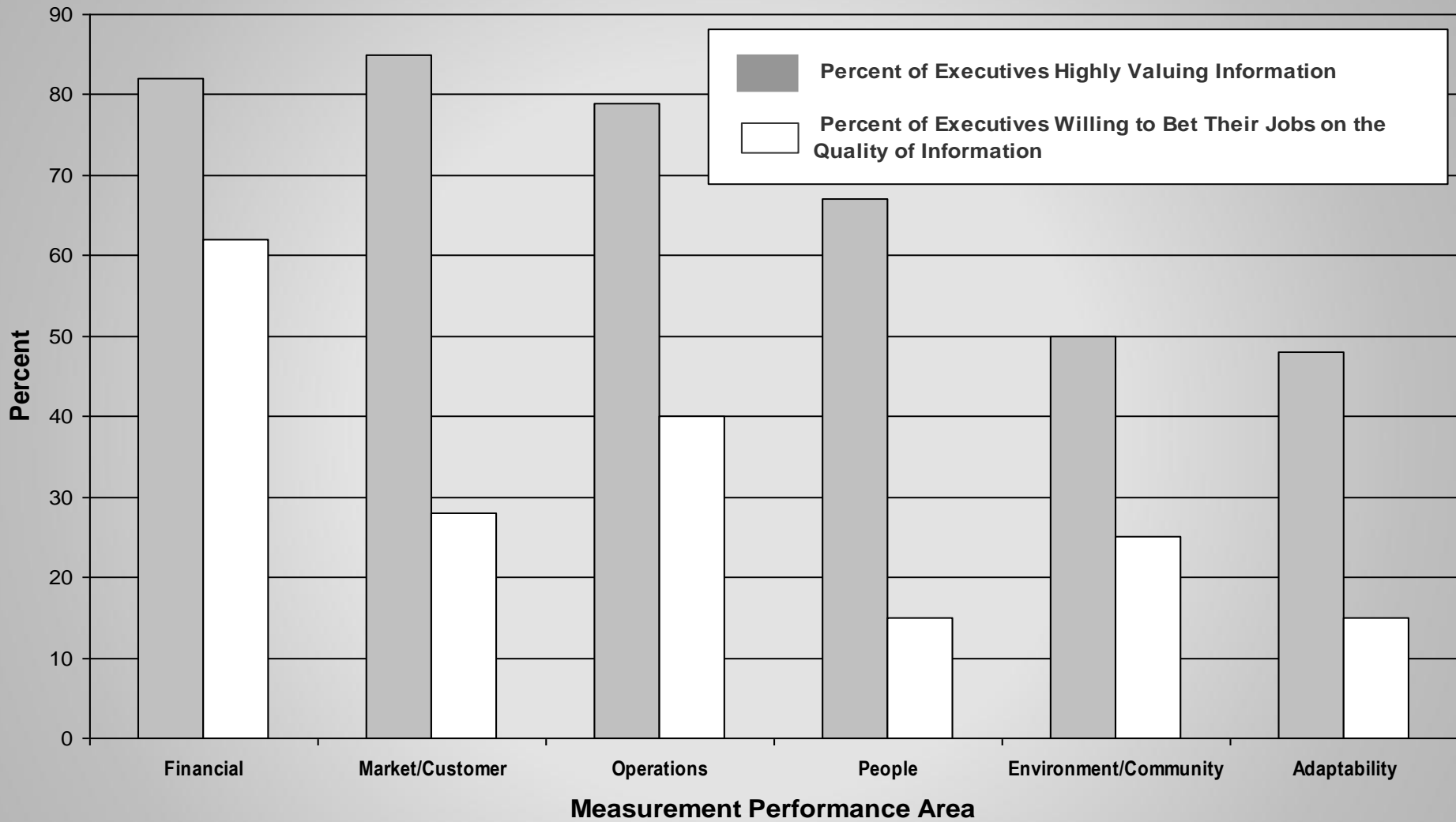
\*\* Derived using average brand % of Market value of Barclays and Lloyds

# Human Capital – People Value

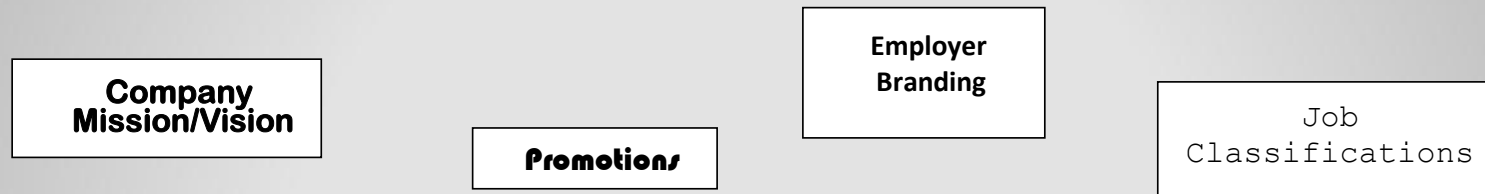


# HRM and Its Position in Today Business

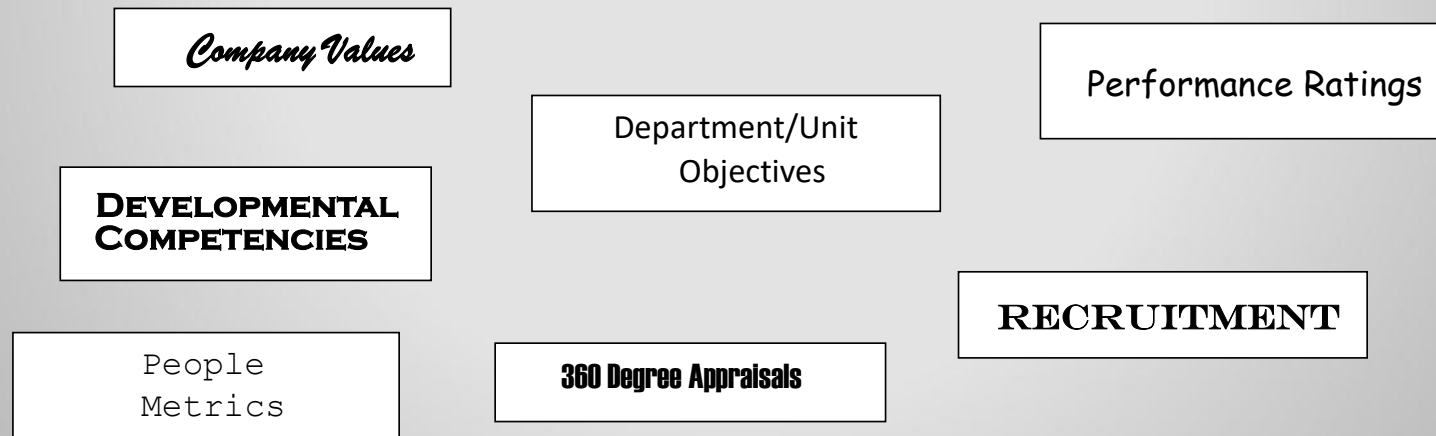
## Quality of Data Is Questioned Balanced Scorecard



# The HR only perceived or is really bureaucracy



## Independent Activities



# The People Agenda





# HR's Portfolio

1. Business knowledge
2. HR knowledge
3. Learn to use these to change:
  - Organization culture
  - Organization strategy
  - Organization success

# HR's Business Challenges

- ***Alignment*** with Business Strategy
- ***Integration*** of HR Practices
  - Communication
  - Work Design
  - Performance Measurement
  - Selection
  - Development
  - Rewards
- ***Differentiation*** within the HR Architecture

# Top Human Capital Issues/Trends

- Belonging
- Well-being
- Knowledge management
- Reskilling
- The evolving role of HR
- Building critical skills and competencies
- Organizational design and Change mngmt
- Current and future leadership bench
- Future of work
- Employee experience

Source: **Global Human Capital Trends 2020, The Social Enterprise at Work, Paradox as a Path Forward**; Deloitte

Source: **Top 5 Priorities for HR Leaders in 2021, Gartner** (800 HR leaders globally)

# Top Human Capital Issues/Trends

- Start With Focusing On Worker Wellbeing
- Prepare for Humans + Bots as The New Blended Workforce
- Look for New Use Cases of AI 4 HR
- Focus On Building Ethical AI
- Consider Soft Skills to Be Power Skills In 2020
- Audit Your Workplace Environment for Physical, Emotional, and Environmental Attributes
- Explore Virtual Reality for Corporate Training
- Re-Define Blended Learning To Include On Demand Coaching
- Recruit for Skills Rather Than College Pedigree
- Make Your Workplace Experience A Top Priority

Source: Top 10 HR Trends That Matter Most In The 2020 Workplace; Forbes

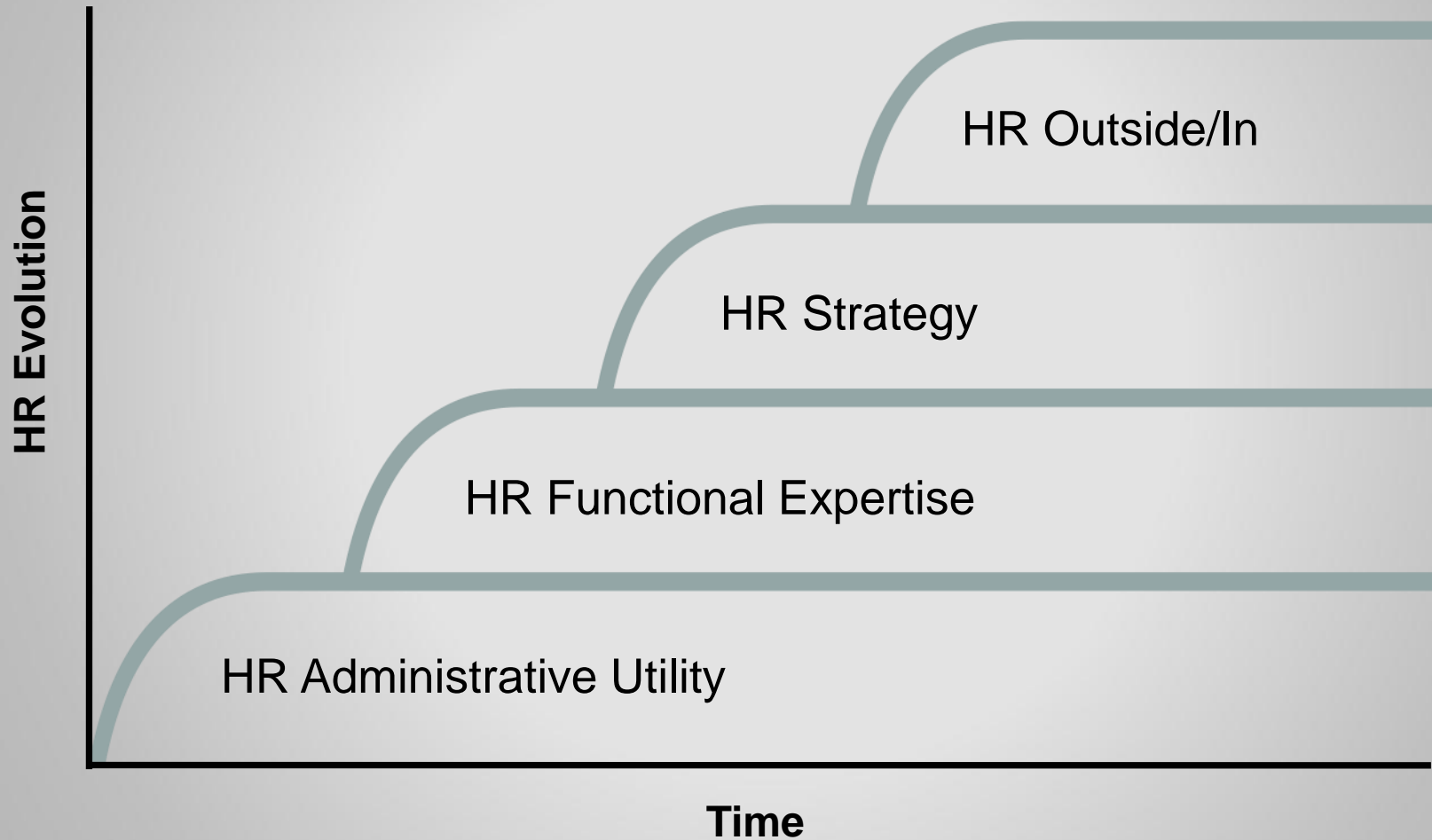
# Dave Ulrich HR Model



# Ulrich HR Model



# HR outside in: Evolution of HR

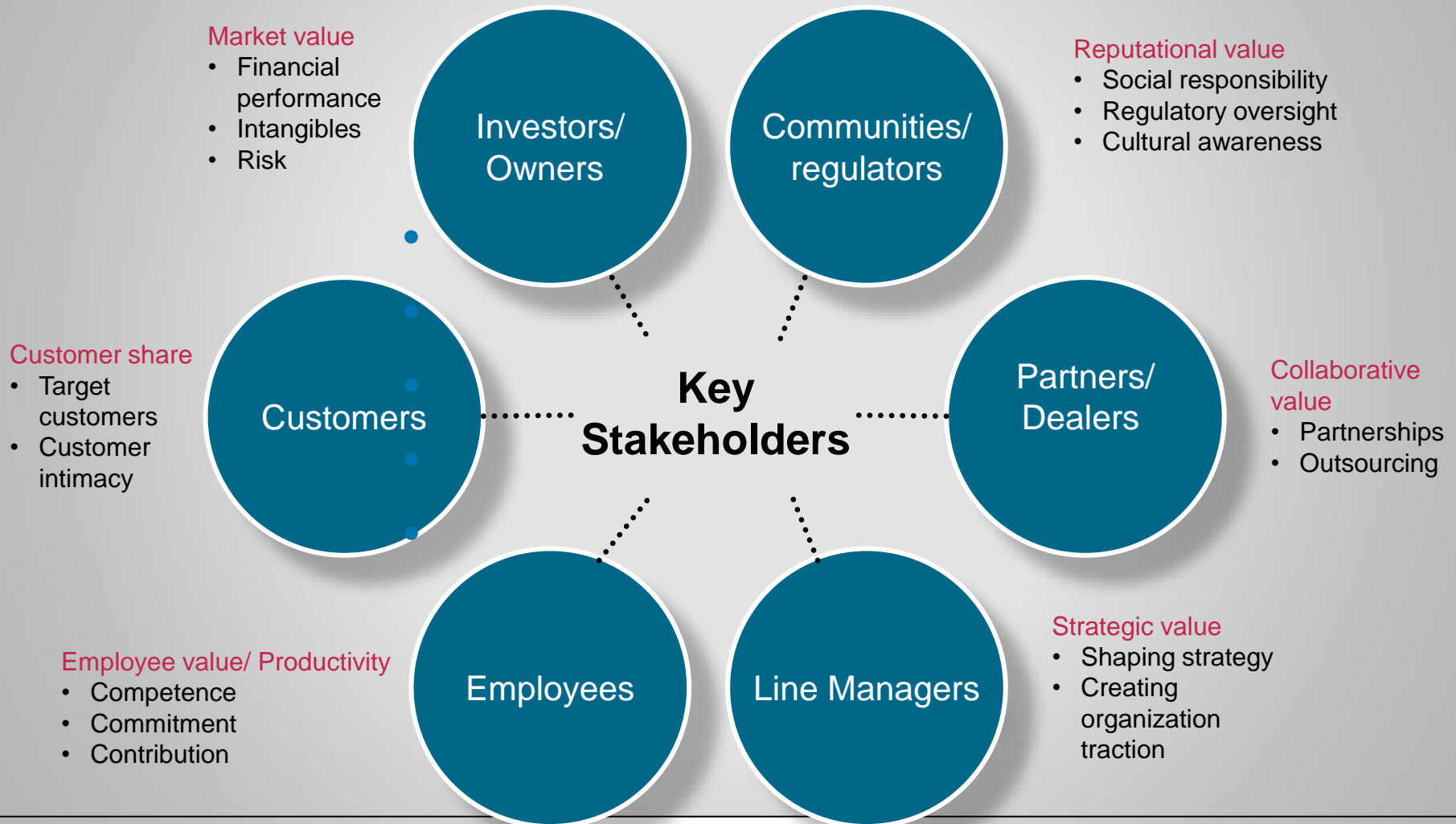


# HR outside in: HR practices

HR domain	Examples of outside in
Staffing	Are we the employer of choice of <i>employees our customers would choose</i> ?
Training/development	Do we involve customers in designing, attending, and delivering training and development?
Performance management	Do our standards for effective performance match customer expectations?
Rewards	Do we involve our customers (suppliers or investors) in allocating rewards?
Communication	Do our communication tools link employees and customers?
Leadership	Have we created a leadership brand where leaders actions are tied to customer expectations?
Culture	Does our culture have the right events, patterns, and identity?



# HR Outside in: HR Creates Value to Key Stakeholders



# HR Mission

## Overview of the Session (1 – 3 – 8)



**HR is not about HR, but helping the business win in the marketplace**

**Assumptions:** What is the emerging mindset for HR?

1. Recognize that value is defined by receiver more than giver
2. Acknowledge and appreciate external business conditions
3. Serve all stakeholders inside and outside

**Emerging trends:** What's new in talent, organization, leadership?

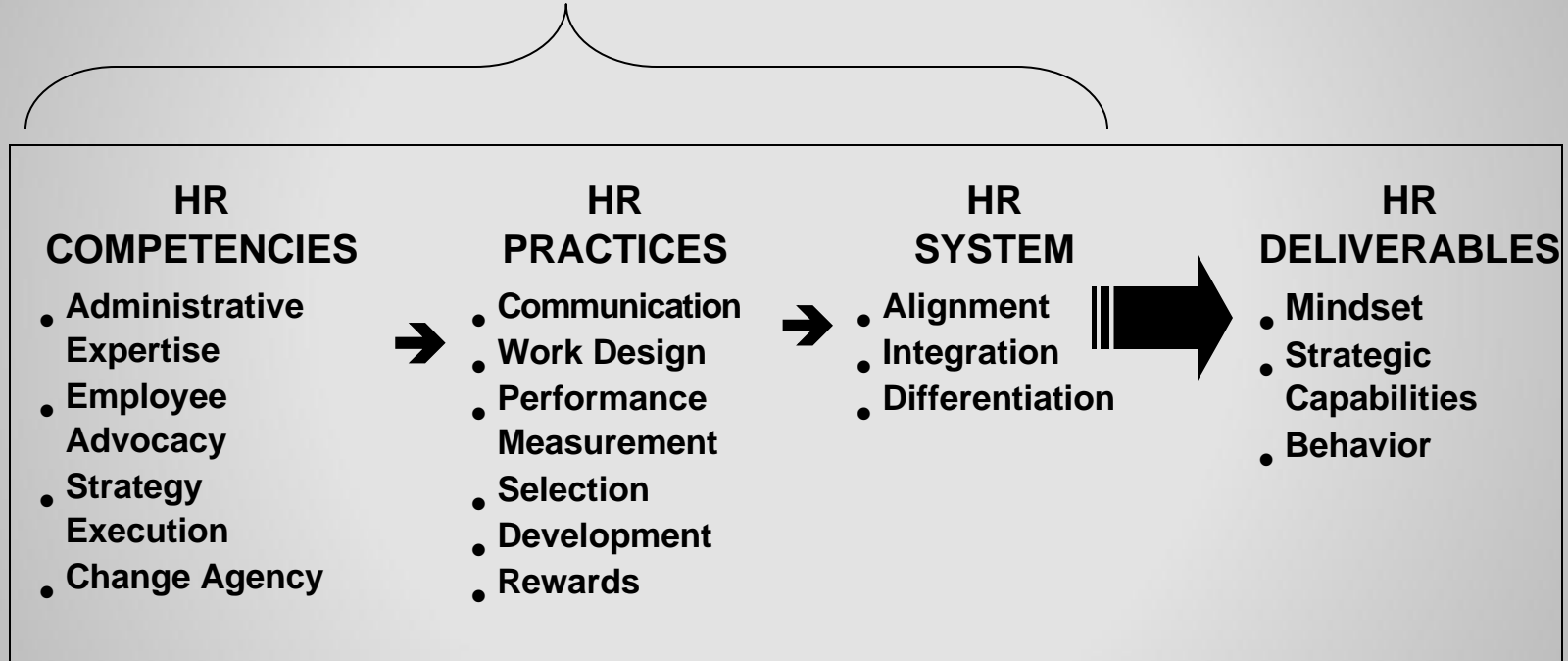
4. Deliver talent (talent innovations)
5. Create the right organization (organization innovation)
6. Great leaders and leadership

**HR update:** How to upgrade HR department and professionals?

7. Build a competitive HR department
8. Develop HR competencies

# The Context of HR/Workforce Measurement

## *What HR does*



*What HR delivers*

# You deliver and measure (mostly) intangible assets

Top ten nonfinancial variables considered by financial analysts:

<u>Rank</u>	<u>Variable</u>
1	Execution of corporate strategy
2	Management credibility
3	Quality of corporate strategy
4	Innovation
5	Ability to attract and retain talented people
6	Market share
7	Management expertise
8	Alignment of compensation with shareholders' interests
9	Research leadership
10	Quality of major business processes

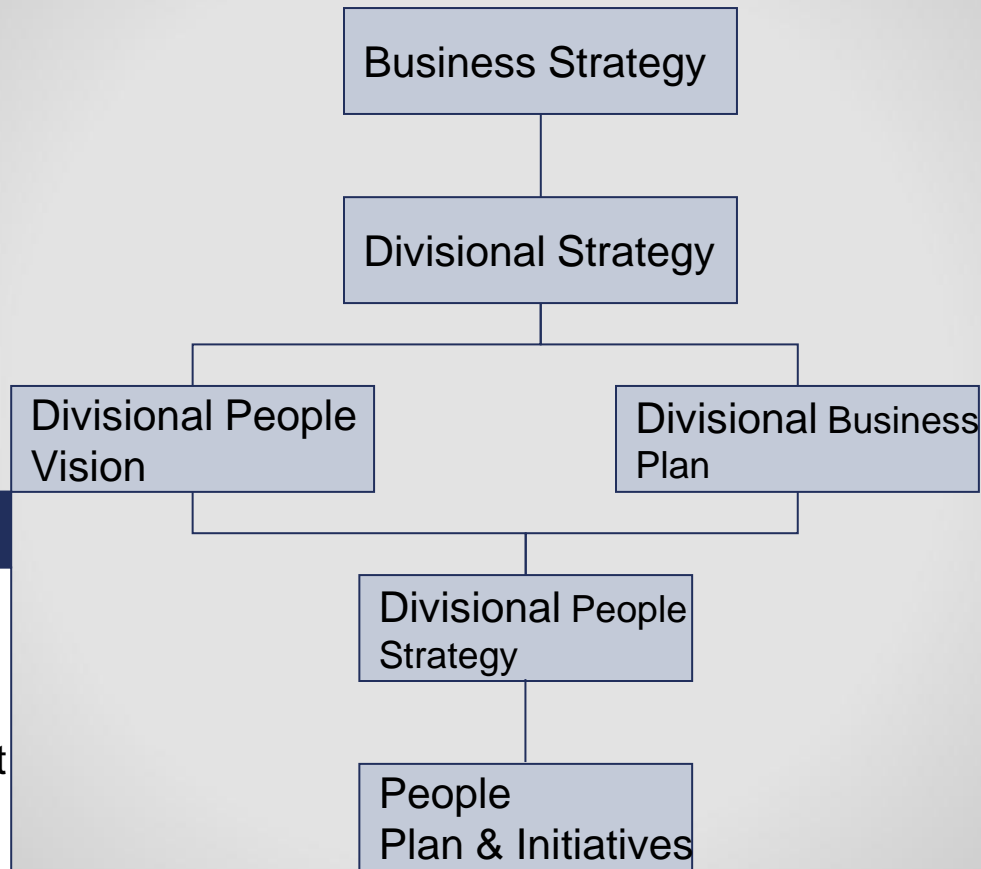
Measures That Matter, J. Low and T. Siesfeild, Ernst & Young, Boston, 1998, in  
The HR Scorecard, B. Becker, M. Huselid and D. Ulrich, HBS, Boston, 2001

**HRM strategy**

**vs**

**People strategy**

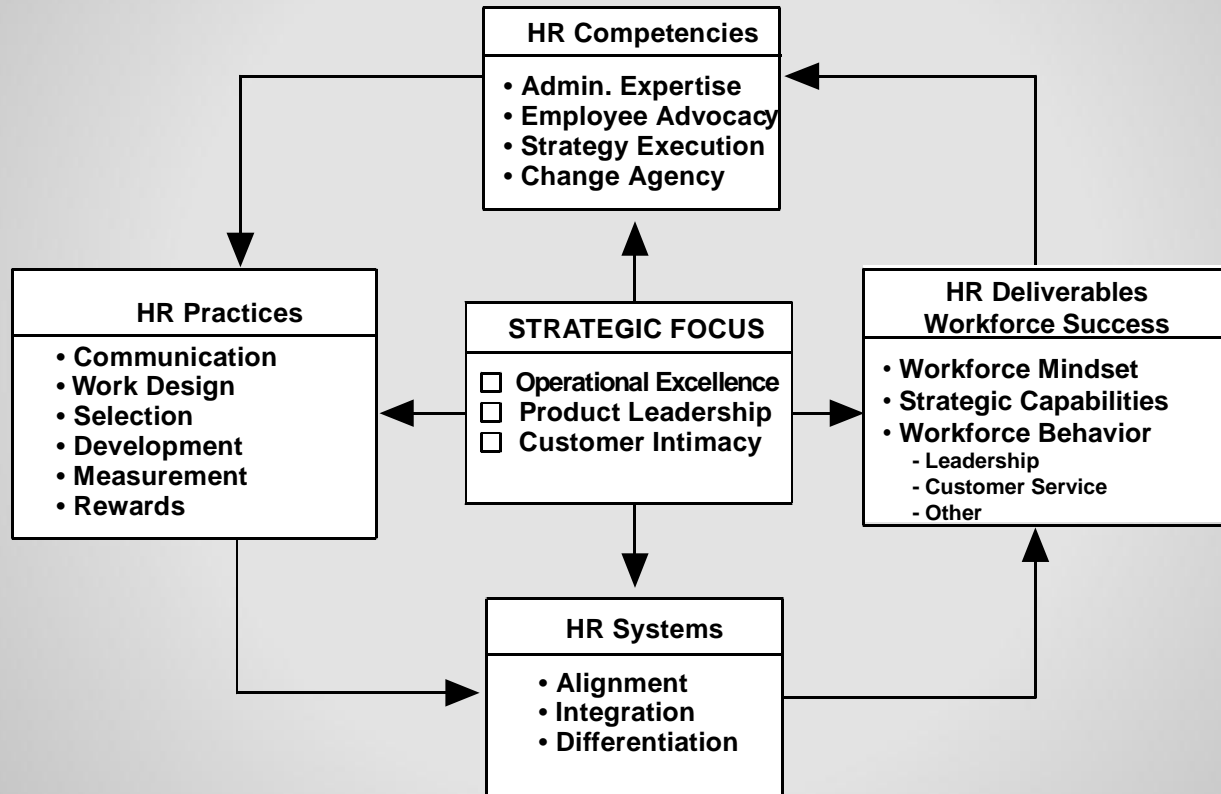
# A People Strategy Model



## People Levers

- Capability
- Resourcing
- Work environment
- People processes
- Measurement

# The HR Business Model



# HR Alignment

## Strategic Choice and People “Fit”

Operational Excellence — Cost —	Product Leadership — Innovation—	Customer Intimacy —Solutions —
<b>Core Workforce Mindset</b>		
<ul style="list-style-type: none"> <li>• Identifies with process</li> <li>• Trainable/can learn</li> <li>• Follow the Battle Plan</li> <li>• Dedicated to organization</li> <li>• Shorter-term focus</li> <li>• Avoid waste and cost</li> <li>• Driven by incremental improvement</li> <li>• High concern for output quantity</li> <li>• High concern for process</li> <li>• High comfort with stability</li> <li>• Lower level of risk-taking</li> </ul>	<ul style="list-style-type: none"> <li>• Identifies with, values and is humbled by the discovery process</li> <li>• Challenges the possible/the status quo</li> <li>• Anti-bureaucratic</li> <li>• Longer-term focus</li> <li>• Versatile</li> <li>• Driven by learning</li> <li>• Higher concern for outcomes</li> <li>• High tolerance for ambiguity</li> <li>• Greater degree of risk-taking</li> </ul>	<ul style="list-style-type: none"> <li>• Identifies with customers</li> <li>• Shares “secrets” readily, easily</li> <li>• Seeks customer intelligence</li> <li>• Adaptable/flexible</li> <li>• Makes customer results happen</li> <li>• Quick study</li> <li>• Driven by customer success</li> <li>• Anticipates customer needs</li> </ul>
<ul style="list-style-type: none"> <li>• <b>NOT: Free spirits/ostentatious</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>NOT: Structured/streamlined</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>NOT: Clones</b></li> </ul>
<b>Typical Behaviors</b>		
<ul style="list-style-type: none"> <li>• Teamwork</li> <li>• Working to fit in/find a role</li> <li>• Relatively repetitive and predictable behaviors</li> <li>• Primarily individual activity as part of process</li> </ul>	<ul style="list-style-type: none"> <li>• Problem solving</li> <li>• Challenging one another</li> <li>• Cross-functional collaboration</li> <li>• High degree of creative behavior</li> </ul>	<ul style="list-style-type: none"> <li>• Share ideas and solutions</li> <li>• Thinks/works across boundaries</li> <li>• Develops broad-based skills</li> <li>• Networks effectively</li> <li>• Customer management</li> </ul>
<b>Examples</b>		
<p><b>Federal Express, Dell, Nucor, Wal-Mart, UPS, Home Depot, Lowe’s, Best Buy, Ikea, McDonald’s Carrefour</b></p>	<p><b>Sony, Glaxo, Merck, 3M, Intel, Nike, Microsoft, Burberry</b></p>	<p><b>Four Seasons, Airborne, Cott, Roadway, Cable &amp; Wireless, Circuit City</b></p>



## Strategic Choices and Traditional HR Alignment

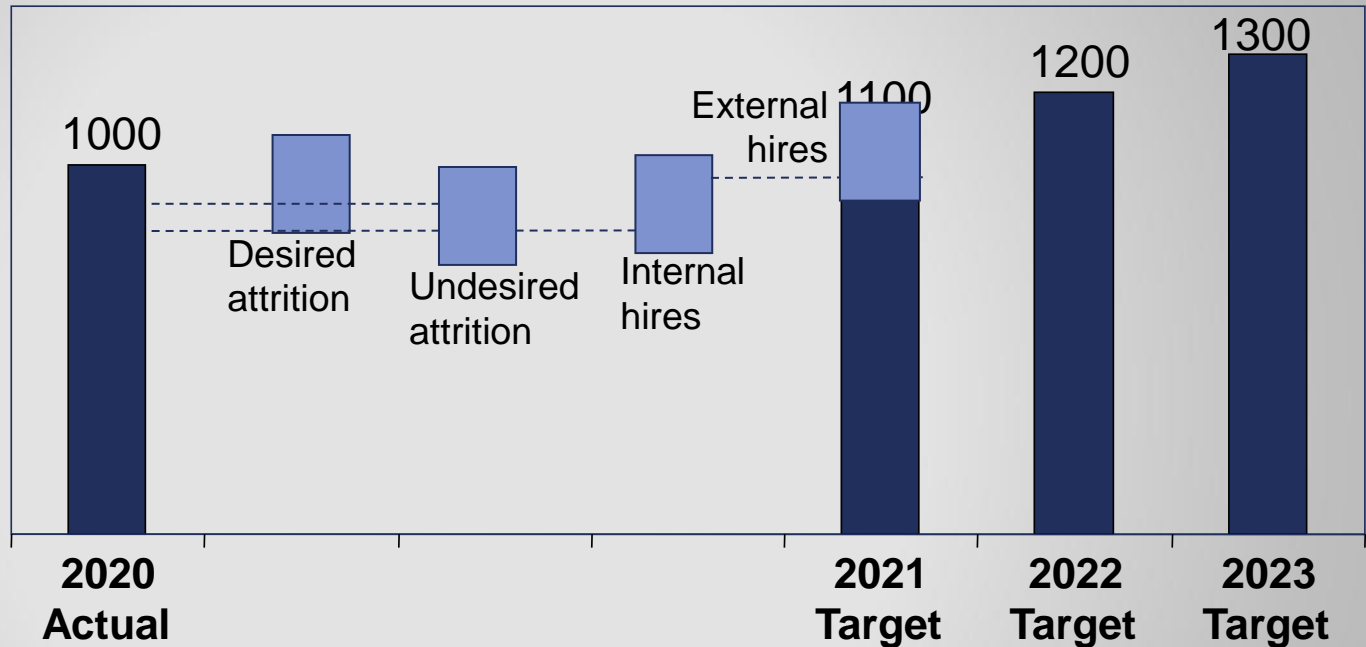
	Work Design	Performance Measures	Selection of Competencies	Competency Development	Rewards	Communication
	<ul style="list-style-type: none"> <li>• Right Work</li> <li>• Key Processes</li> <li>• Job Design</li> <li>• Organizational Design</li> </ul>	<ul style="list-style-type: none"> <li>• Culture</li> <li>• Expectations</li> <li>• Feedback</li> <li>• Levels</li> </ul>	<ul style="list-style-type: none"> <li>• Hire</li> <li>• Move</li> <li>• Exit</li> </ul>	<ul style="list-style-type: none"> <li>• Orientation</li> <li>• Current Job</li> <li>• Career Level</li> </ul>	<ul style="list-style-type: none"> <li>• Behavior</li> <li>• Consequences</li> <li>• Reward Levels</li> </ul>	<ul style="list-style-type: none"> <li>• Strategy</li> <li>• Mindset</li> <li>• Status</li> </ul>
Oper. Excellence	<ul style="list-style-type: none"> <li>• Centralized/controlled</li> <li>• Strict policies/procedures</li> </ul>	<ul style="list-style-type: none"> <li>• Total cost productivity</li> <li>• Errors</li> <li>• Waste</li> <li>• Abandoned calls</li> <li>• Lost customers/accounts</li> <li>• Net sales → head count</li> <li>• Times/deadlines met</li> </ul>	<ul style="list-style-type: none"> <li>• Strong basic education:                             <ul style="list-style-type: none"> <li>– Quantitative</li> <li>– Verbal</li> <li>* Written</li> <li>* Oral</li> </ul> </li> <li>• Process competencies</li> <li>• Passive learners</li> </ul>	<ul style="list-style-type: none"> <li>• Strong orientation on expectations, rules</li> <li>• Predictable career ladder</li> <li>• Learning structured</li> </ul>	<ul style="list-style-type: none"> <li>• Team productivity awards</li> <li>• Profit sharing tied to performance criteria</li> <li>• Skill-based pay</li> </ul>	<ul style="list-style-type: none"> <li>• Strategic choice</li> <li>• Teamwork</li> <li>• Encourage process improvement</li> <li>• Productivity improvement feedback</li> </ul>
Product Leadership	<ul style="list-style-type: none"> <li>• More autonomy</li> <li>• Teams (cross functional)</li> </ul>	<ul style="list-style-type: none"> <li>• % Sales from new products (e.g., last 3 years)</li> <li>• Margin</li> <li>• New sales growth</li> <li>• Customer growth</li> <li>• Industry accolades/recognition</li> <li>• Copyrights</li> <li>• Patents</li> </ul>	<ul style="list-style-type: none"> <li>• Technical/research competencies</li> <li>• Outside-the-box thinkers</li> <li>• Active learners</li> </ul>	<ul style="list-style-type: none"> <li>• Employees responsible for learning</li> <li>• Mandatory competency growth</li> <li>• Feedback on professional competency growth</li> </ul>	<ul style="list-style-type: none"> <li>• Team innovation awards</li> <li>• Competency-based pay</li> </ul>	<ul style="list-style-type: none"> <li>• Strategic choice</li> <li>• Antibureaucratic</li> <li>• Candor</li> <li>• Humble</li> <li>• Encourage ideas/problem-solving</li> <li>• Let employees know what a winner “looks like”</li> <li>• Feedback on new product sales</li> </ul>
Customer Intimacy	<ul style="list-style-type: none"> <li>• Coordinated</li> <li>• Know the customers’ needs</li> </ul>	<ul style="list-style-type: none"> <li>• Customer guarantees</li> <li>• Customer retention rate</li> <li>• No. referrals from current customers</li> </ul>	<ul style="list-style-type: none"> <li>• Active learners</li> <li>• Networking competencies</li> <li>• Resourcefulness</li> </ul>	<ul style="list-style-type: none"> <li>• Oriented toward long-term relationship with customer</li> <li>• Not a lot of ladders</li> <li>• Acts as a consultant to customer/partner</li> </ul>	<ul style="list-style-type: none"> <li>• “Fee for Service” participation</li> <li>• System awards</li> <li>• Nonfinancial awards</li> </ul>	<ul style="list-style-type: none"> <li>• Strategic choice</li> <li>• Customer advocates</li> <li>• Know your customers’ needs</li> </ul>
<b>Implications: What must we do (first? Second?) to align HR with our business strategy?</b>						

# HR strategy – people strategy

- **HR Strategy – strategy of HRM as function**
- **People Strategy – company business people strategy**

# People Strategy – People Needed

## People Requirement



**Business Strategy**  
Grow sales by 10% for next three years

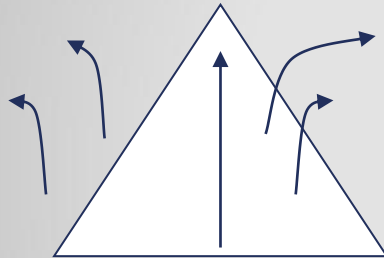
Plus: Appropriate changes to Employee Value Proposition

- Review / redesign of relevant HR processes
- Competence review e.g., as a result of automation
- HR Capability review

# People Strategy - Develop or Hire

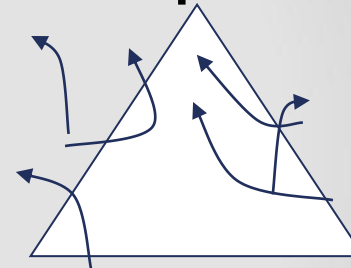
- What is the appropriate model for your business

## Hewlett Packard



- Predominantly entry hire
- Low attrition
- Cross-functional moves

## Pepsi-Co



- Hire at all levels
- High, monitored turnover
- Fast progression

# Concept of People Management

# People Management

**Everything organisation (and managers) does  
in order to manage and support the staff and  
maximise utilisation of workforce**

# People Management

- Job and organisation design
- Selection for success, using competency based approach
- Continuously managing performance, using appraisal and coaching as a key responsibility for all managers and supervisors
- Developing individual capability with individually agreed development plans
- Business and resource planning
- Rewarding performance by using clear standards and rewards

Royal Bank of Scotland, Managing People, Jane Weightman, CIPD, 2008

# People Management

The People Management role is highly respected in my organization **45%**

My line manager/supervisor has the necessary (PM) skills **42%**

#1 barrier to the PM experience is – **Lack of Feedback**

Inadequate time spend in role of People Manager

- Managers **spend 3-4 hrs per employee/year** on managing performance

Source: **Employee Value Proposition and Total Rewards: Modernize or Risk Irrelevance;**  
**Willis Tower Watson, 2017** (>4000 participants globally)



# People Management

- **HRM – responsibility, but**
- **Line Managers – accountability and responsibility**

# Organizational capabilities and individual competencies

# Organisational Capabilities

## Key Capabilities/Competencies

- **Core competencies are resources and capabilities that serve as a source of competitive advantage for a firm over its rivals, main strenghts/advantages**
- **Key competencies are emphasized in strategy implementation efforts**

# Organisational Competencies

<u>Nokia</u>	<u>Cisco</u>	<u>General Electric</u>
<b>Wireless technology</b>	<b>Mergers and acquisitions</b>	<b>Executive resources</b>
<b>Making technology fashionable</b>	<b>Speed of change implementation</b>	<b>Operational excellence/Six Sigma</b>
<b>Marketing to influential consumers</b>	<b>Constant workforce upgrading</b>	<b>Mergers and acquisitions</b>
		<b>E-commerce mastery</b>

# Organisational Competencies

## Nordstrom Inc. (retailer):

- customer service
- ability to package merchandises in ways that provide unique value to customers

## Dell Computers:

- distribution system

## Philip Morris:

- general area of marketing
- specific applications of special skills in advertising campaigns
- global brand name

# Organisational Competencies

## Amazon

- ... product selection, price leadership, customer centric strategy, intelligent financial management, investment on technology, ability to acquisitions and alliances, as well as branding.

# Organisational Competencies

## Johnson & Johnson:

- “... company is not in the product business. (It) is in the knowledge business.”

# Attract, recruit and select people



# War for people – not only for talents

**Today                    319 million working age citizens**  
**Year 2050            274 million working age citizens**

Lisbon Council Policy Brief: European Human Capital Index, Central and Eastern Europe, 2007

# War for people – not only for talents

Country	Projected change 2005 - 2050
Turkey	37,3%
Slovakia	- 13,0%
Poland	- 13,3%
Croatia	- 14,6%
Lithuania	- 15,0%
Hungary	- 15,2%
Czech Republic	- 15,5%
Estonia	- 16,0%
Romania	- 16,0%
Slovenia	- 16,8%
Latvia	- 19,4%
Bulgaria	- 26,1%
EU – 14 average	- 9,9%

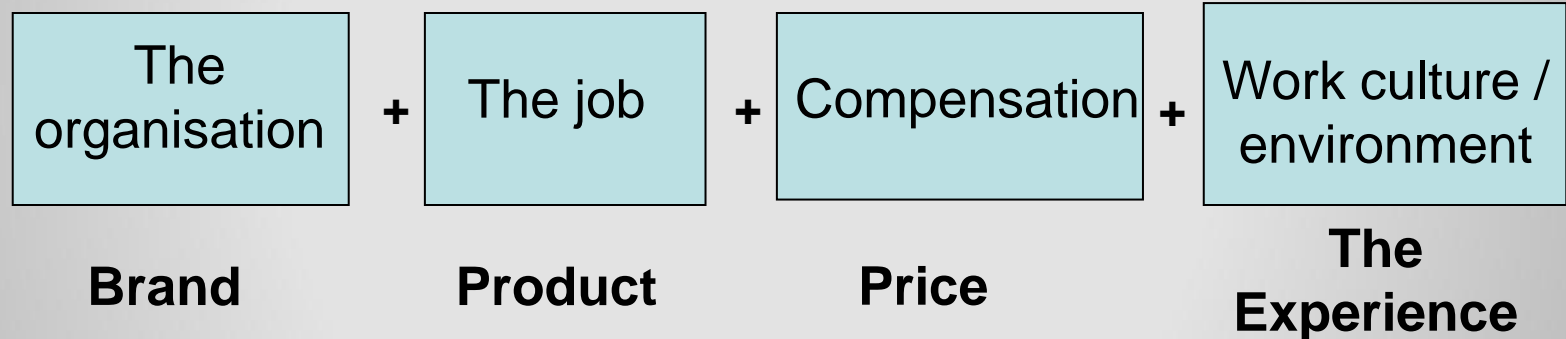
Lisbon Council Policy Brief: European Human Capital Index, Central and Eastern Europe, 2007

# Employee Value Proposition.....

**... the combination of factors that make an organisation a unique and compelling place to work, for a valued individual**

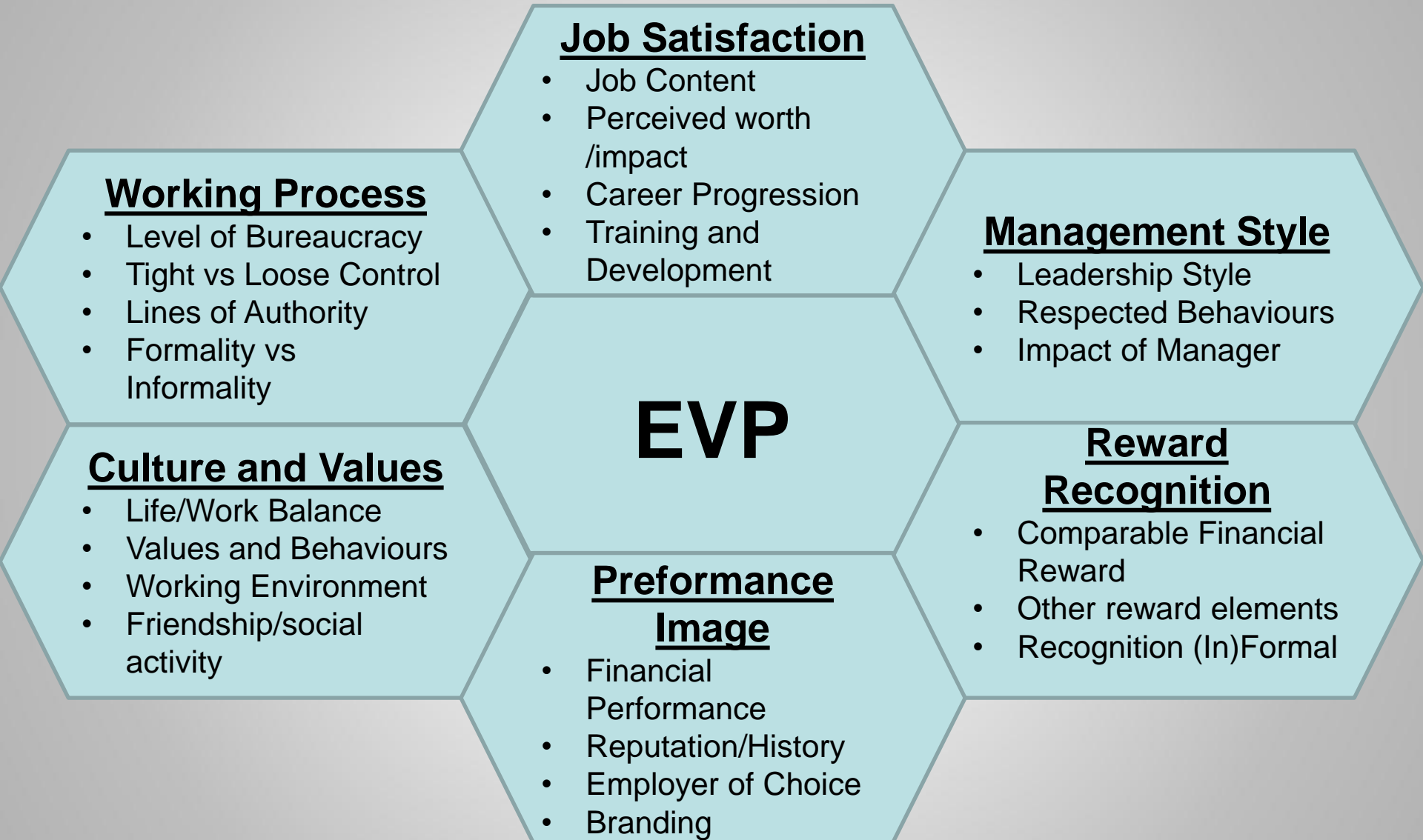
# Employee Value Proposition Components

A compelling EVP



**= Life/Work Balance**

# Employee Value Proposition



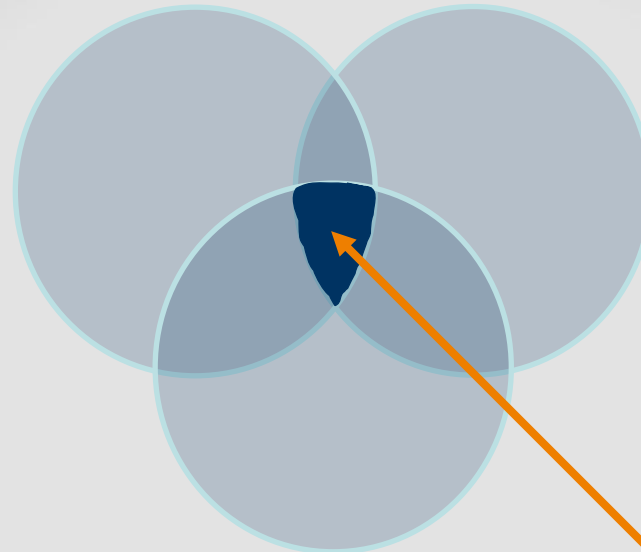
# Monitor & Evaluate

- EVP is an ever evolving concept and needs to be continuously reviewed for relevance & resonance.
  - Monitor the EVP through:
    - staff surveys,
    - interviews (new hire and exit interviews)
    - focus groups
    - turnover analyses
    - participation in employer of choice research
    - continuous engagement with preferred supplier recruitment agencies.
    - engagement with graduates
- 
- Internal
- External

# Identifying the EVP

Profile

The image you would like to communicate



Identity

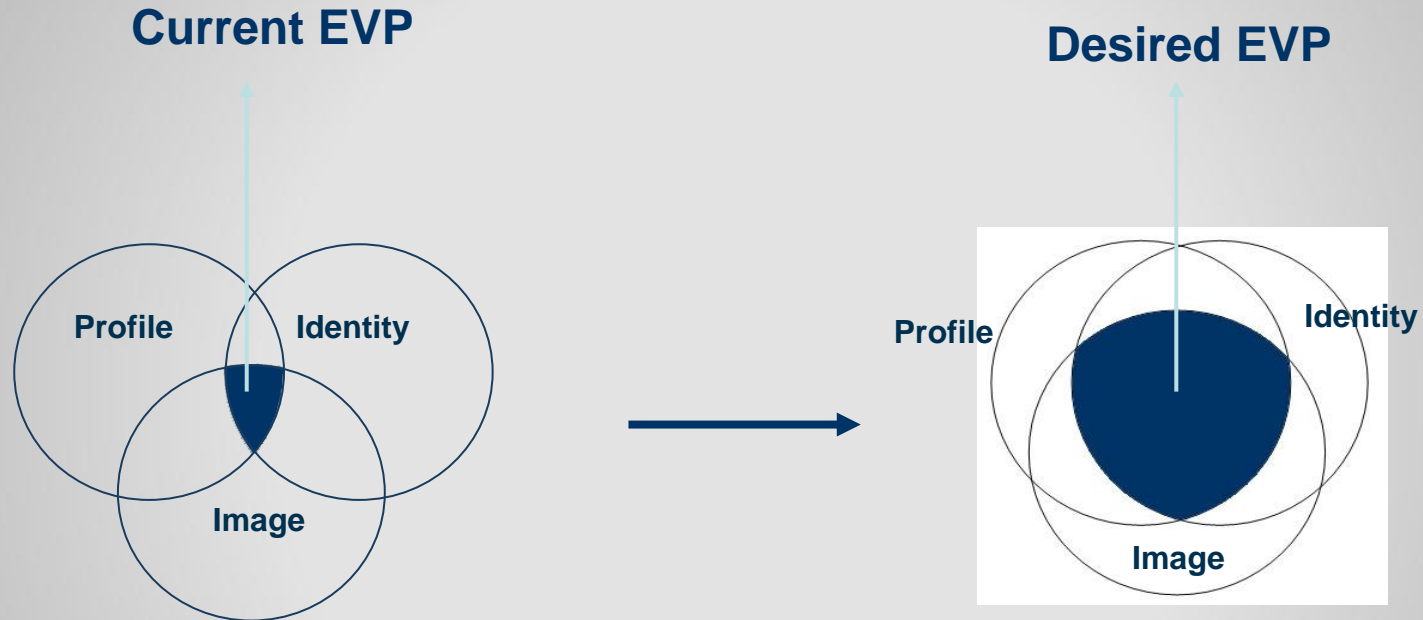
The image, career and opportunities your company can offer

Image

The external view and position of your company

Current EVP

# Identifying the EVP





# Best practice EVP

*The best practice EVP companies achieve better outcomes*

**EVP**

The diagram features a light blue hexagon on the left containing the text 'EVP'. Five red arrows originate from the right side of this hexagon and point to five stacked teal rectangular boxes on the right. Each box contains a specific outcome of best practice EVP.

Almost **3x** as likely to report their employees are highly engaged

**93%** more likely to report significantly outperforming their industry peers financially

More than **10%** less likely to report difficulty attracting and retaining key employees segments

**27%** fewer regrettable new hires in the first year

**17%** lower voluntary turnover

Source: **Employee Value Proposition and Total Rewards: Modernize or Risk Irrelevance;**  
**Willis Tower Watson, 2017** (>4000 participants globally)

# **War for people – attract them brand yourself**

**Employer branding –**

**apply marketing methods, techniques and practices**

**(think about target audience, their needs,  
communication channels, ATL and BTL methods)**

# Employer Branding

- Employment branding is “the package of functional, economic and psychological benefits provided by employment and identified with the employing organisation”

(Barrow, in Corporate Executive Board, 2001).

# From Buyer's to Sellers's Job Market

	<i>Buyer's Market</i>	<i>Seller's Market</i>
<b>Loyalty</b>	Marriage – long term	Dating – Engagement – short term
<b>Employees</b>	Costs, commodities	Investments, consumers
<b>Supervisory skills</b>	Optional	Essential
<b>Hiring occurs when . . .</b>	Positions become vacant	Talent becomes available
<b>Fair treatment</b>	Treating all employees the same	Treating talent differently
<b>Poor performers</b>	Tolerated	Managed out
<b>Performance ratings</b>	Tend towards sameness	Rigorously differentiated
<b>Supervisory focus</b>	Rescuing marginal performers	Developing talent
<b>Organizational rewards</b>	Distributed somewhat evenly	Distributed to talent

# Recruitment

- **The process that provides a panel of potential good employees for assessment and selection (inside or outside)**
- **It is a process which identifies what and who is required and seeks to meet the specification**

# Recruitment

## When you recruit people consider:

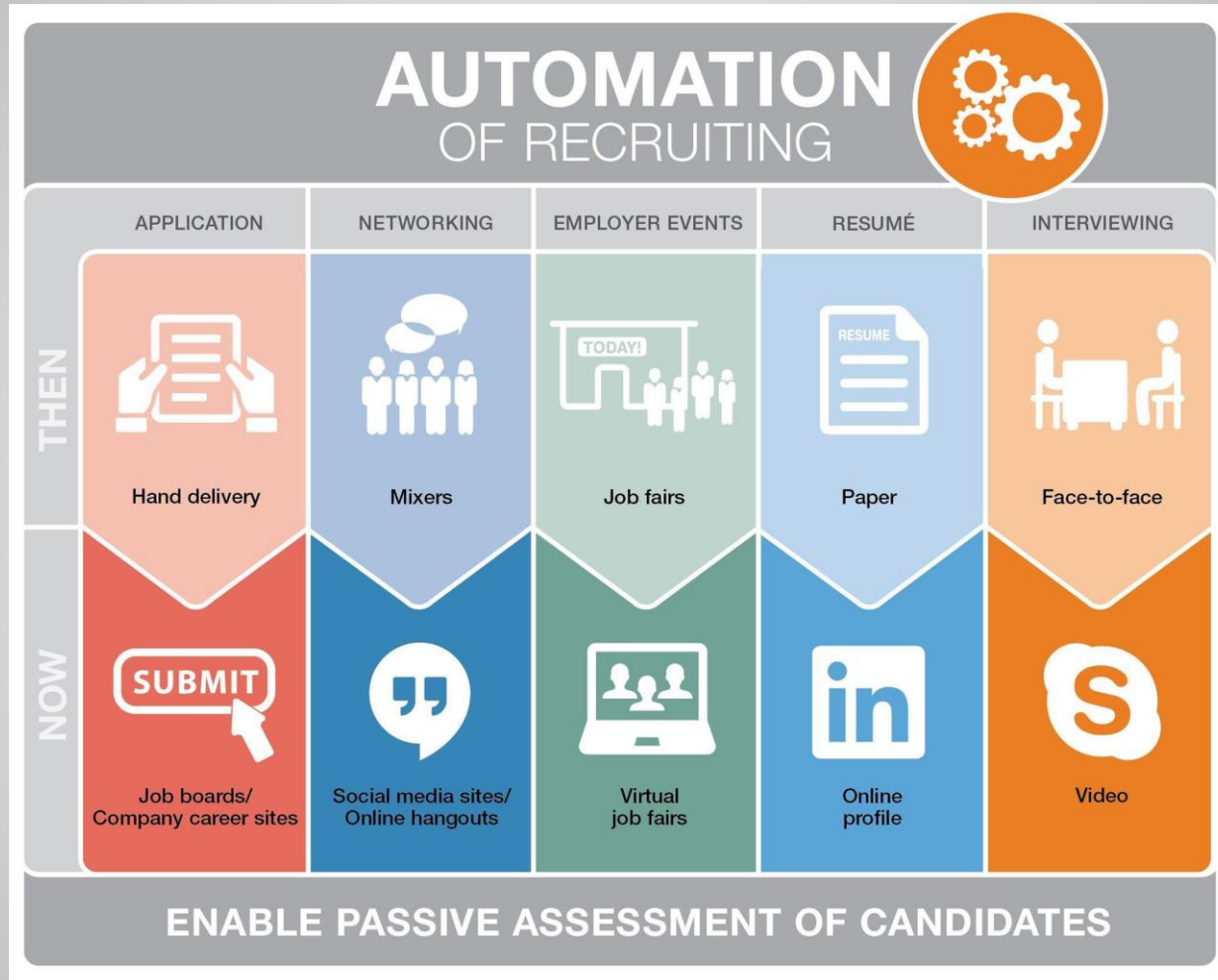
- **Organisational capabilities**
- **Organisational culture**
- **Org. unit dynamics and atmosphere**
- **Job requirements**
- **Individual competencies**
- **Offer and reward for the candidates, EVP**

# Recruitment

## Recruitment methods:

- Internal advertising
- Local/nacional newspapers, radio TV and cinemas
- Commercial employment agencies
- Headhunters
- Recruitment fairs
- Web sites, e-mailing
- Facebook, LinkedIn, other social networking
- Other EB activities

# Recruitment



Source: **10 Recruitment Trends for 2020/2021: Latest Predictions You Should Be Thinking About;** FinancesOnline



# Recruitment

**84% of business are using social media to hire new talents**



Source: **10 Recruitment Trends for 2020/2021: Latest Predictions You Should Be Thinking About;** FinancesOnline

# Recruitment

**90%** Share of employers would hire candidates who validate their knowledge using a certification, digital badge, or coursework instead of a college degree

Source: **Closing the Skills Gap, Wiley, 2019** (> 600 HR seniors)

# Biggest recruitment challenges

- Finding qualified experiences hires **61%**
- Identifying full-time talent with right skills **37%**
- Finding qualified entry-level hires **34%**
- Articulating accurate talent brand **31%**
- Onboarding employees in timely fashion **27%**
- Ineffective recruiting technology **26%**
- Constructing appealing job offer **25%**

Source: **10 Recruitment Trends for 2020/2021: Latest Predictions You Should Be Thinking About;** FinancesOnline

# Selection

**... the process that minimizes possibility to employ wrong or not appropriate candidate(s)**

# Individual competencies

**Competencies**, all characteristics of a person that are necessary to successfully meet the requirements of the position as well as to fit successfully into the organizational culture and dynamics

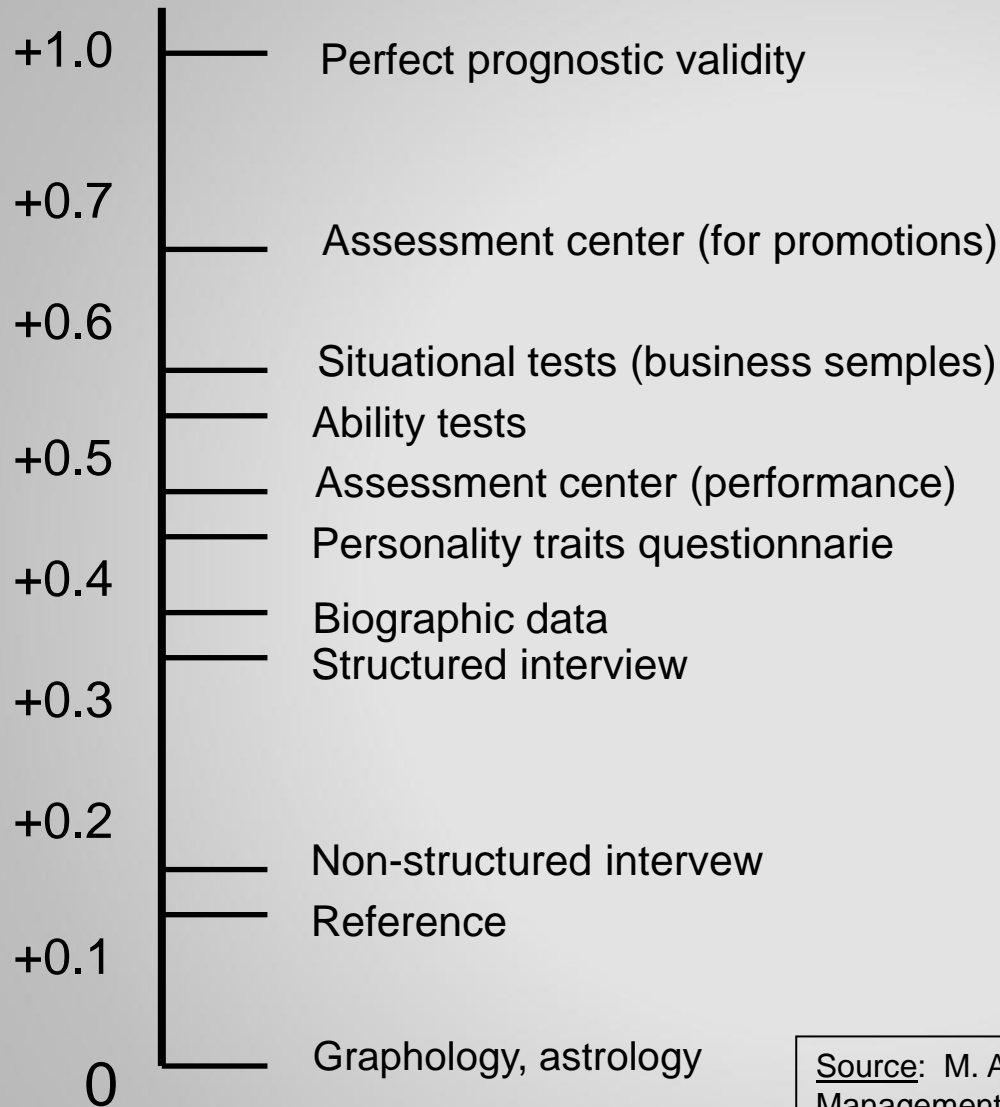
- **Skills**
- **Knowledge**
- **Attitude**
- **Experience**
- **Emotions**
- **Personality**

# Selection

## Selection methods:

- Application forms
- CV
- References
- Interviews
- Recruitment agencies
- Selection test (ability, personal traits)
- Assessment centres

# Selection methods – prognostic validity



Source: M. Armstrong: A Handbook of Human Resource Management Practice 9th edition, Kogan Page Ltd. LONDON UK

# Interviewing skills



# Selection interview

**The process of mutual  
(both sides) selling**

# Purpose of the selection interview

- **To collect information about a candidate**
- **To assess candidate's abilities and capabilities and compare it with position requirements**
- **To provide information about the company and the position to candidate**

Bahtijarević-Šiber, F. 1999.

# Types of interviews

**Unstructured**  
**Structured**

**1 – to – 1**  
**Group**  
**Panel**  
**Telephone**

**Past**  
**experience**  
**Situational**  
**Value-based**  
**Stress**

# **Basic interviewing skills**

- **Active and thorough preparation**
- **Active listening**
- **Art of questioning**
- **Funnelling**
- **Reflectioning**
- **Compiling**
- **Body language control**
- **Time management**

# Selection criteria

**Education**

**Skills**

**Knowledge**

**Competencies**

**Experience**

**Values**

**Attitudes**

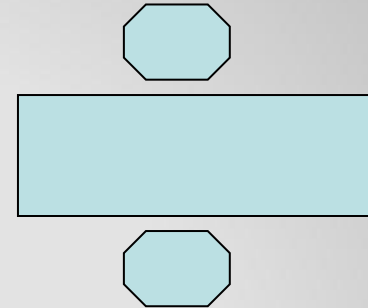
**Aspirations**

# Rapport setting

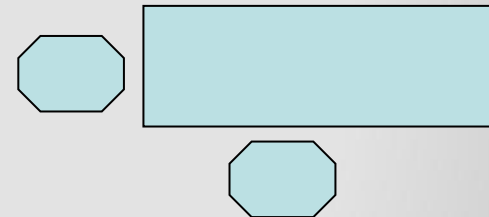
- **Sitting (distance, position)**
- **Honest eye contact**
- **Body posture**
- **Get to know each other (name, position)**
- **Open with small talks (weather, sport)**
- **Introduce the company**

# Sitting

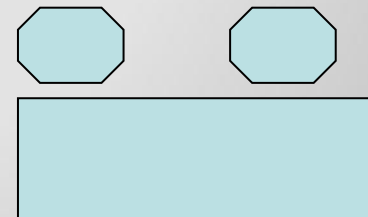
**Competitive-Defensive**



**Co-operative**

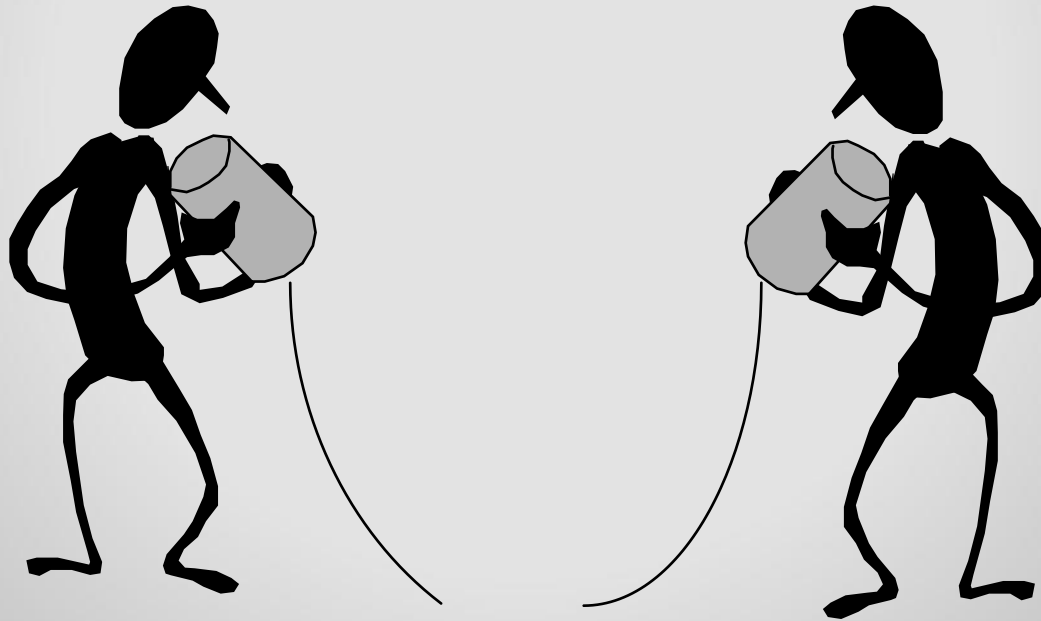


**Co-operative – Team work**



# Listening skills

To hear  $\neq$  To listen





# Active listening

**80:20**

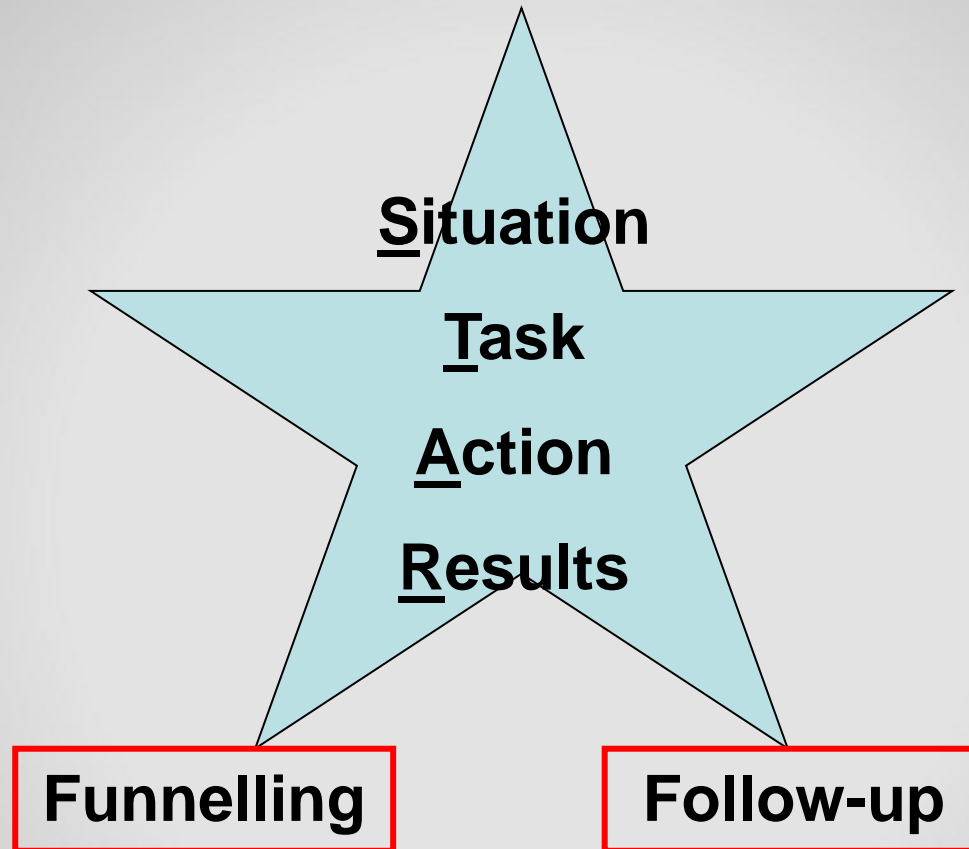
# Funnelling

**... getting to specific evidence, obtaining good quality evidence (unbiased and detailed), being in control of interview, making most effective use of the interview time available**

# Past experience interview

**To predict future success based on the results from the past**

# Past experience interview



# Situational Interview

The most structured type of interview, it is required to define successful and wrong behaviours and related

**BARS – Behaviourally Anchored Rating Scale**

# Value-based interview

**Interview that tries to compare candidate's and company value system.**

**Usually used in the first interview and particularly with graduate candidates**

# **Personal biases and interviewer errors**

- **Halo effect, first impressions**
- **Similarity effect**
- **Stereotypes**
- **Attractiveness**
- **Lack of interest**
- **Anticipation**
- **Lack of experience, skills**
- **Inconsistent weighting of dimensions**
- **Lack of preparation, “Let’s do that”**

# Interview close

- **Use closed questions**
- **Allow candidate to ask question(s)**
- **Introduce and present the position and its requirements**
- **Give follow up information (next steps, expectations)**
- **Thank to the candidate for the interview**



# **Day II – People Development and Organizational Culture**

- **Recruitment**
- **Selection**
- **People development principles**
- **Training vs. development**
- **Coaching skills**
- **Organisational culture, theory and definition**
- **Culture and business figures – Denison model**
- **Employee engagement**

# People Development

# Skills Gaps

*How employers view the scope and impact of workforce skills gaps*

**64%** believe their organization has a skills gap

**43%** believe skills gaps cause recruiting challenges

**42%** believe skills gaps make companies less efficient

Source: **Closing the Skills Gap, Wiley, 2019** (> 600 HR seniors)

# Key terms

- **Development**, helps individual to express and fulfill his/her potential, *occurs only when change of behavior happens*
- **Skills gap**, a significant gap between an organization's or individual's skill needs, and the current capabilities of its workforce
- **Upskilling**, the process of learning new skills and their current job
- **Reskilling**, the process of learning new skills so you can do a different job, or training people to do a different job

# Skills development – present and future need

**10%** total number of skills required for single job is increasing year over year

**33%** of skill that were present in an average job posting in 2017 won't be needed by 2021

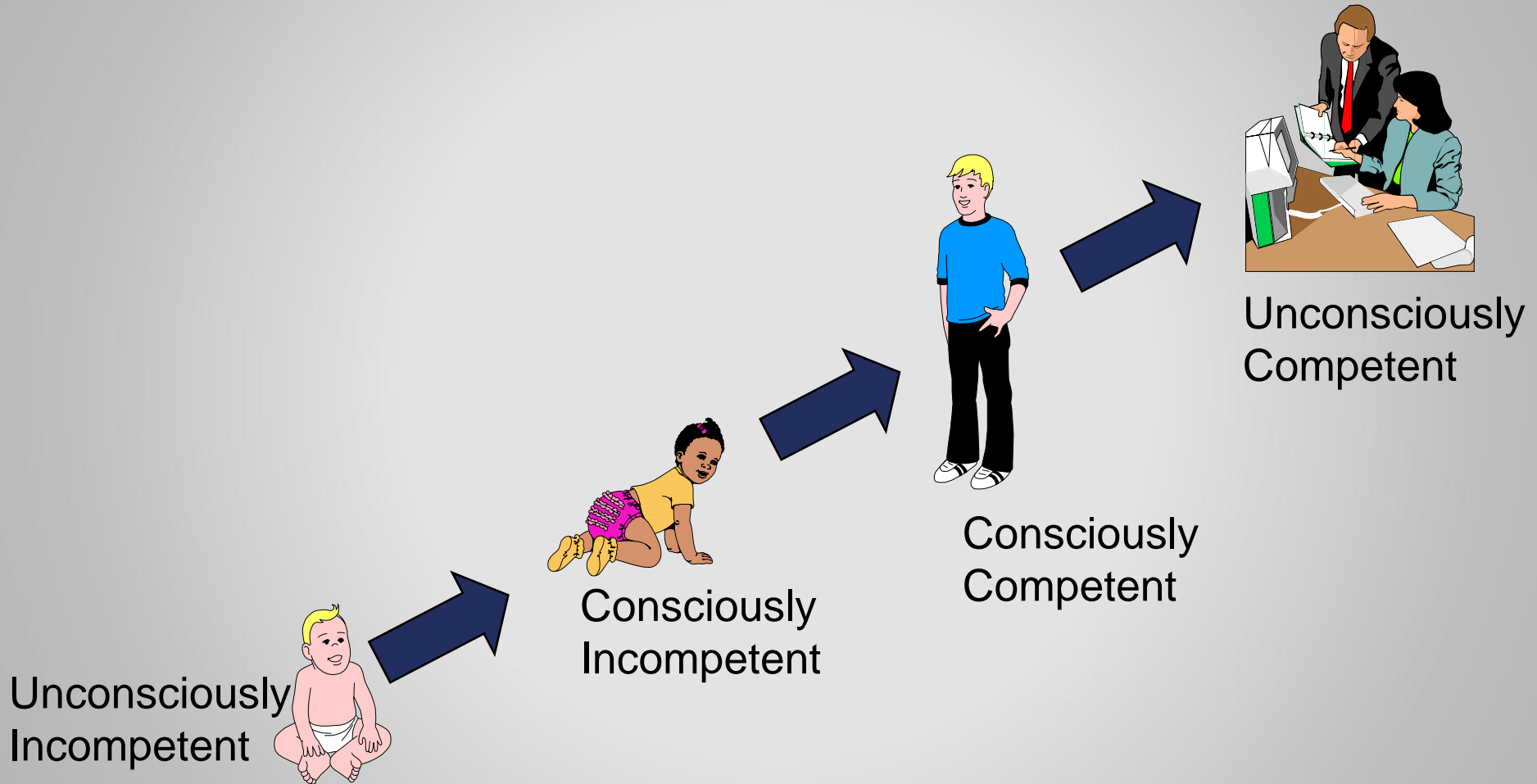
Source: 2020 Gartner Shifting Skills Survey for HR Executives (Sample: 800+ HR leaders, 60 countries)

# Value of knowledge/skills

Education	Max depreciation rate	Depreciation period
<b>Parental education</b> - cultural skills - language - speaking - trust etc.	0%	n.a.
<b>School education</b> Primary and secondary school - reading - writing - mathematics	30%	30 years
<b>Tertiary education</b> - higher/university education - specific knowledge and skills	67%	20 years
<b>Adult education</b> - management training - skills courses and workshops	67%	10 years
<b>Learning on the job</b> - new technology - new market - new tool	50%	10 years
<b>Depreciation</b> , skills has become forgotten over time, or has become obsolete		

Lisbon Council Policy Brief:  
 European Human Capital  
 Index, Central and Eastern  
 Europe, 2007

# Adult skills learning is a process



# Development potential

**Development potential**

=

**Mental capacity  
(necessary talents)**

**X**

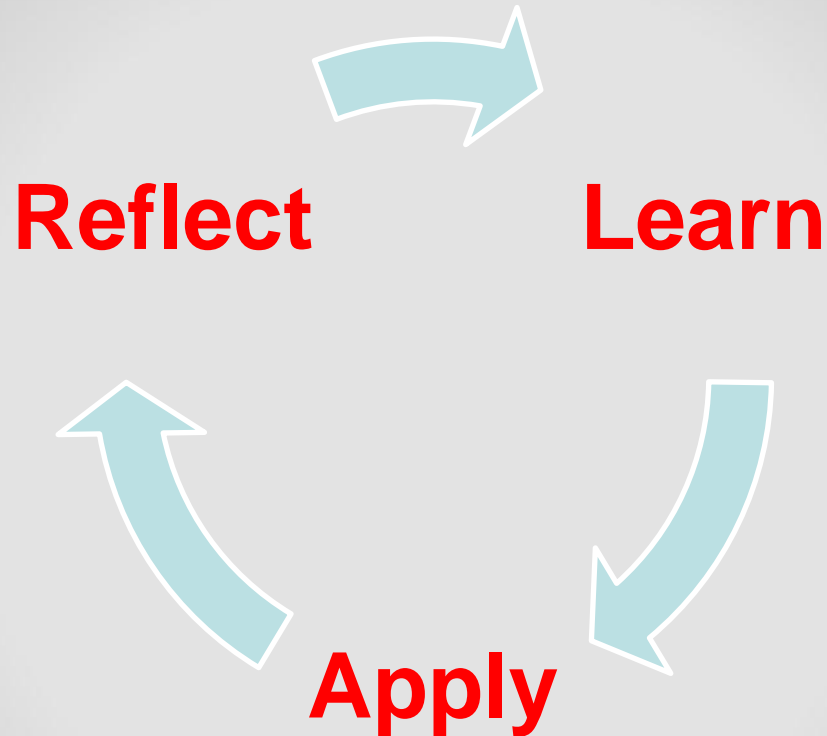
**Motivation/aspiration for development  
(not for promotion)**

**X**

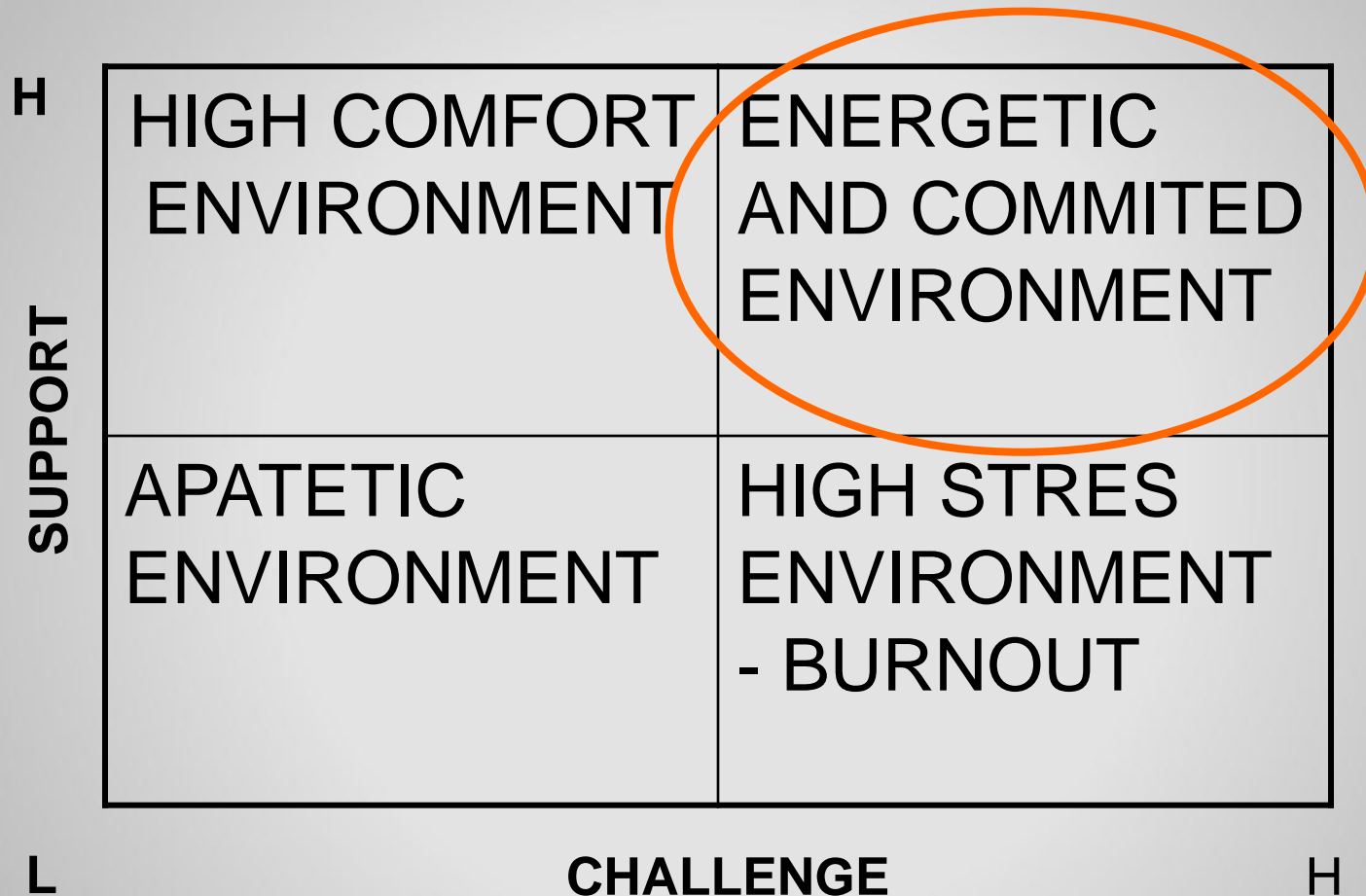
**Openness for feedback**



# Development Process



# Supportive and challenging climate



# Development and Training

**DEVELOPMENT**

**≠**

**TRAINING**

# Development and Promotion

**DEVELOPMENT**

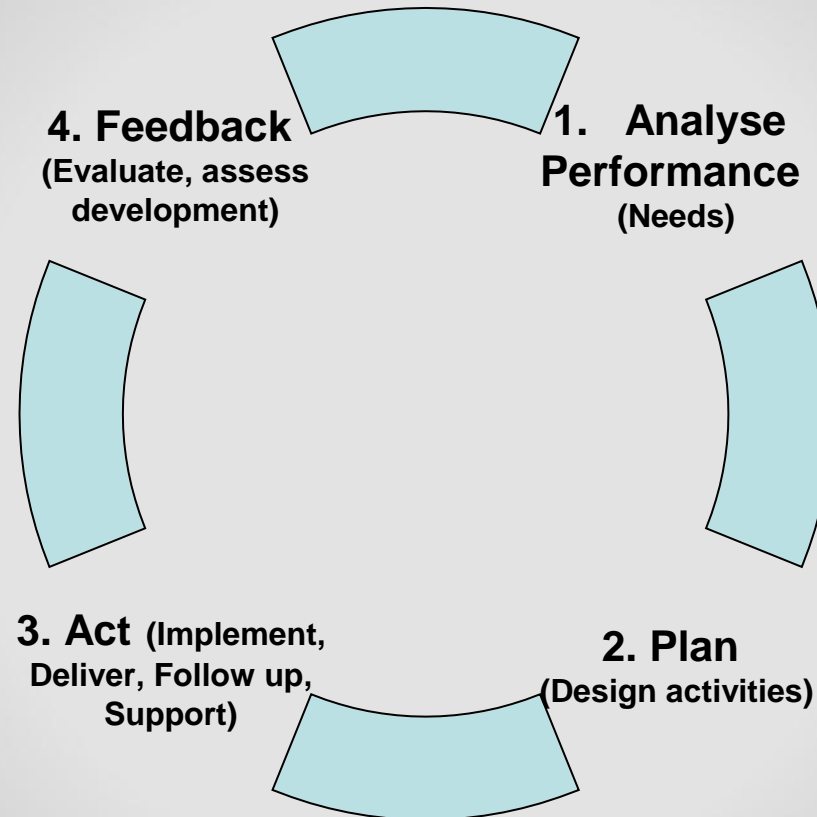
**≠**

**PROMOTION**

# Training and Development

- Development, helps individual to express and fulfill his/her potential
- Training, provides basic knowledge and raises awareness; ensuring that the employee has the competence necessary to meet the standards and requirements of the position, just one development tool/method
- The line manager is key to successful development

# Development Process



# Identify training and development needs

- **Based on competencies**
- **Reflects results**
- **Involve assessment and self-assessment**
- **Framed, defined by behaviors**





# Identify development needs - competencies

## Competencies:

- Education
- Knowledge
- Experience
- Skills
- Emotions
- Attitudes
- Values

# Identify development needs - competencies

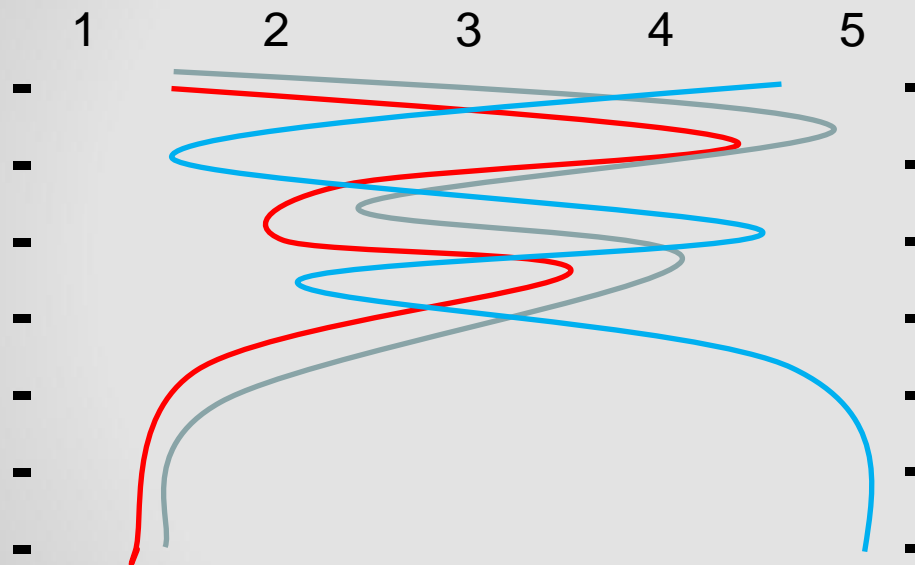
## Competencies,

all characteristics (knowledge, skills, education) of a person that are necessary to successfully meet the requirements of the position as well as to fit successfully into the organizational culture and dynamics (values, emotions, attitudes)

# Identify development needs – assessment and self-assessment

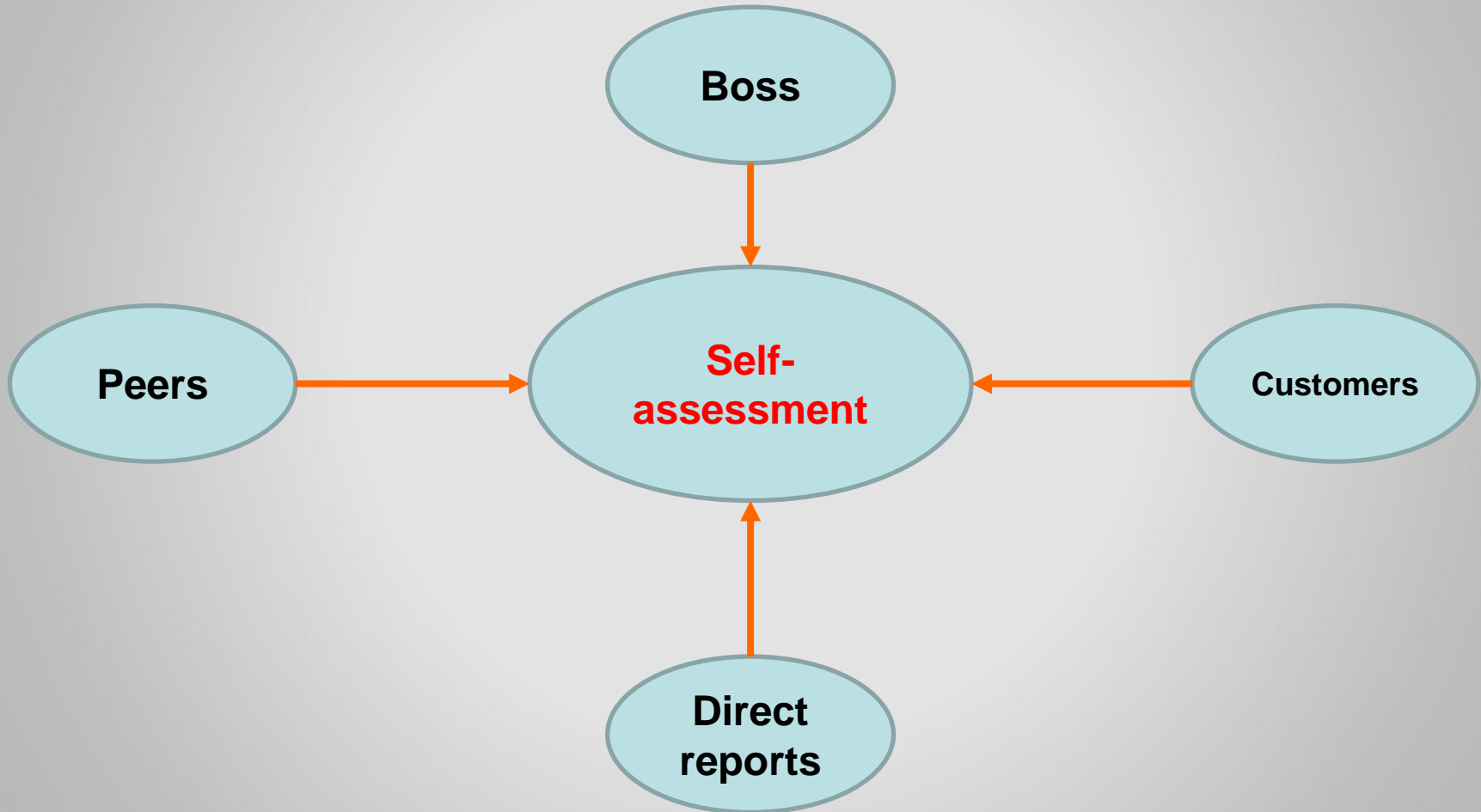
Self-assessment

Assessment (manager)



**360 assessment**, the most powerful feedback tool  
and tool for identifying development needs

# 360 Assessment



# Strengths not (only) weaknesses

## Sport Inc

Employee:

**J.K.**

**N.Đ.**

### Competencies

-----  
-----  
-----  
-----  
-----  
-----  
-----  
-----

**Development activities should reflect person's strengths as well as weaknesses**

# Identify development needs

**Common process, discussion among person and manager**

- **Listening and feedback**
- **Mutual agreement**
- **If not possible to agreed, let it be as person assess**

**You can not command development**

# Designing training and development

- **Good learning blends a number of learning methods to suit the individual:**
  - **Classroom**
  - **“E” learning**
  - **Experimental**
  - **Coaching/mentoring**
- **Owned by both manager and individual**

# Development execution – Golden Ratio

# 60/25/15

- **60% On job development activities**
- **25% Coaching/mentoring**
- **15% Classroom (on-line) training/workshop**



# Development plan - execution

- Literature
- Training
- Workshop
- E-learning/m-learning
- Additional education (postgraduate)
- Study visit
- Coaching/Mentoring
- On job training
- Job rotation
- Project participation

# Most effective development activities

- **In-house development programs**
- **Coaching by line managers**

Source: A barometer of HR trends and prospects 2011, CIPD, London, 2010.  
Sample: 2266 HR professionals

# Most effective development activities

## *The most beneficial development activities*

- **Coaching** **50%**
- **Mentoring** **38%**
- **Feedback sessions** **38%**
- **Formal training** **27%**

Source: The Talent Perspective, What Does It Feel Like To Be Talent-Managed?, CIPD, London, 2010, sample: 268 recognized talents

# Evaluate

- **The levels of training & development impact:**
  - **Level 1: Satisfaction**
  - **Level 2: Understanding**
  - **Level 3: Performance improvement**
  - **Level 4: Business impact**
- **Revision of development plan**

# **Management commitment/how to involve management?**

- **Development/Training Plan as part of Annual/Strategic Business Plan**
- **Put development as Individual Business Indicator**
- **Coaching as managerial routine and define practice**
- **Active part in skills assessment**
- **PDF – management meetings on individual development**

# **Managers support competence development by....**

- **Mentoring**
- **Coaching**
- **Performance management**
- **Assessment**
- **Training**
- **Role modelling**
- **Giving feedback**
- **Agreeing Training and Development Plans**
- **Creating new experiences**
- **Delegating**
- **Identifying role models**

# Key stakeholders in development

- **Shareholders**
- **Management**
- **All employees**
- **Clients/Customers**

# **Capability development – People development - Strategy**

- **Define key Organisational Capabilities**
- **Define key positions**
- **Define key persons**
- **Create succession chart**
- **Management commitment - involvement**



# Coaching

# What is Coaching?

**Being an active resource to another person in building and maximising their full potential**

# Coaching - definition

Coaching is the art of facilitating the performance, learning and development of another.

Coaching is development tools which can empower people and bring out the best in them.

Coaching is unlocking a person's potential to maximise their performance. It is helping them to learn rather than teaching them.

# Coaching - definition

**To tell, to order = to give the fish**

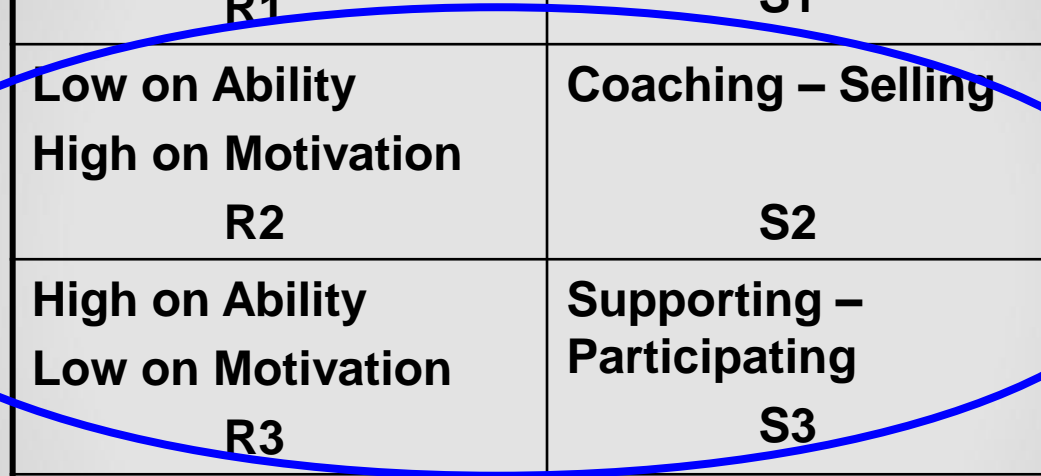
**To coach = learn how to catch the fish**



# When to use coaching

In terms of Situational Leadership

<b>Low Ability</b> <b>Low on Motivation</b> <b>R1</b>	<b>Telling – Directing</b>  <b>S1</b>
<b>Low on Ability</b> <b>High on Motivation</b> <b>R2</b>	<b>Coaching – Selling</b>  <b>S2</b>
<b>High on Ability</b> <b>Low on Motivation</b> <b>R3</b>	<b>Supporting – Participating</b>  <b>S3</b>
<b>High on Ability</b> <b>High on Motivation</b> <b>R4</b>	<b>Delegating</b>  <b>S4</b>



# Coach - attributes

**trusted and respected**

**take joint responsibility**

**role-model**

**good communication skills**

**offer encouragement and support**

**take time to listen**

**focus on an end goal**

# Specific coaching skills

- **Listening**
- **Listening and Observing**
- **Asking before Telling**
- **Questioning skills**
- **Seeing through the client's eyes**

# Questioning

## CLOSED QUESTIONS

Do not provide a much information

Yes or no answer, or just one fact

(name, figure, date...)

To check or to close

## OPEN QUESTIONS

Variaty of answers, many different information

Who, What, When, How, Why

At the begining, start with



# Push - Pull

INTEGRITY

<b>PUSH</b>	<b>PULL</b>
I am on my agenda	I am on your agenda
<b>Logical argument</b>	<b>Building Bridges</b>
<ul style="list-style-type: none"> <li>• I make proposal</li> </ul>	<ul style="list-style-type: none"> <li>• I explore your views or feelings</li> </ul>
<ul style="list-style-type: none"> <li>• I give reasons</li> </ul>	<ul style="list-style-type: none"> <li>• I disclose information</li> </ul>
<b>Assertion</b>	<b>Attraction</b>
<ul style="list-style-type: none"> <li>• I state my feelings</li> </ul>	<ul style="list-style-type: none"> <li>• I build on common ground</li> </ul>
<ul style="list-style-type: none"> <li>• I state my wants</li> </ul>	<ul style="list-style-type: none"> <li>• We create an appealing vision</li> </ul>

CONFIDENCE

You own the solution

I own the solution

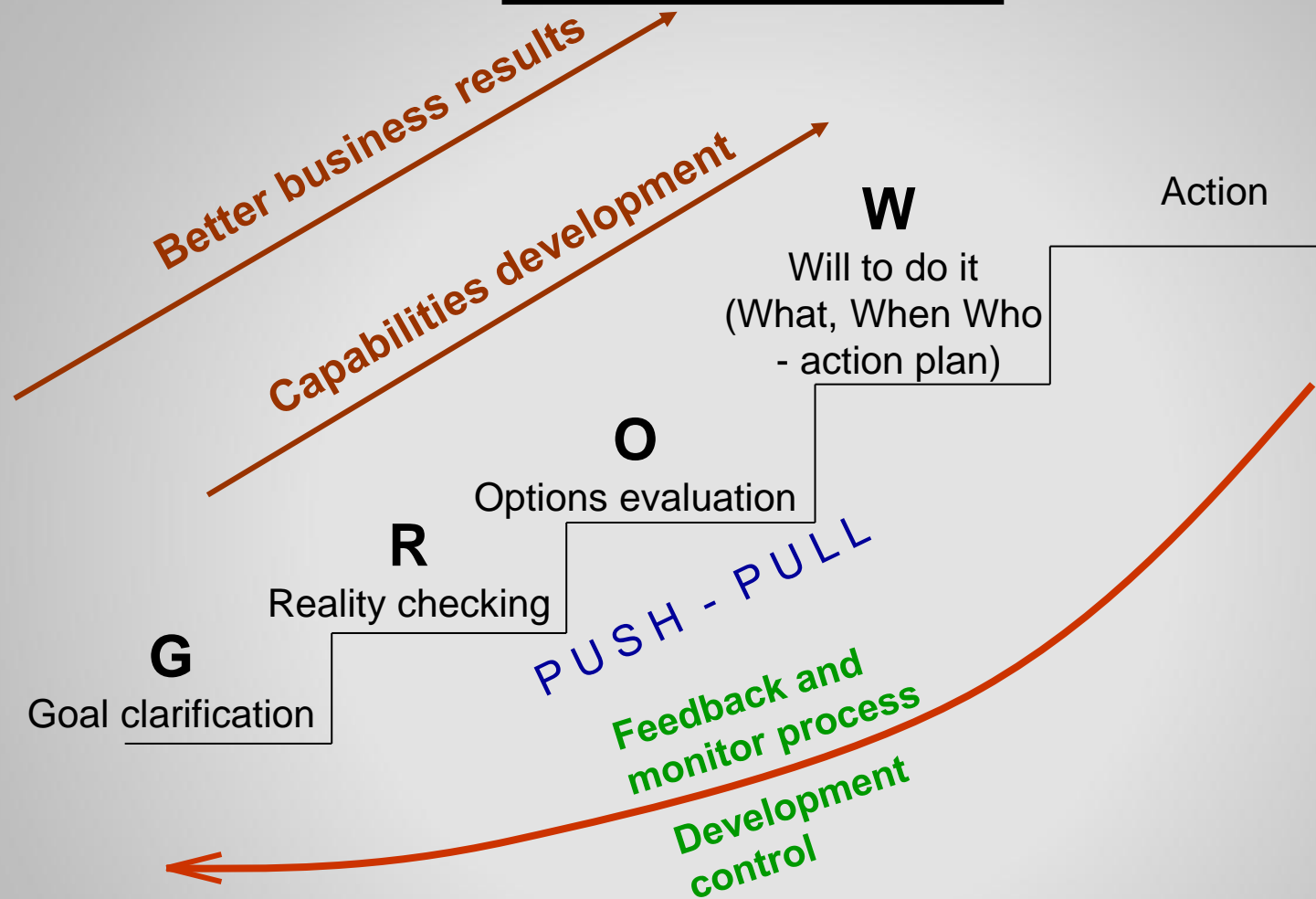
# Coaching model



# The GROW coaching model

<b>GOALS</b>	What are you aiming to achieve?
<b>REALITY</b>	What is happening now?
<b>OPTIONS</b>	What could you do?
<b>WILL</b>	What will you do, and do you have the will to do it?

# GROW model



**Business results**

**Necessary skills and knowledge**

# G - goal clarification

- **Help the person to clarify appropriate and effective Goal, to set it**
- **Raise awareness of degree of control to the person**
- **“Narrow the focus” and make it easier to make a first step**
- **Goal should be SMART, or time-phased, not too hard or too easy and measurable by some objective behavioral method**

# SMART Principles

**S**pecific

**M**easurable

**A**greed/achievable

**R**elevant/results-oriented

**T**imely/time-phased

# G - questions

- **What is the aim of the discussion?**
- **What issue or subject do you want to work on?**
- **What does success look like to you?**

# R - reality checking

- Help the person to raise awareness of the situation
- Allow the person to view the reality clearer and avoid imposing coach's perspective
- Invite the person to look from different perspective and in greater depth, analyse the situation from different approaches
- Help the person to understand their own values, key drivers and motivators as well as their own strengths, weaknesses and experiences
- Maintain or enhance person's self-esteem and confidence



# R - questions

- **What is the present situation – in more detail?**
- **How often have you tried?**
- **Who else does this issue affect, other than you?**

# O - option evaluation

- **Help the person to use effective brainstorming**
- **Encourage creative thinking**
- **Release flair and challenge mindset and assumptions about limitations**
- **Challenge thoughts, ideas and solutions**
- **No judgement**
- **Write down the ideas, but keep listening**
- **Keep your own ideas till after the person has run out his/her own**
- **Explore cost/benefit (pro and cont) of each option**

# O - questions

- **What steps do you have to resolve the issue?**
- **If you had total power, what might you try then?**
- **Which would give the best results?**

# **W - will to do it (what, who, when)**

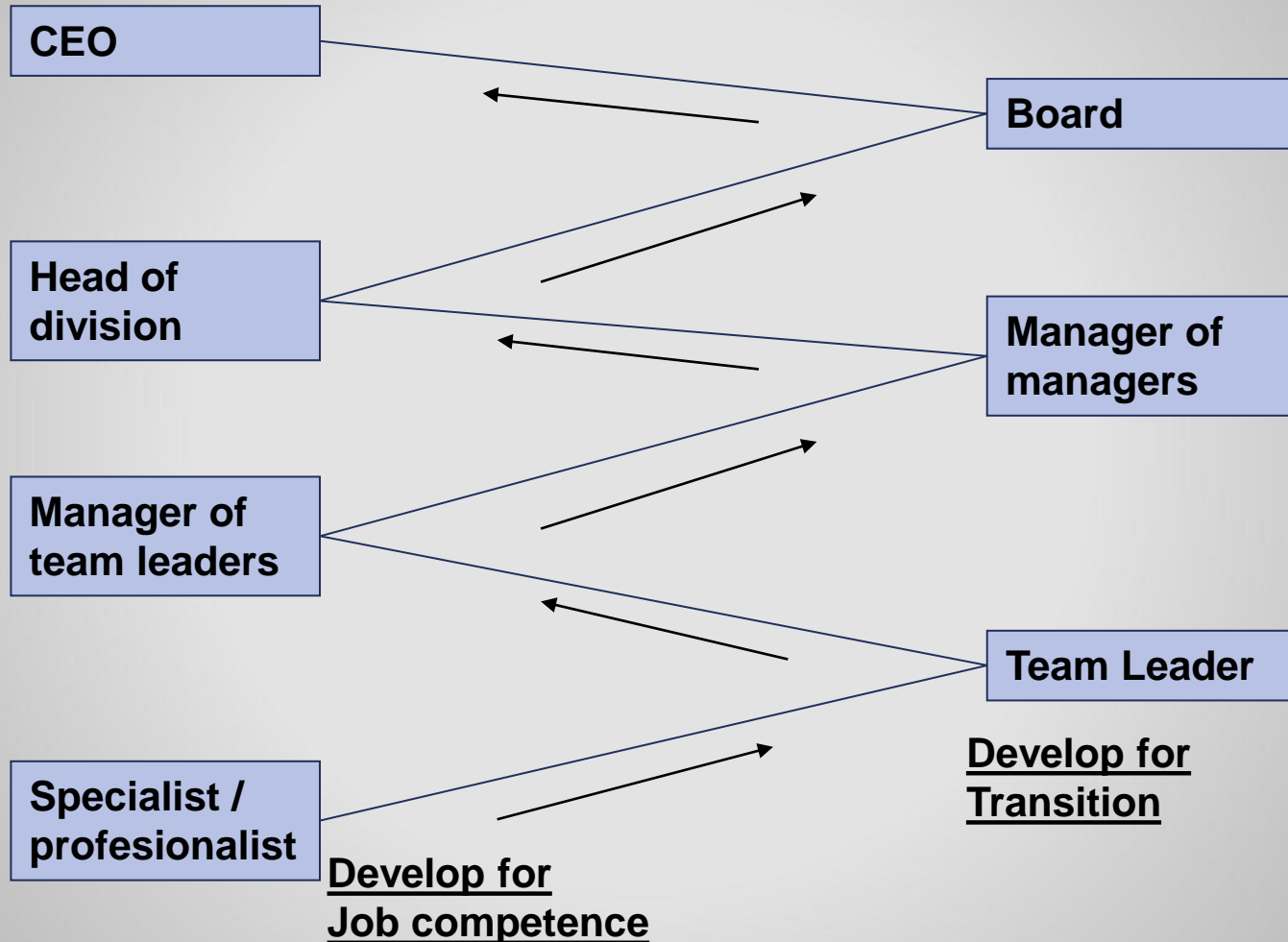
- **Help the person to create viable action plan**
- **Coach raises responsibility through questions**
- **SMART goals**
- **Ask about obstacles and how to overcome it**
- **Check if any support is necessary**
- **Agree on monitoring, feedback and review**
- **Test and increase the person's commitment to the action plan**

# W - questions

- **What option or options do you choose?**
- **When precisely are you going to start and finish each action step?**
- **What support do you need and from whom?**

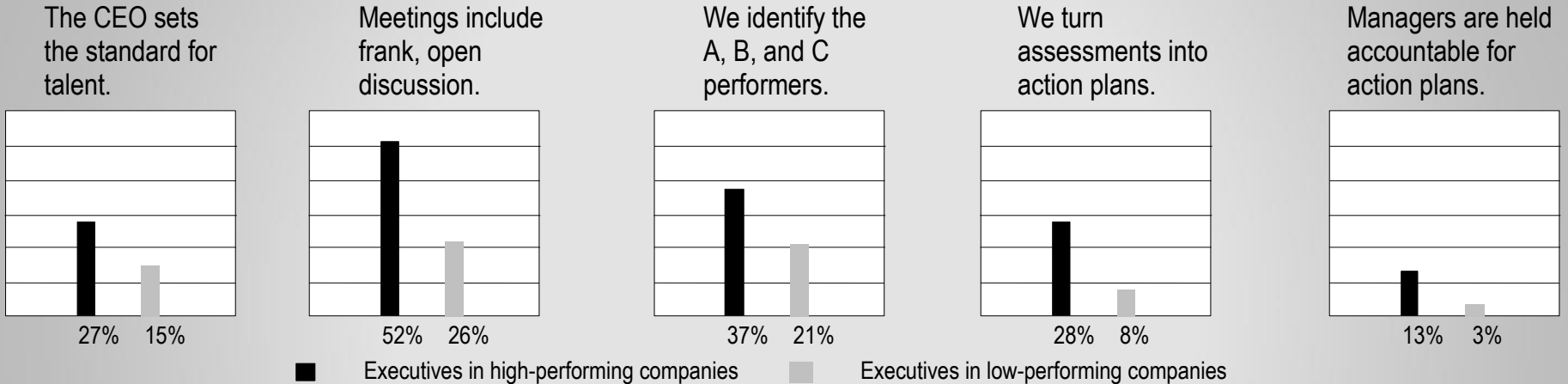
# Succession Planning

# Leadership Pipeline



# The Argument for Disciplined Talent Review

Based on surveys of thousands of managers in a broad range of companies about their approaches to talent review and succession planning, managers from high-performing companies applied more attention, discipline, and energy to identifying and taking action on A, B, and C players than their lower-performing counterparts. The charts below show the percentage of corporate officers who strongly agree that their companies' review processes demonstrate the following characteristics:



Unfortunately, the traditional approach to succession planning often falls short...

In too many companies, the standard for leadership is vague. Without clearly articulated assessment criteria, the caliber of managerial talent begins to erode and is inconsistent from one unit to another.

In a typical talent review meeting, one manager presents each assessment while the rest listen with polite, senatorial courtesy. A half day of presentations occurs at corporate centers. Instead, a full day of intense discussions should take place at each division.

Most companies focus on identifying successors, not on assessing incumbents. They don't calibrate their assessments of managers. And everyone is rated in shades of gray.

Most companies don't articulate what actions will be taken regarding an individual's performance. They don't decide what will be done in the coming year to advance, develop, reward, demote, or replace each person.

Most companies have no disciplined process for ensuring that managers implement the plans discussed during the talent review. Nor are most managers measured on how well they have upgraded their talent pools.



# **Succession planning is a process that:**

- **ensures that every key person and key role has at least one successor in place**
- **the identified successors are being developed for their new role**

## **In order to:**

- **Manage the risk of a key person leaving**
- **Grow own talent**

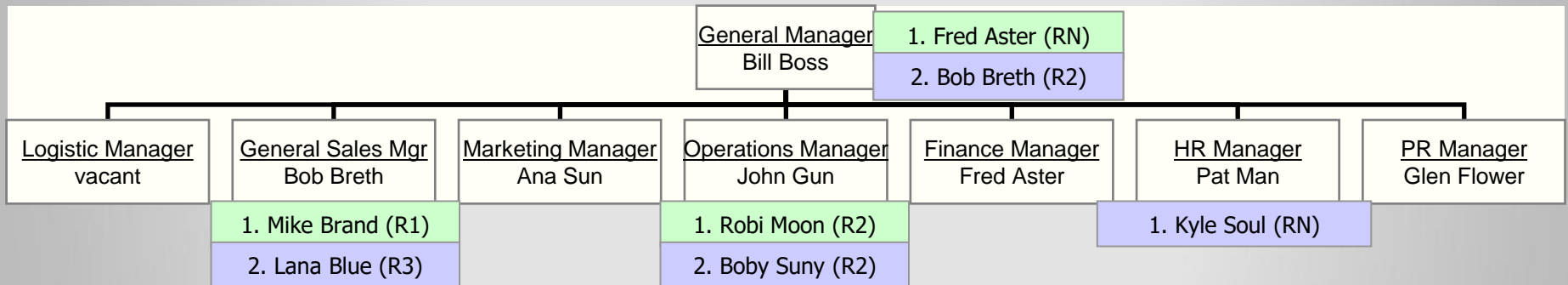
# The “nine grid box”

Potential ↑

<p><b>Potential</b></p> <p>↑</p>	<p><b>Lots</b></p> <ul style="list-style-type: none"> <li>• Underperformer but loads of potential</li> <li>• Definitely in wrong role</li> <li>• Crucial conversation</li> <li>• Move out of role or you will lose this person</li> </ul>	<ul style="list-style-type: none"> <li>• Meets all targets</li> <li>• Demonstrates lots of potential - likely candidate for promotion</li> <li>• Develop &amp; coach</li> </ul>	<ul style="list-style-type: none"> <li>• Top talent</li> <li>• Strong candidate for promotion</li> <li>• Include in strategic initiatives</li> <li>• Provide special development</li> </ul>
	<p><b>Average</b></p> <ul style="list-style-type: none"> <li>• Underperformer</li> <li>• Likely to be in wrong role</li> <li>• Crucial conversation</li> <li>• Move out of rule or manage out of business!</li> </ul>	<ul style="list-style-type: none"> <li>• Meets all targets</li> <li>• some potential for growth</li> <li>• provide training &amp; development opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Exceeds targets</li> <li>• Needs greater challenge</li> <li>• Provide development</li> <li>• Give "stretch" targets</li> </ul>
	<p><b>Little / None</b></p> <ul style="list-style-type: none"> <li>• Underperformer</li> <li>• On an action contract</li> <li>• Exit if no improvement within 3 months</li> </ul>	<ul style="list-style-type: none"> <li>• Typical "Joe Average"</li> <li>• Little ambition</li> <li>• Meet basic requirement</li> <li>• Same job same role forever!</li> </ul>	<ul style="list-style-type: none"> <li>• Over-performer but not ambitious</li> <li>• At end of their "stretch"</li> <li>• Loves their job</li> <li>• Future holds same type of role, same type of team</li> </ul>
	<p><b>Low (unacceptable)</b></p>	<p><b>Med (acceptable)</b></p>	<p><b>High (Exceeds objectives)</b></p>

→ Performance in current role

# Succession Planning Map



**RN – Ready for promotion/succession**

**R1 – Ready within period of 1 year (further development)**

**R2 – Ready within period of 2 year (further development)**

**R3 – Ready within period of 3 year (further development)**

# HR is struggling with Talent management

- *Current and Future Bench Strength*
  - A top priority for **44%** of HR leaders

## Key related challenges:

- “Our leadership bench is not diverse” **49%**
- “Our succession management processes don’t yield the right leaders at the right time” **35%**
- “We struggle to develop effective midlevel leaders” **31%**

Source: 2020 Gartner Shifting Skills Survey for HR Executives (Sample: 800+ HR leaders, 60 countries)

# Organisational Culture

# Critical terms

**Satisfaction**

**Engagement**

**Climate**

**CULTURE**

# Quotes about Culture

The thing I have learned at IBM is that culture is everything –

**Louis V. Gerstner, Jr. former CEO IBM**

Organisational culture eats strategy for breakfast, lunch and dinner so don't leave it unattended –

**Peter Drucker, management „guru”**

Culture is what people do when no one is looking –

**Herb Kelleher, Chairman, Southwest Airlines**

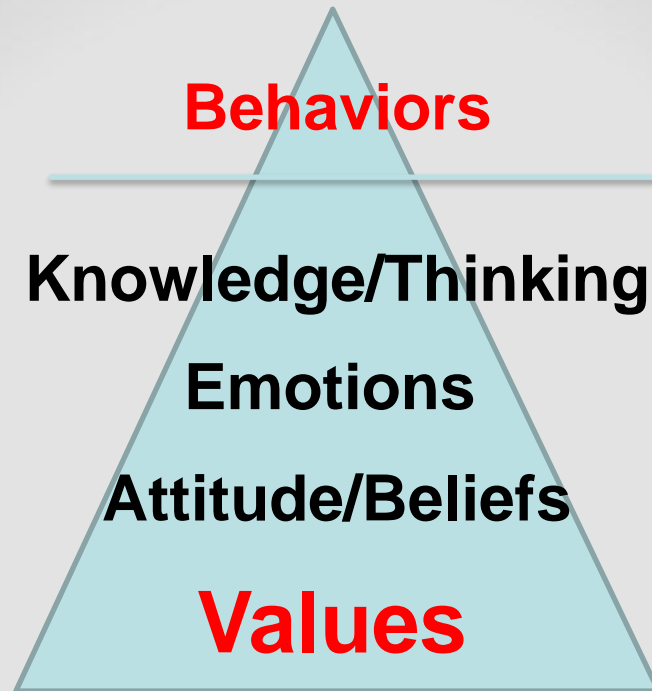
# What is Culture?

- A set of expected behaviors (Shared Values)
- The way we do things around here
- It is undefinable but tangible
- The social glue of the organisation

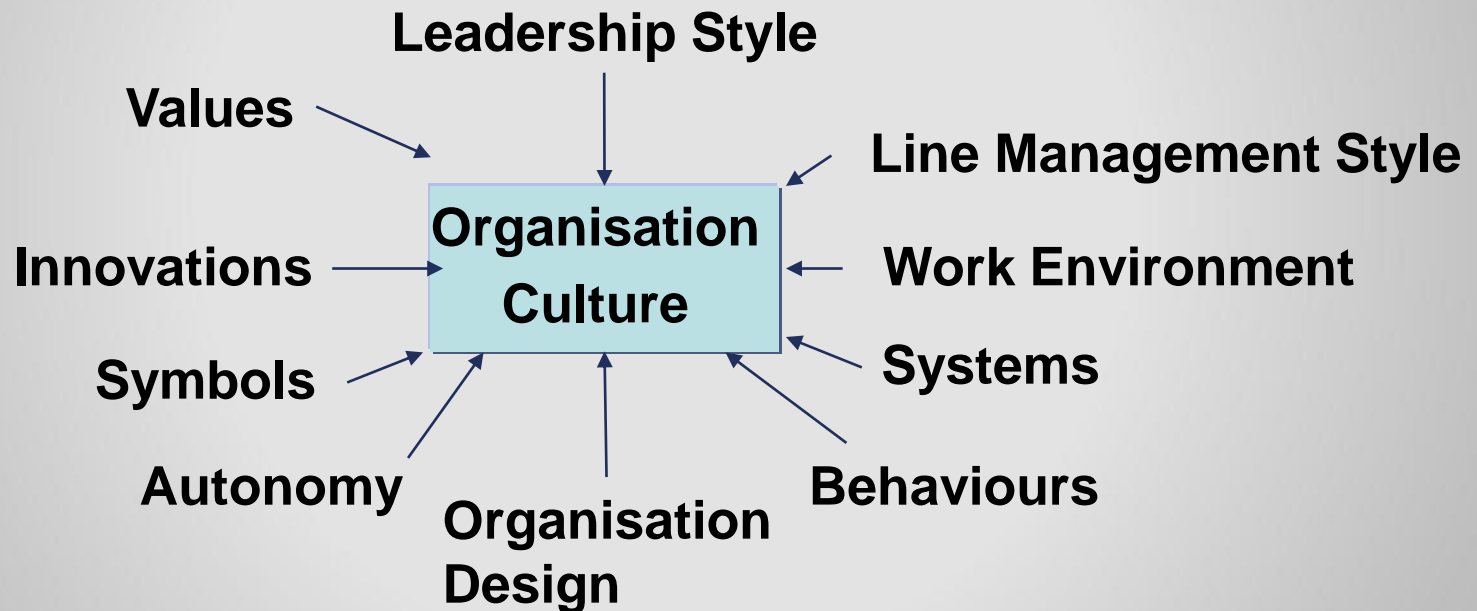
***Organizational Culture is everything you can see with the organization, all behaviors you can observe***



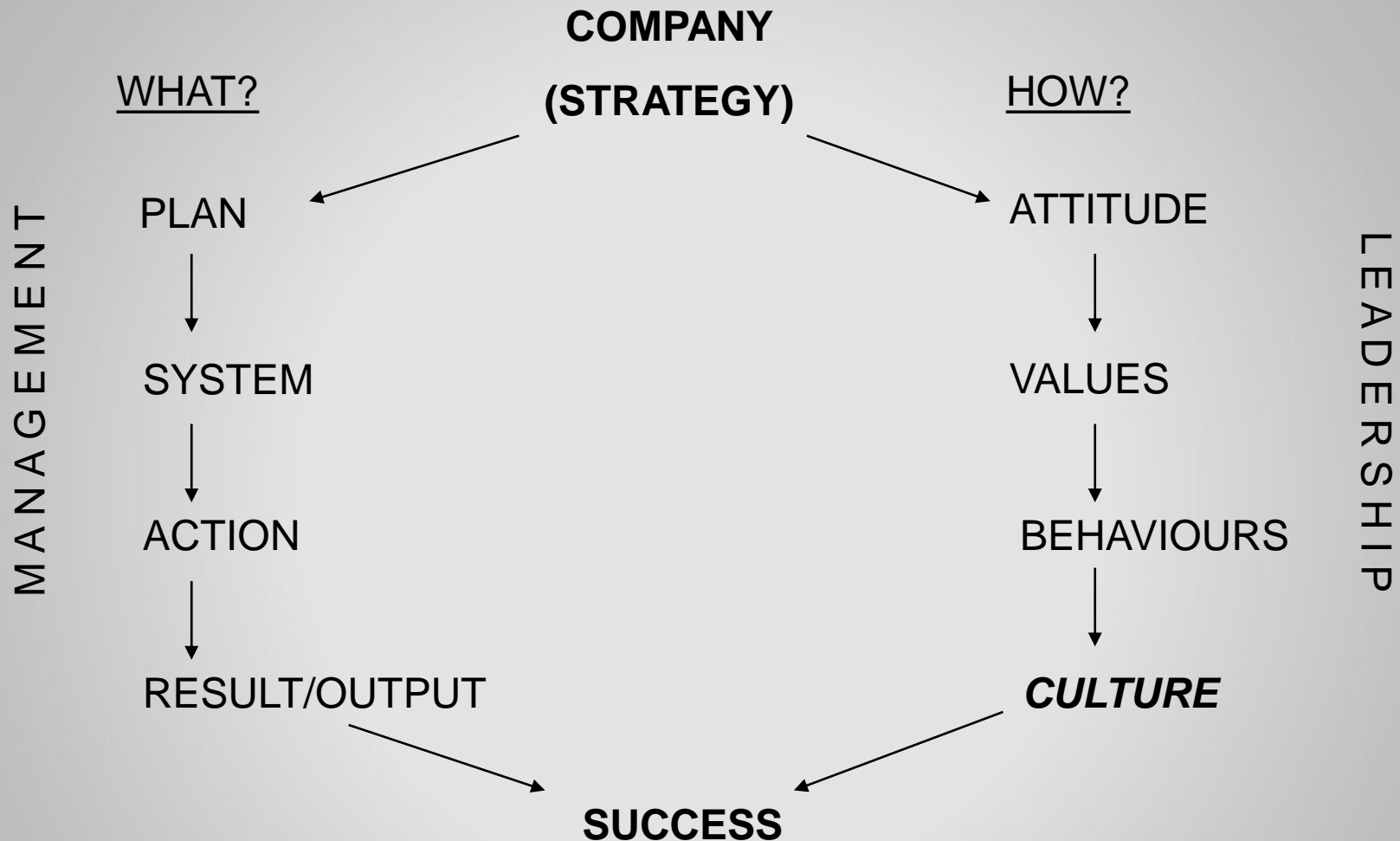
# Importance of values



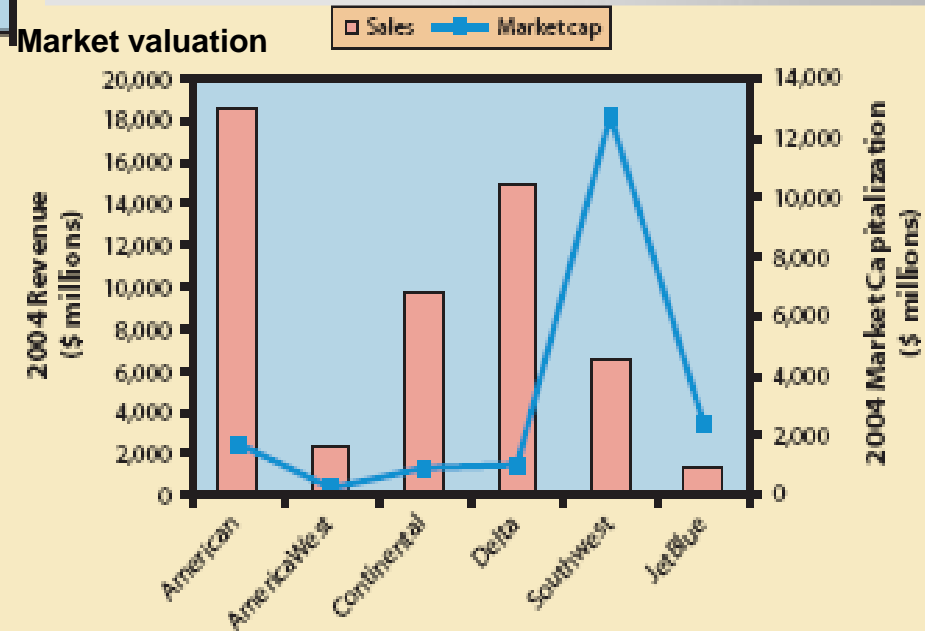
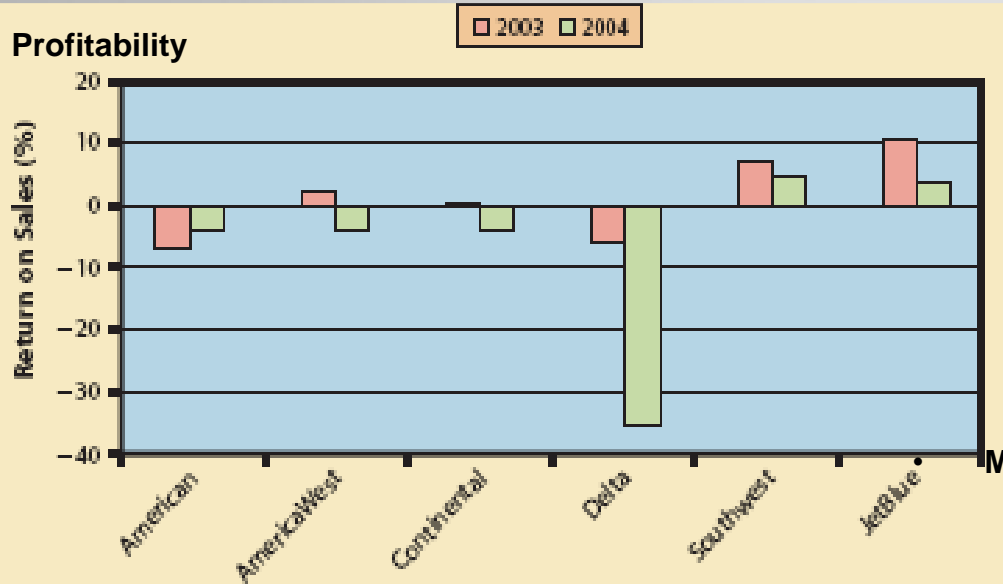
# What influences culture



# Organisational culture and success



# Culture matters



Source: "JetBlue Airways Corporation," Hoover's (accessed August 4, 2005).

# Culture matters

- Example, Southwest Airlines:  
“Pilots hold barbecues to thank mechanics; flight attendants sing safety instructions on board; agents hang mirrors on their computers to make sure they are smiling when taking reservations; Herb Keller (CEO) is generous with hugs and kisses”  
137.000 people applied in 1996 for only 5000 job openings

# Effective organizational culture and business results

	Average Increase for Twelve Firms with Performance-Enhancing Cultures	Average Increase for Twenty Firms without Performance-Enhancing Cultures
Revenue Growth	682%	166%
Employment Growth	282%	36%
Stock Price Growth	901%	74%
Net Income Growth	756%	1%

Source: John P Kotter and James L Haskett, Corporate Culture and Performance; Free Press, 1992

# Denison model

## Adaptability

*Pattern..Trends..Market*

Translating the demands of the business environment into action

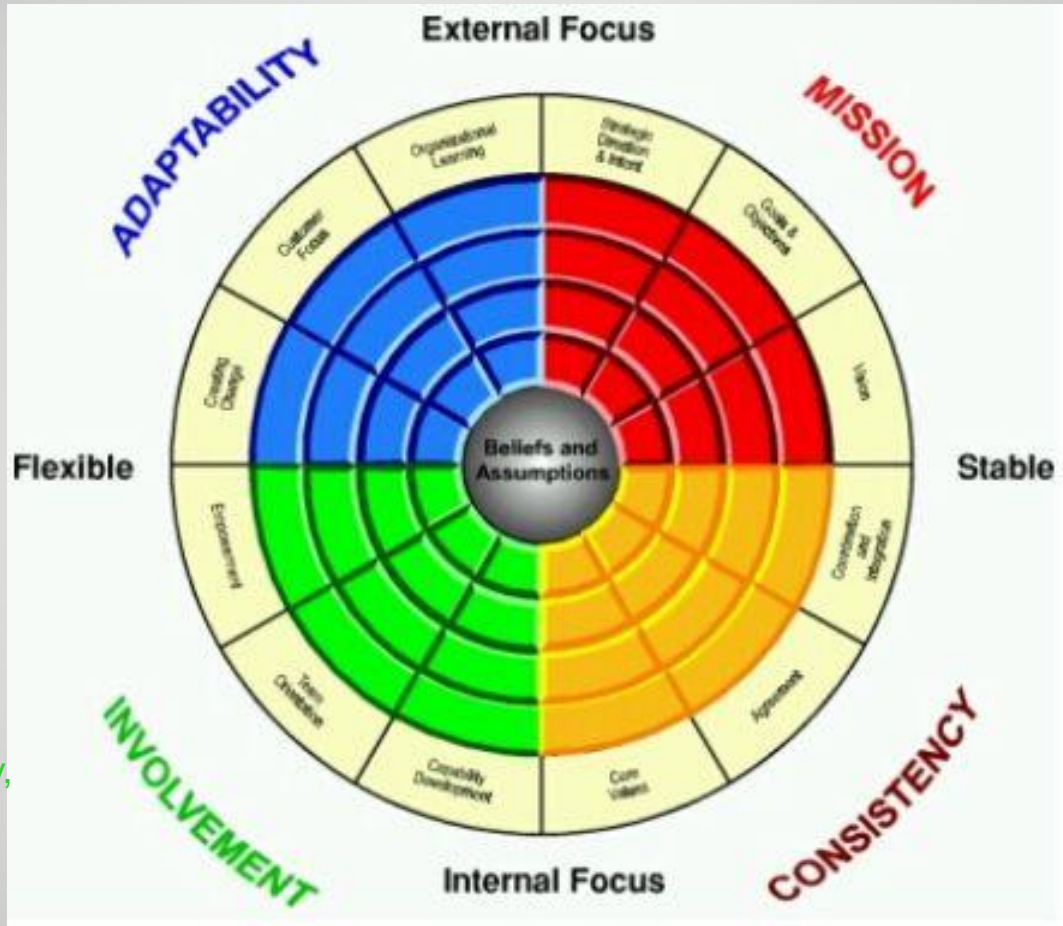
“Are we listening to the marketplace?”

## Involvement

*Commitment..Ownership  
Responsibility*

Building human capability, ownership, and responsibility

“Are our people aligned and engaged?”



## Mission

*Direction..Purpose..Blueprint*

Defining a meaningful long-term direction for the organization

“Do we know where we are going?”

## Consistency

*Systems..Structures...Processes*

Defining the values and systems that are the basis of a strong culture

“Does our system create leverage?”

# Key Dimensions:

## External Focus

Adaptability + Mission

*The organization's focus is on adapting and changing in response to the external environment*



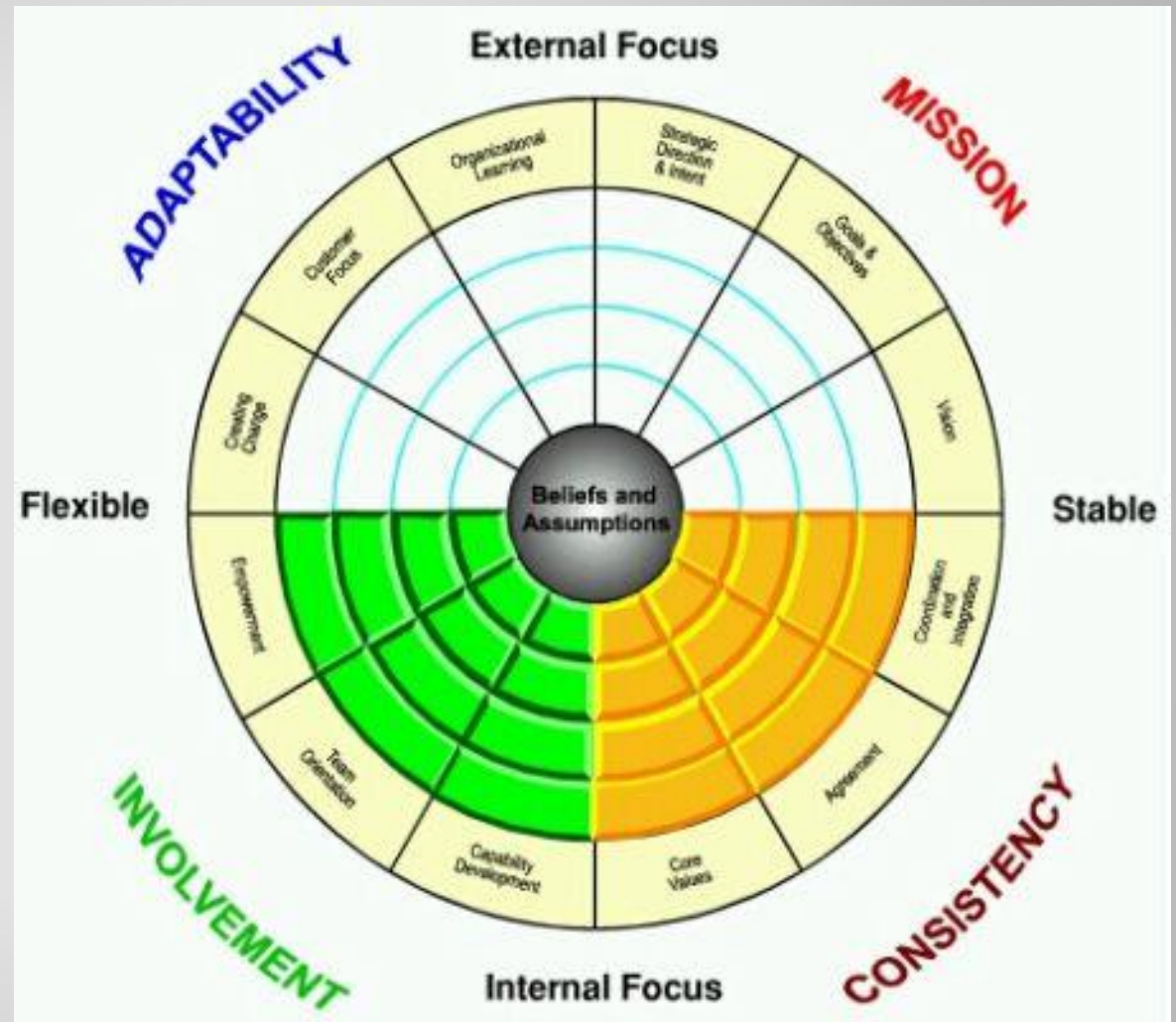


# Key Dimensions:

## Internal Focus

Involvement + Consistency

*The organization's focus is on the dynamics of the internal integration of systems, structures, and processes*



# Key Dimensions:

## Flexibility

Adaptability + Involvement

*A flexible organization has the capability to change in response to the environment*

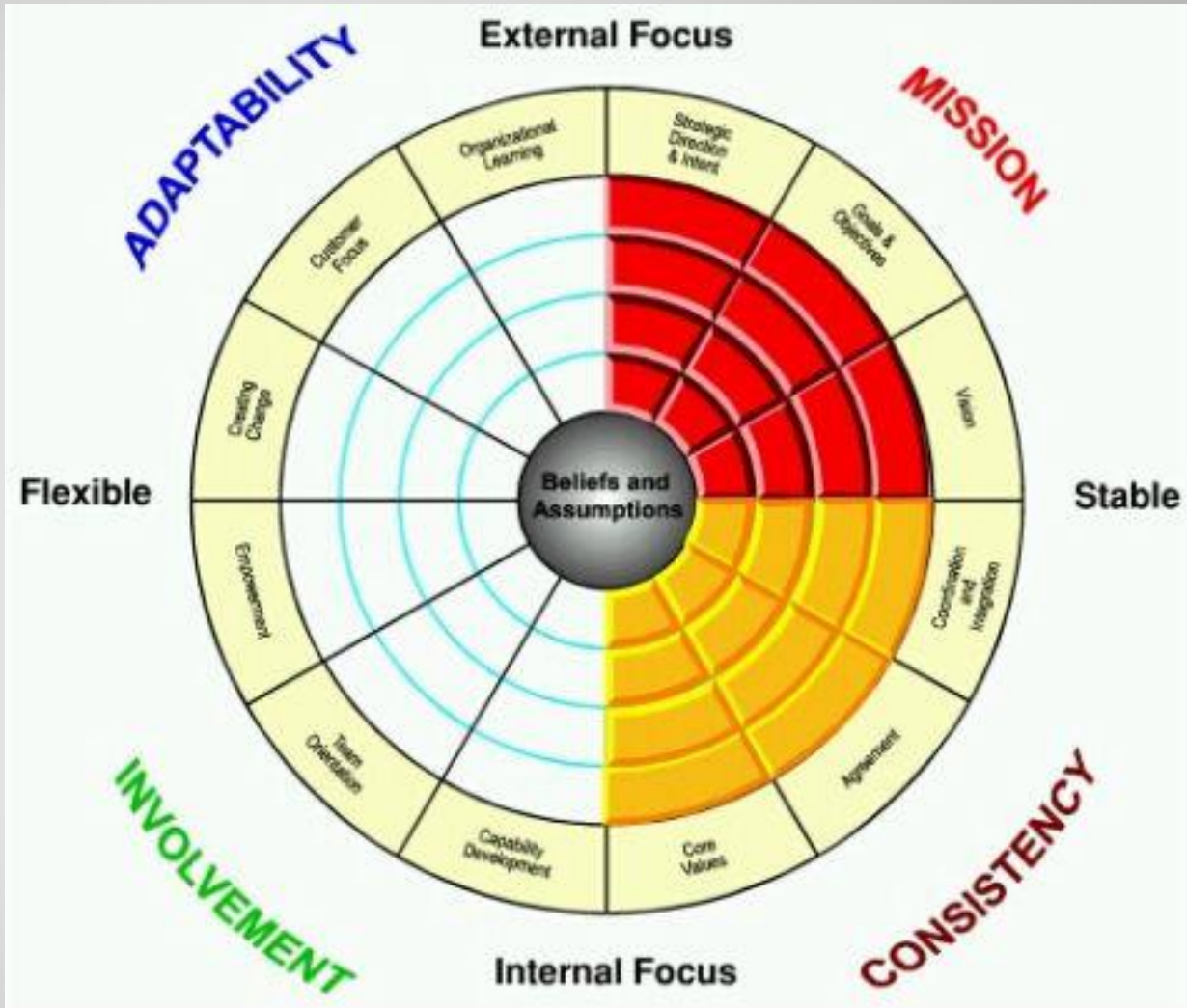


# Key Dimensions:

## Stability

Mission + Consistency

*A stable orientation contributes to an organization's capacity to remain focused and predictable over time*

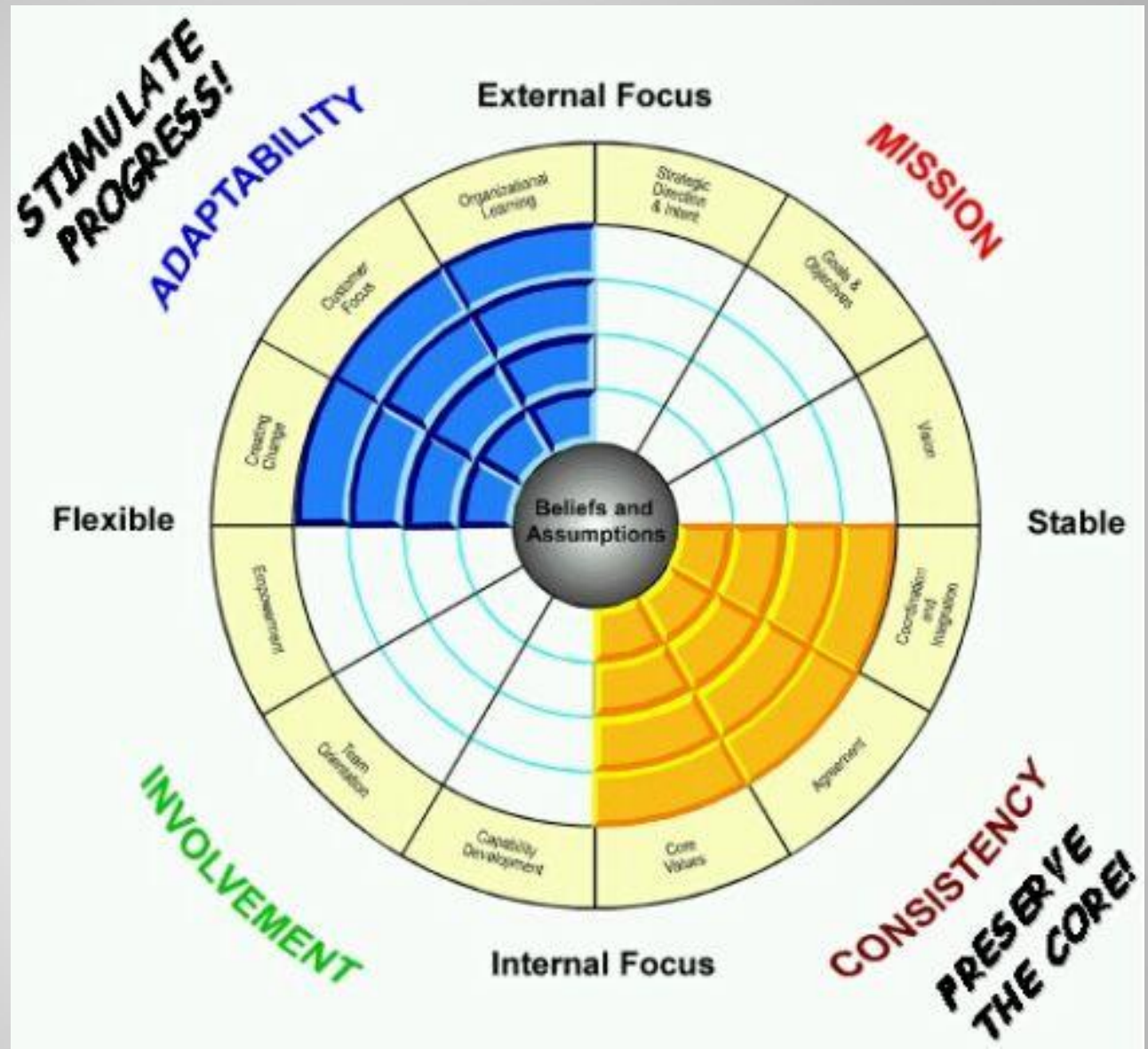




## Paradox:

Successful organizations learn how to cope with the dual problems of external adaptation (*stimulate progress*) and internal integration (*preserve the core*).

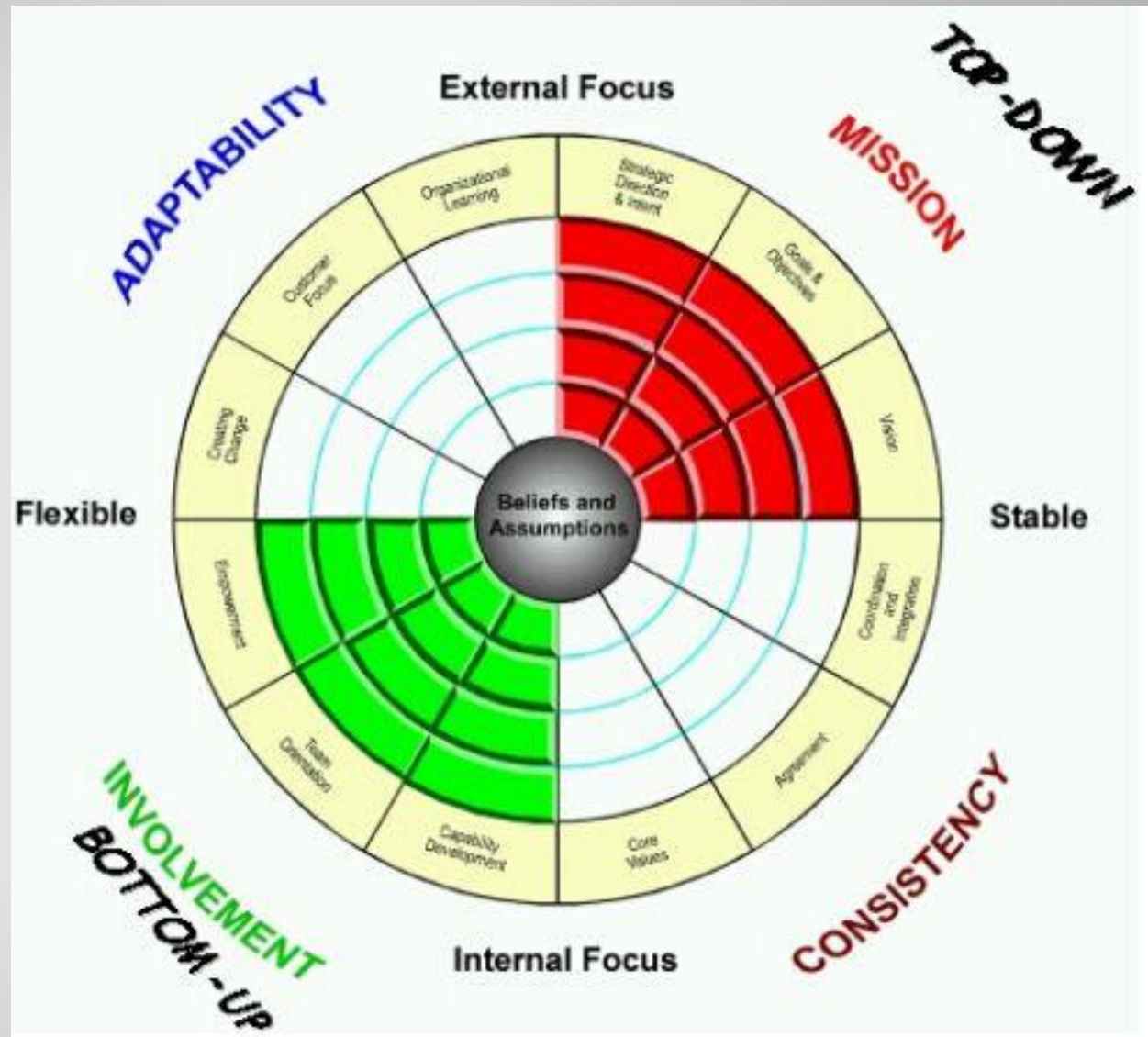
It is not an either/or proposition - high performance organizations must be able to do both at the same time.



## Paradox:

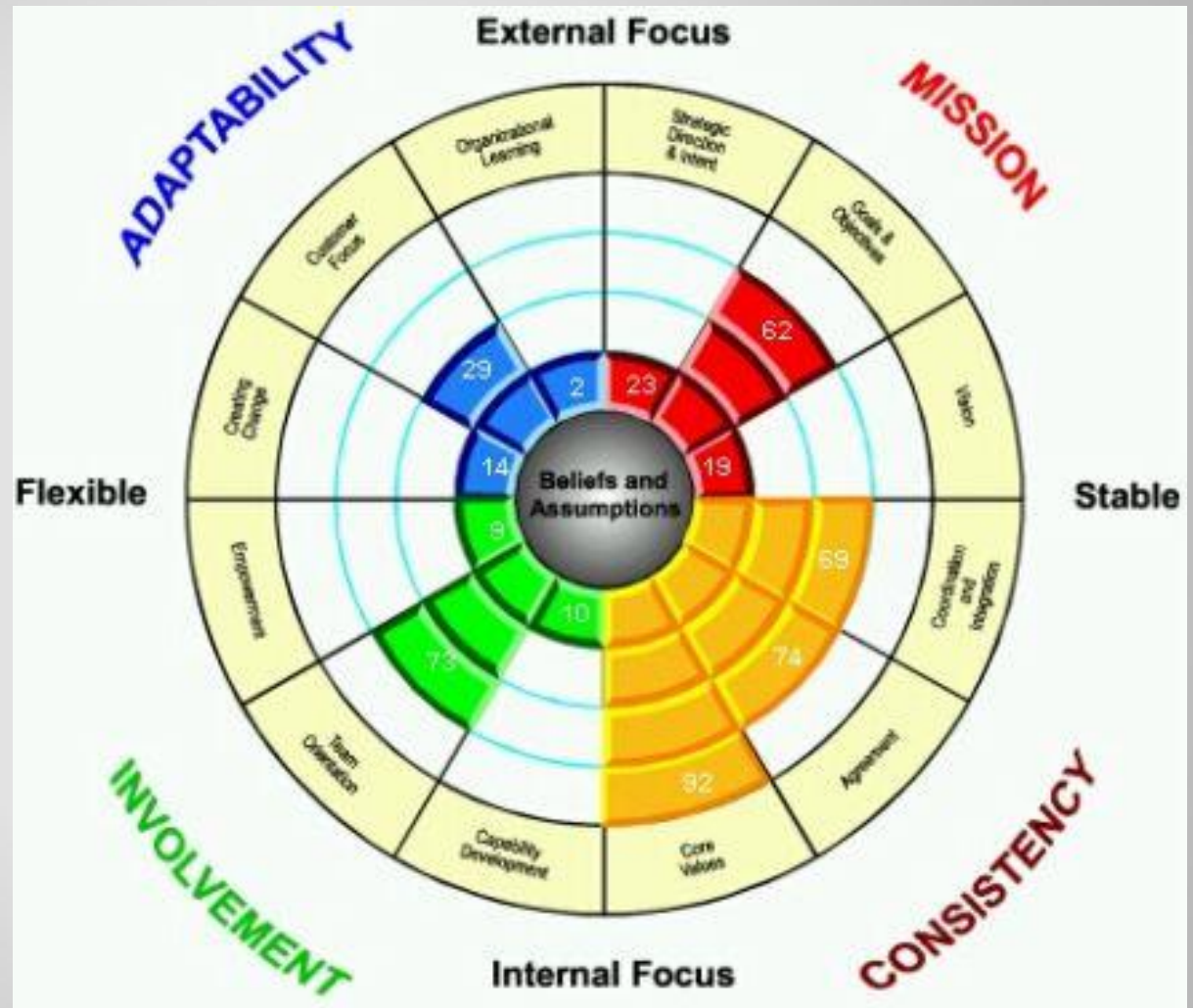
High performance organizations learn how to link the purpose, direction, and goals of the organization (*top - down*) to a shared sense of responsibility, ownership and commitment with all employees (*bottom - up*).

Employees understand the relationship between their individual goals and the organization's goals and are highly motivated to contribute.



# One Hundred Year Old Manufacturing Company

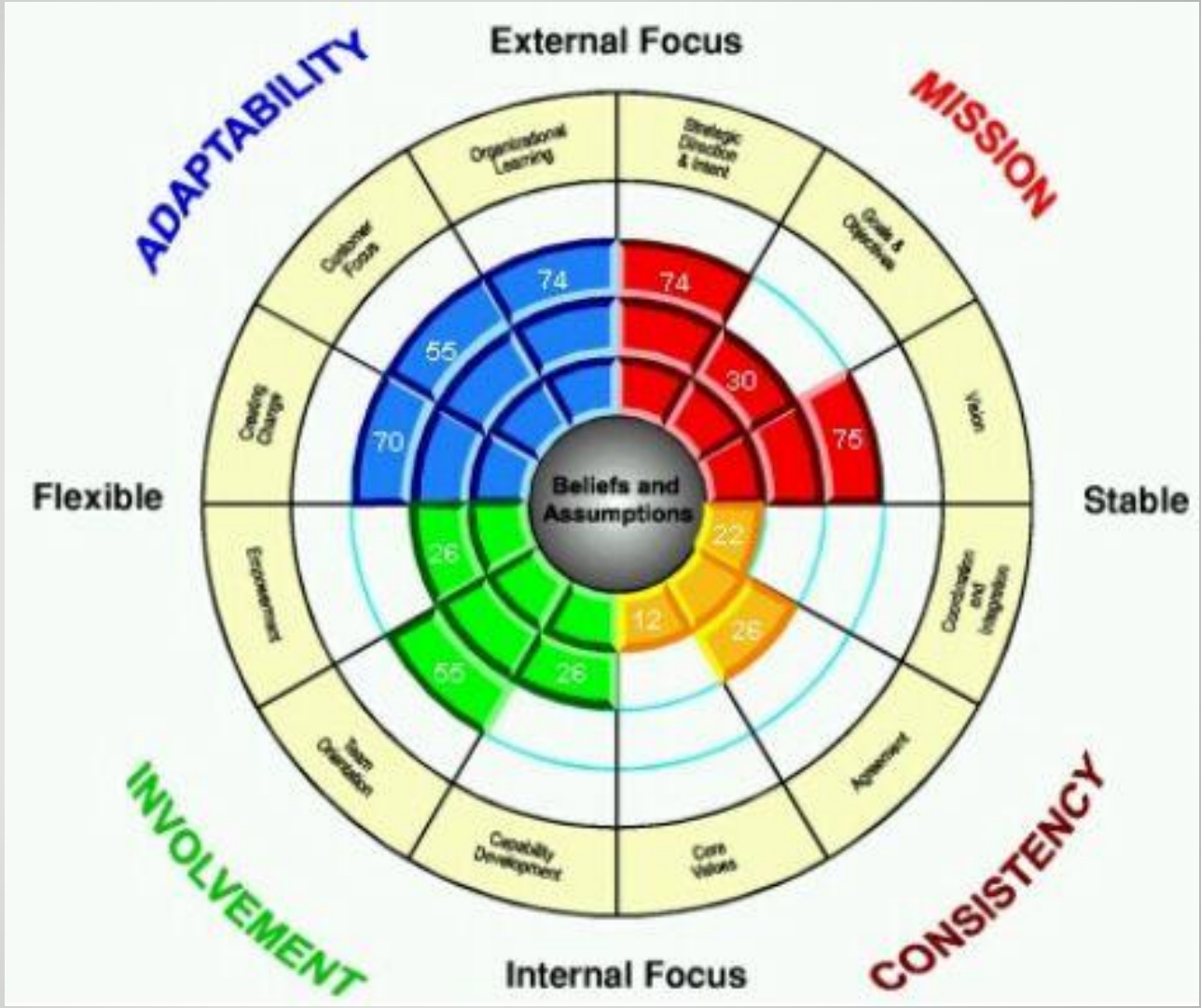
- Still 1st in industry but declining
- 1st time in 20 years they failed to meet targets
- Targeted by competitors
- President focused on operations
- “We’re a team going down together.”
- Trying to hold on to past



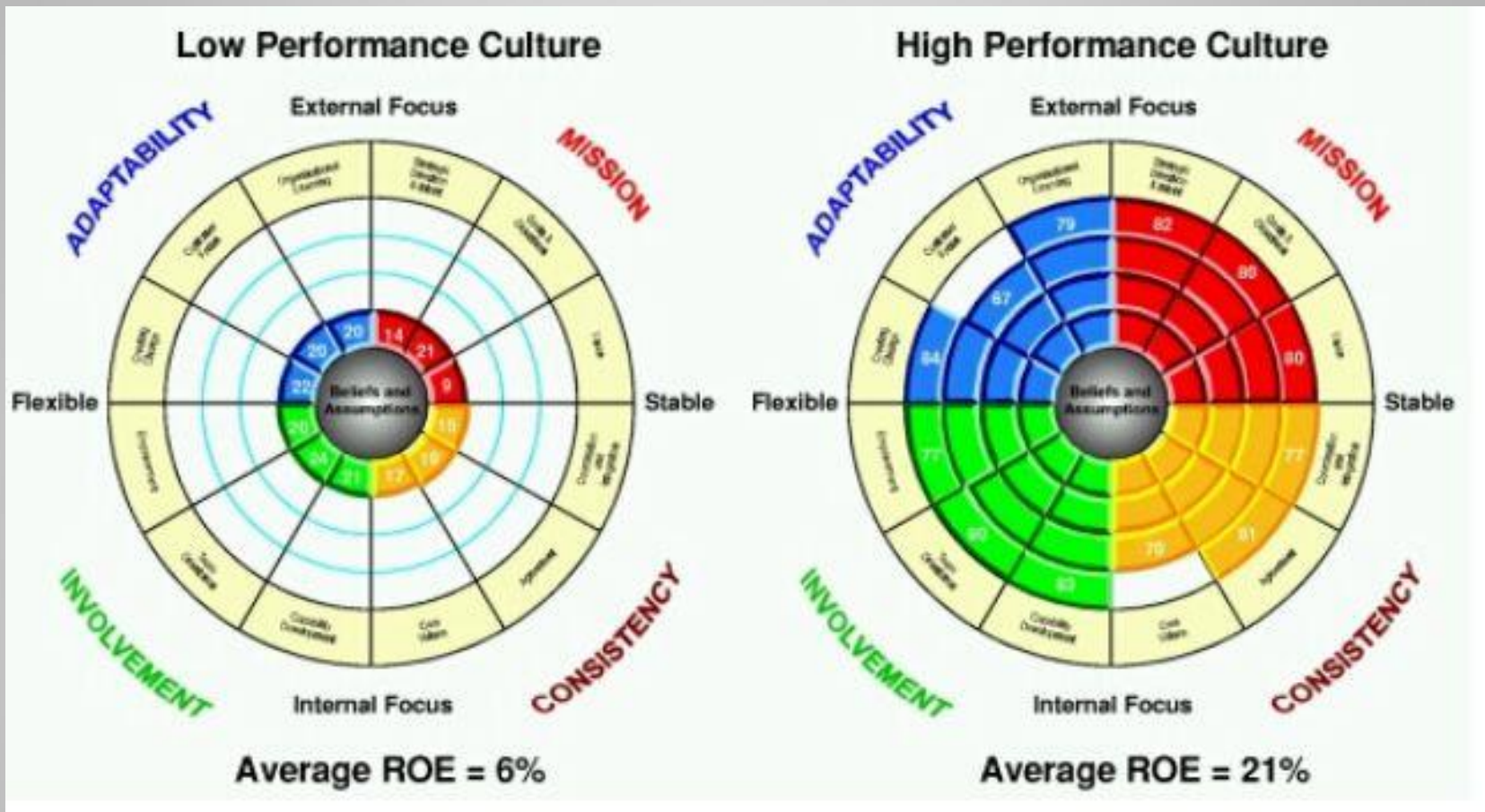


# Profile For Rapidly Growing Retailer

- One of the fastest growing retailers in the world
- Strong sense of direction and purpose
- Tremendous ability to anticipate customer needs
- Customer service viewed as Achilles heel
- Not very operationally strong



# Return on Shareholder's Equity



- Study of 161 publicly traded companies from a broad range of industries
- Contrasts the performance of the 10% of the organizations with the best culture scores with the 10% of the organizations with the worst culture scores
- Average ROE for the organizations with the lowest culture scores is 6%, Average ROE for organizations with high culture scores is 21%
- Highly similar results for return on total investment



# Satisfying the Customers

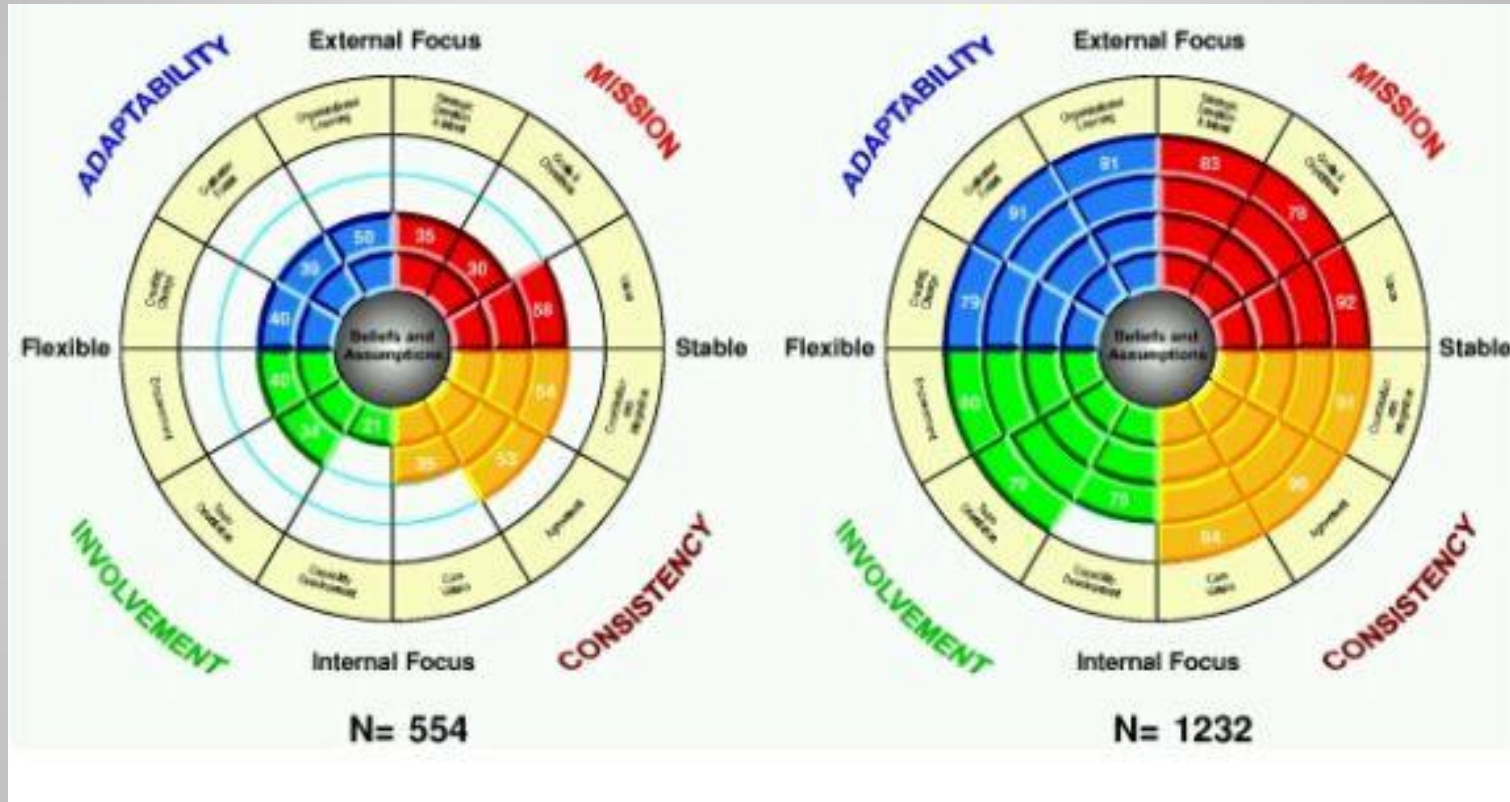


- The profile shows the top and bottom five performers of a construction company
- Correlations with customer satisfaction were significant for all twelve indexes
- Average 24 percentile point difference between the top and bottom five in all 12 indexes

# Satisfying the Customers

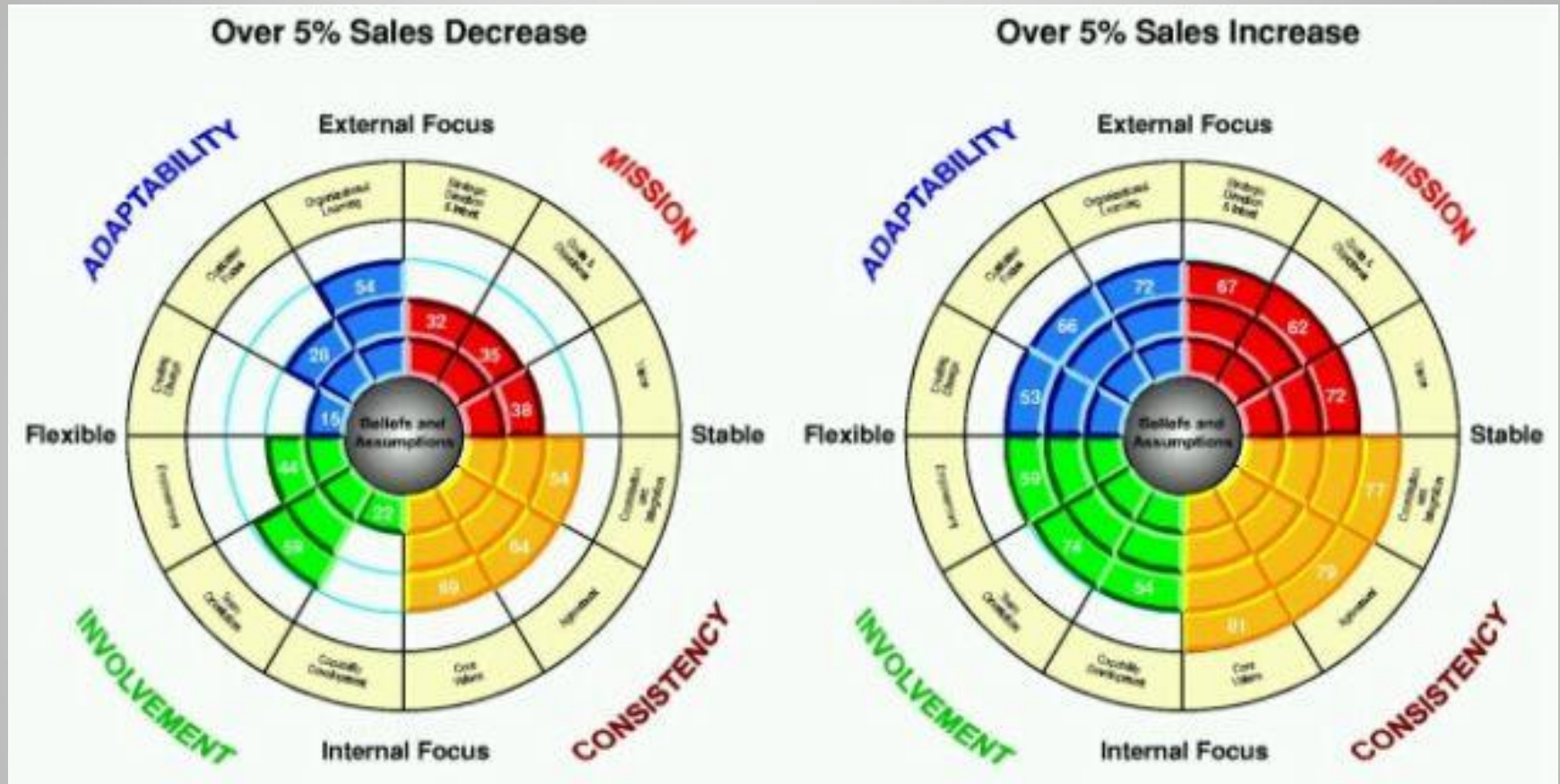
Below 50% Highly Satisfied

Above 80% Highly Satisfied



- Study of Automotive Service Centers in USA
- Total of 338 Dealerships and over 12,000 Employees
- Compares Organizational Culture and Customer Satisfaction

# Growing the Business



- Study of Retail Supermarkets in USA
- Includes 12,000 Individuals in 2500 Stores
- Compares Culture Profiles with Growth Rates



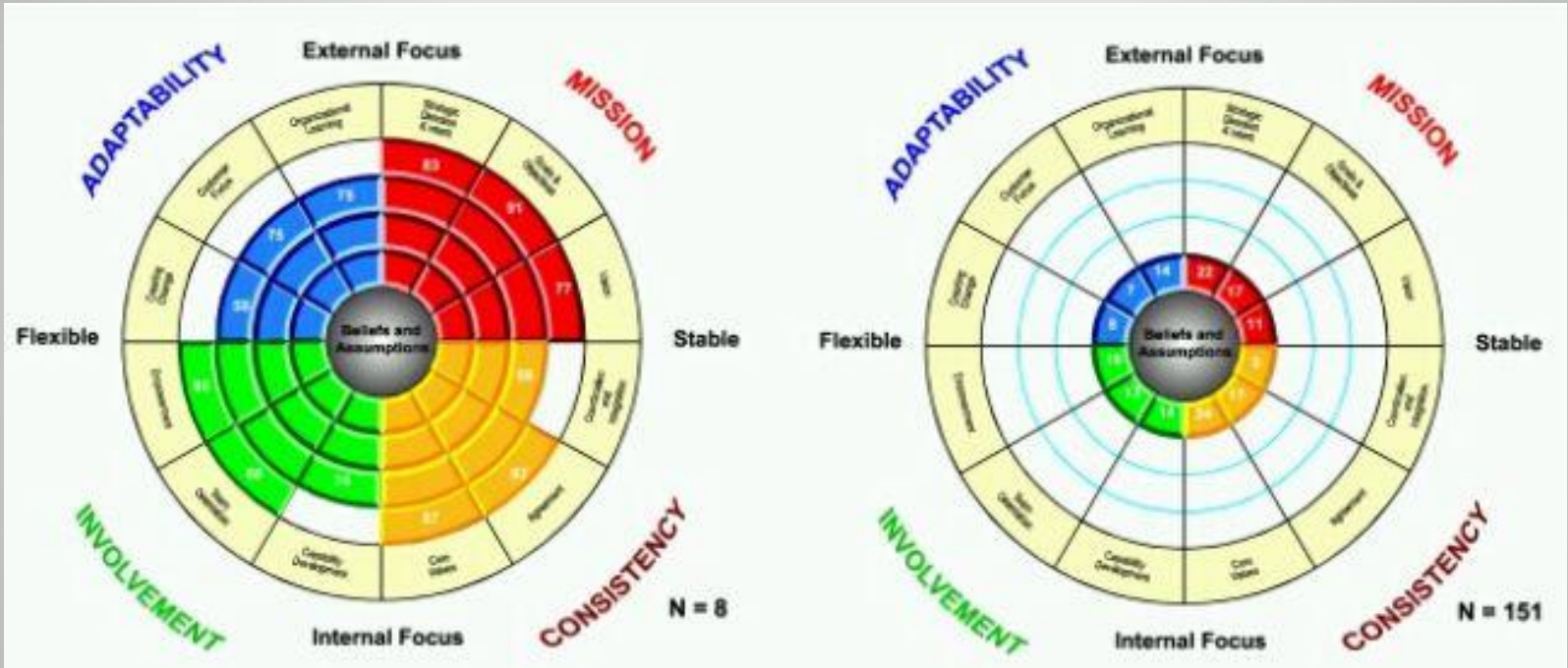
# Market-Facing Business Unit



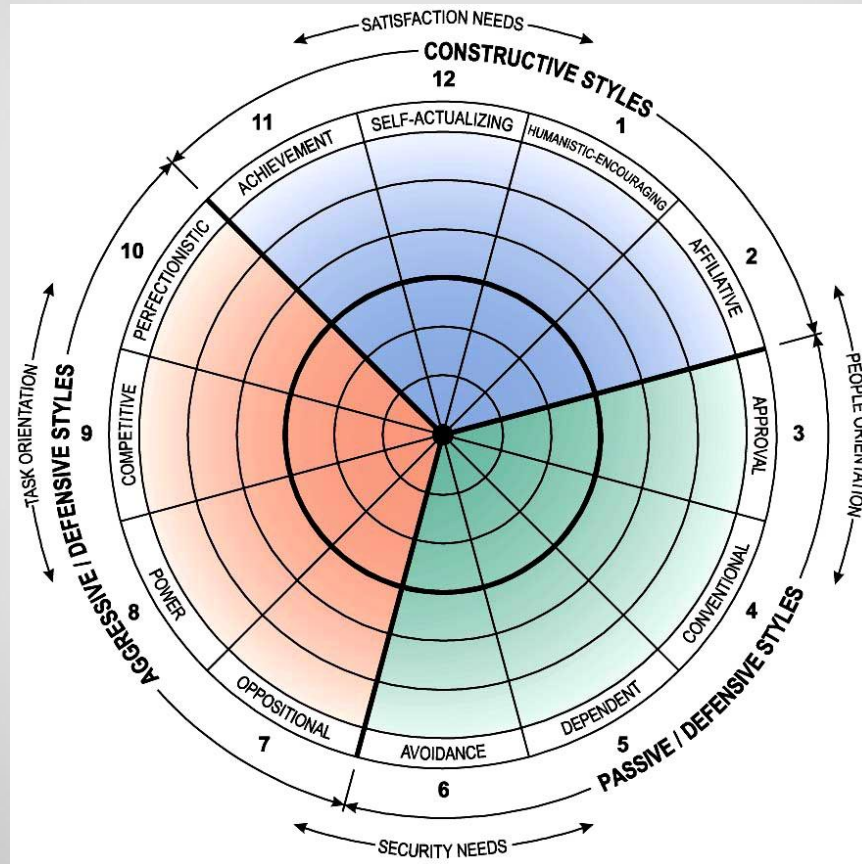
# Management vs Employees perception

*Global distribution: Executives*

*Global distribution: Specialists*



# Human Synergistics The Circumplex

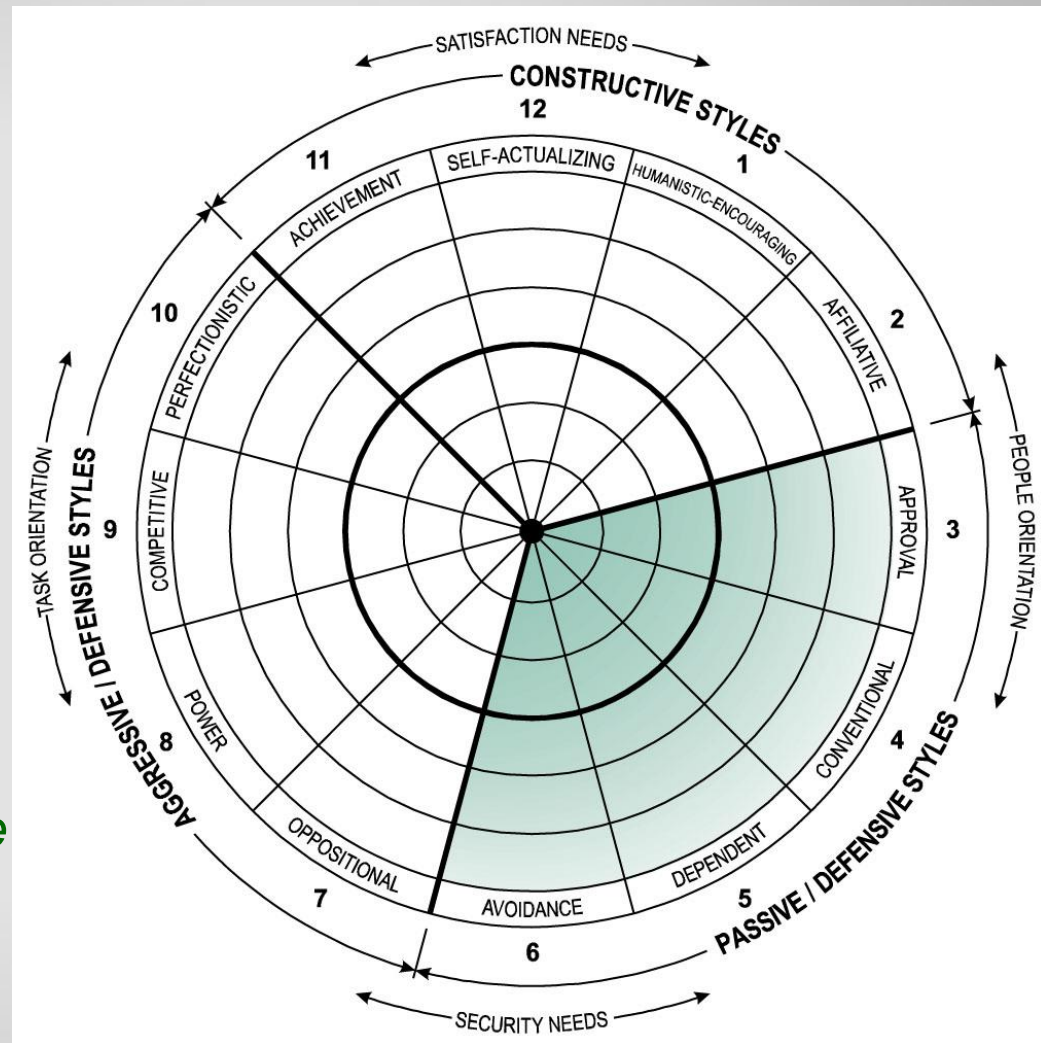




# The Passive/Defensive Styles

- Approval
- Conventional
- Dependent
- Avoidance

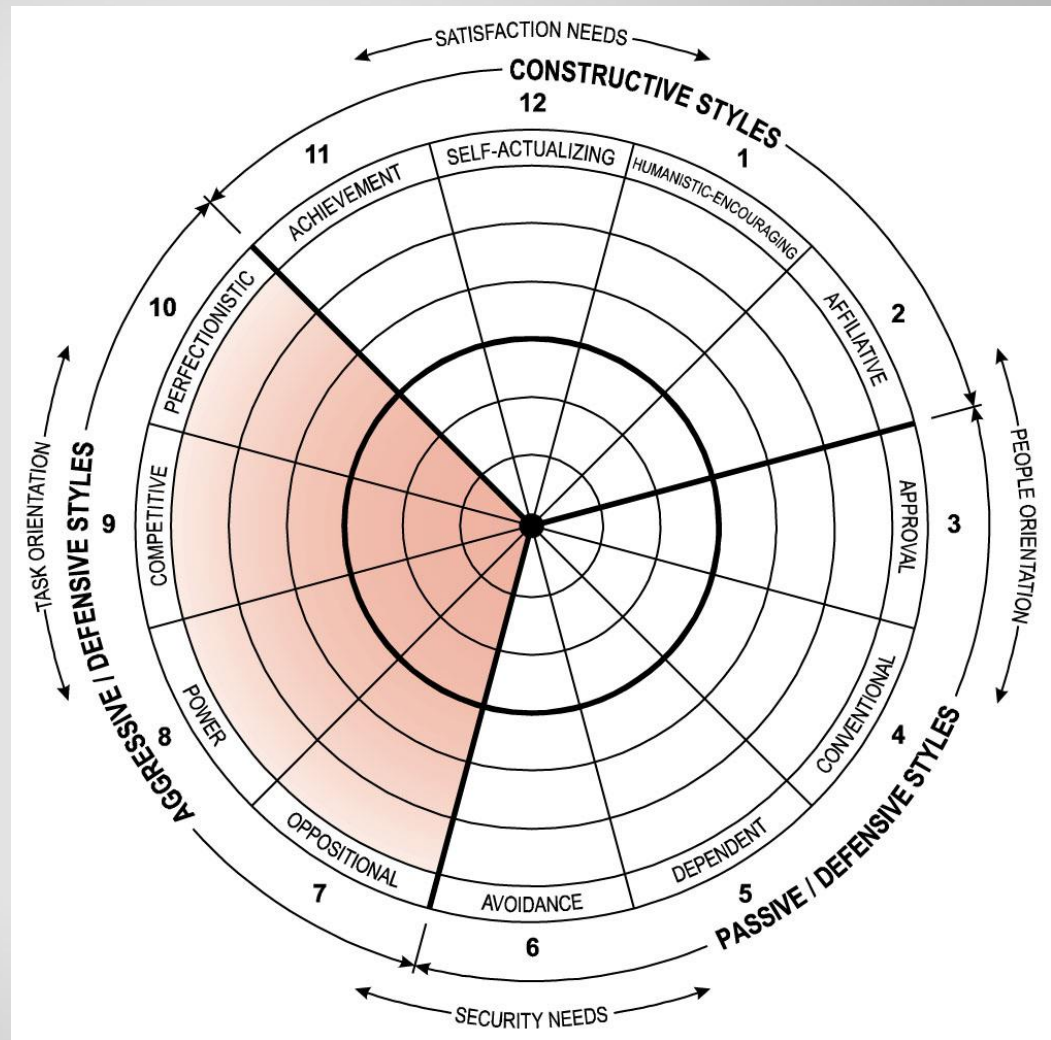
Interacting with *people* in ways that will not threaten their own *security*.



# The Aggressive/Defensive Styles

- Oppositional
- Power
- Competitive
- Perfectionistic

Approaching *tasks* in forceful ways to protect their status and *security*.

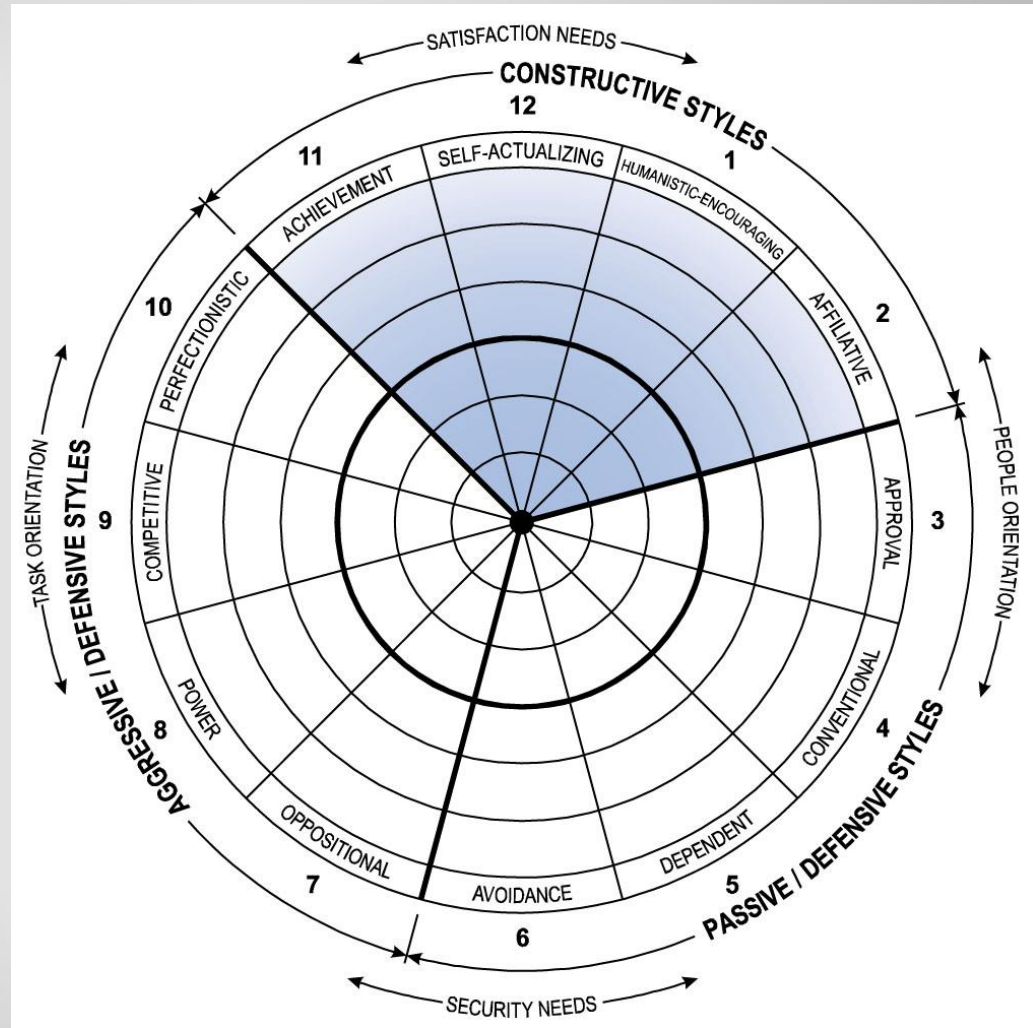




# The Constructive Styles

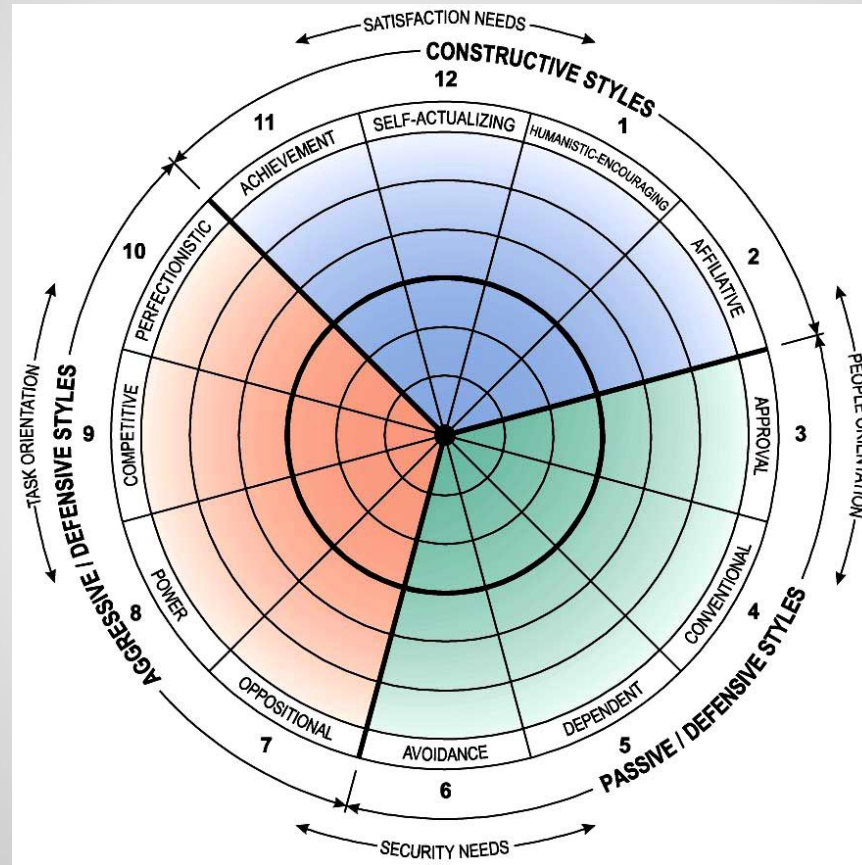
- Achievement
- Self-Actualizing
- Humanistic-Encouraging
- Affiliative

Interacting with others and approaching tasks in ways that will help them to meet their higher-order *satisfaction* needs.



# Human Synergistics

## The Circumplex

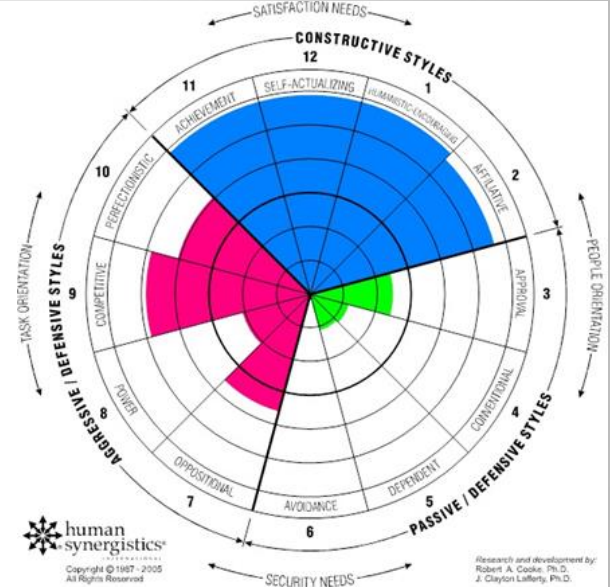
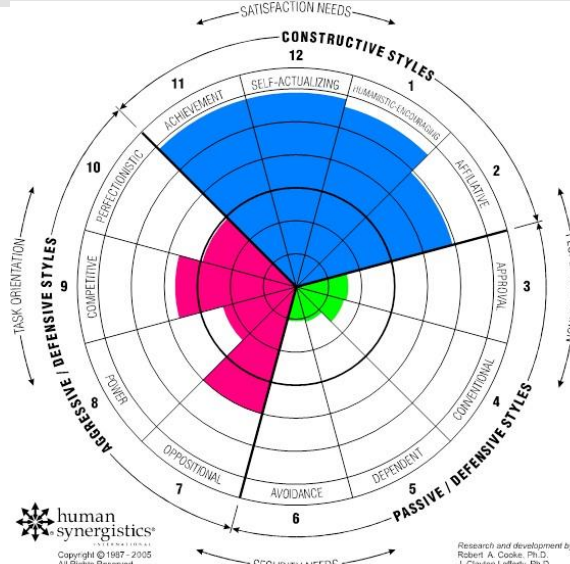
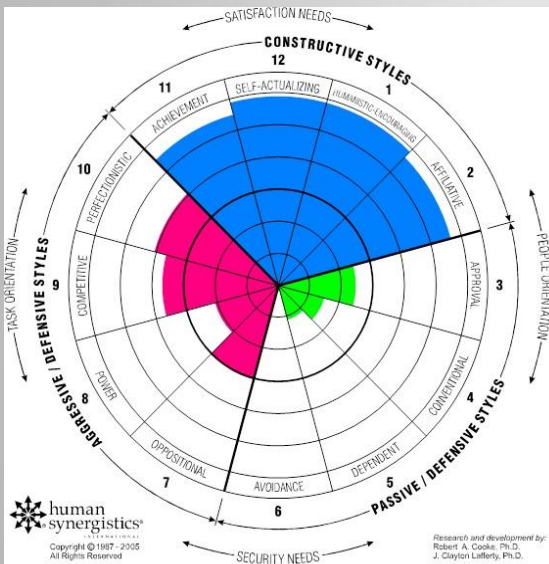


# Ideal culture - Serbia

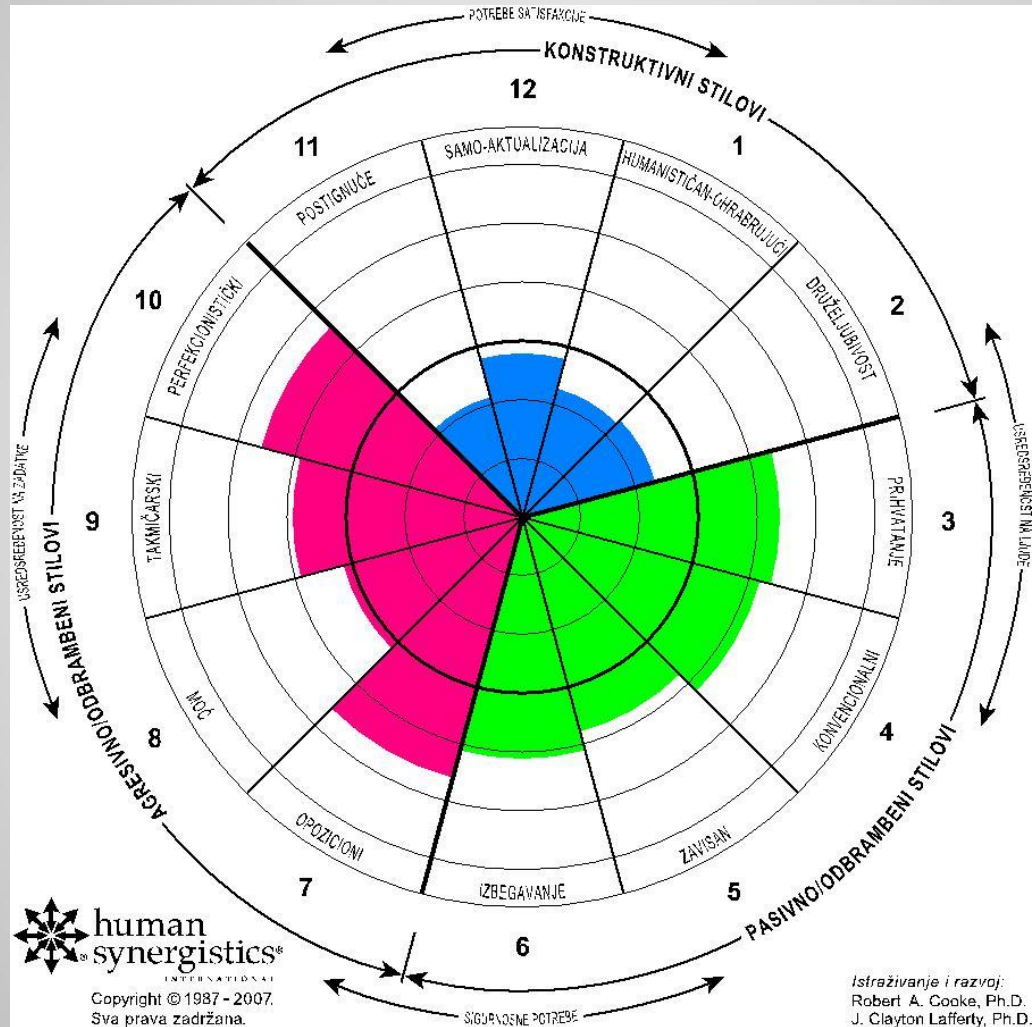
Top mng

CEO

HR

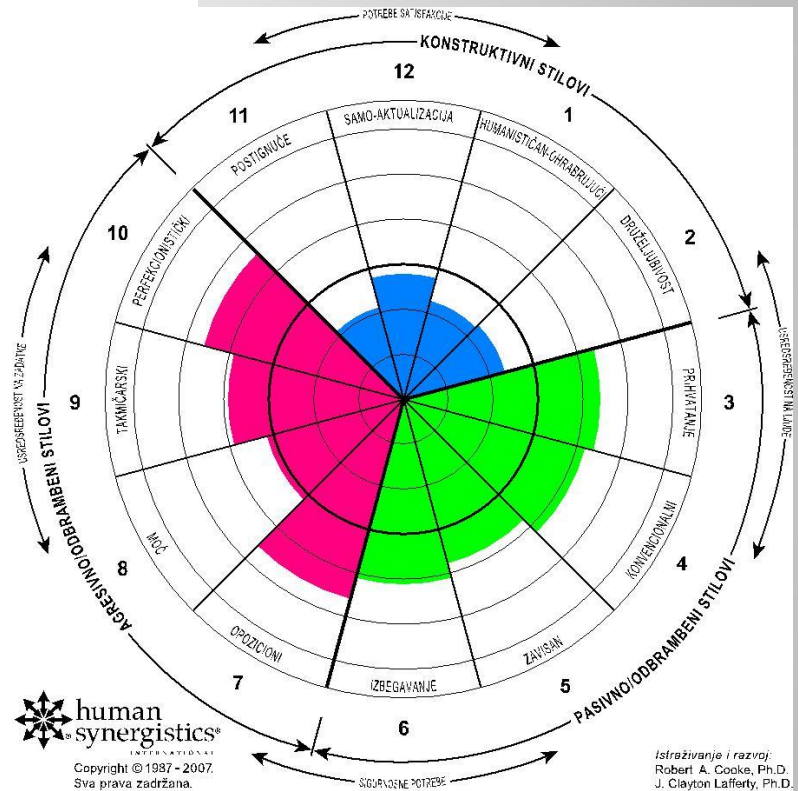
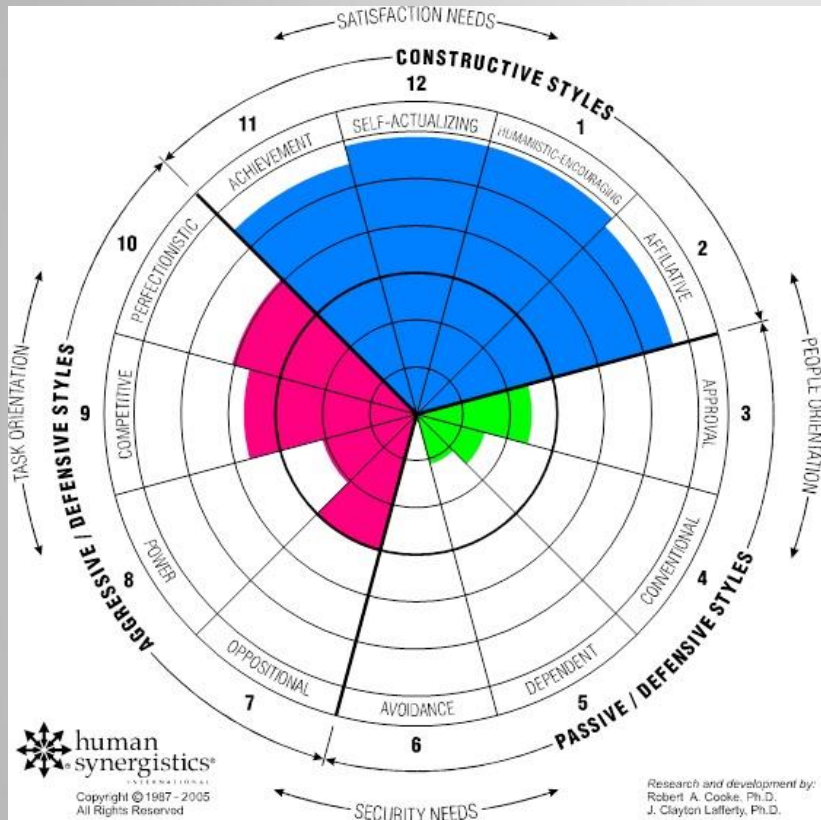


# Actual culture



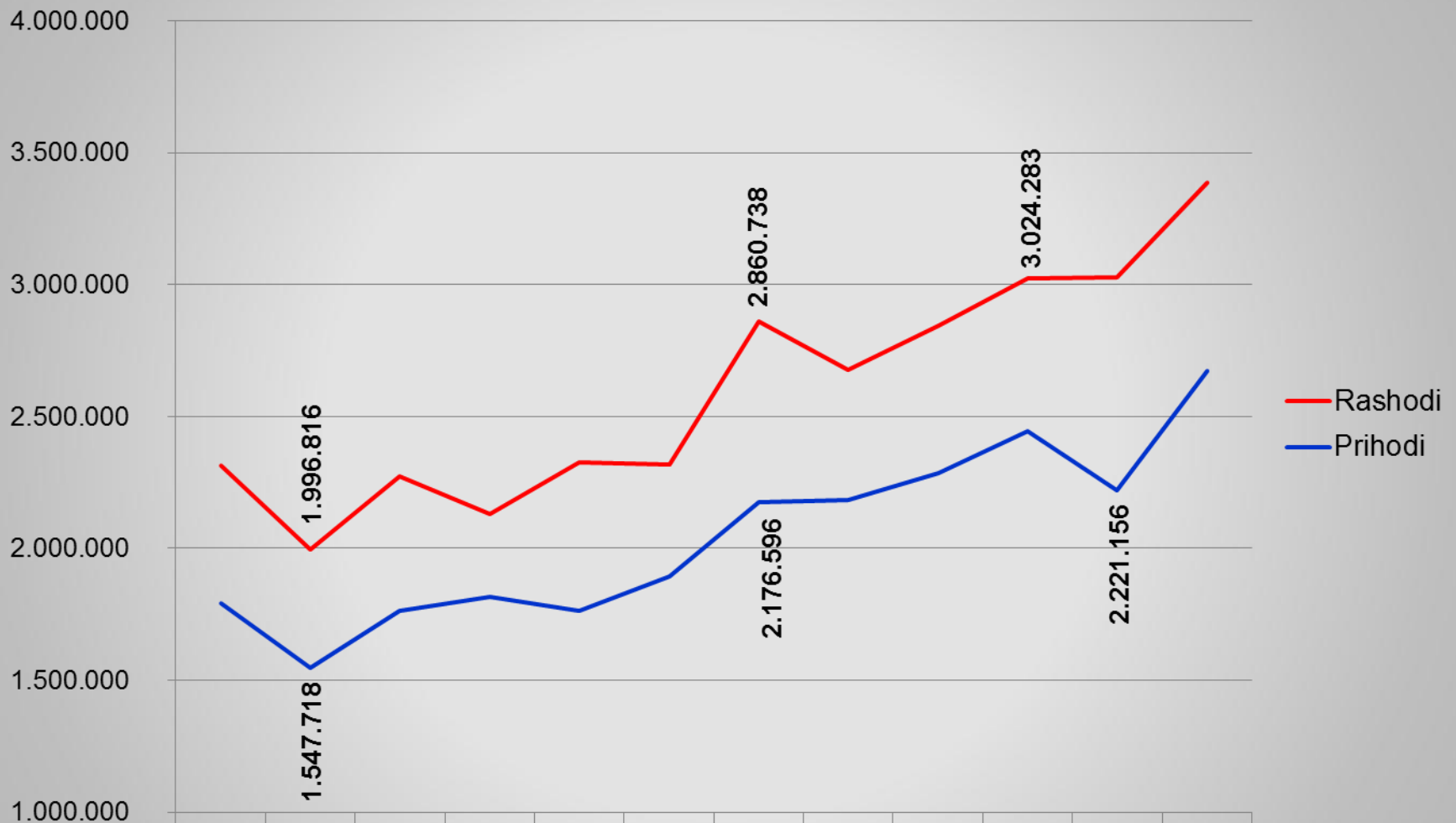


# Ideal vs Actual

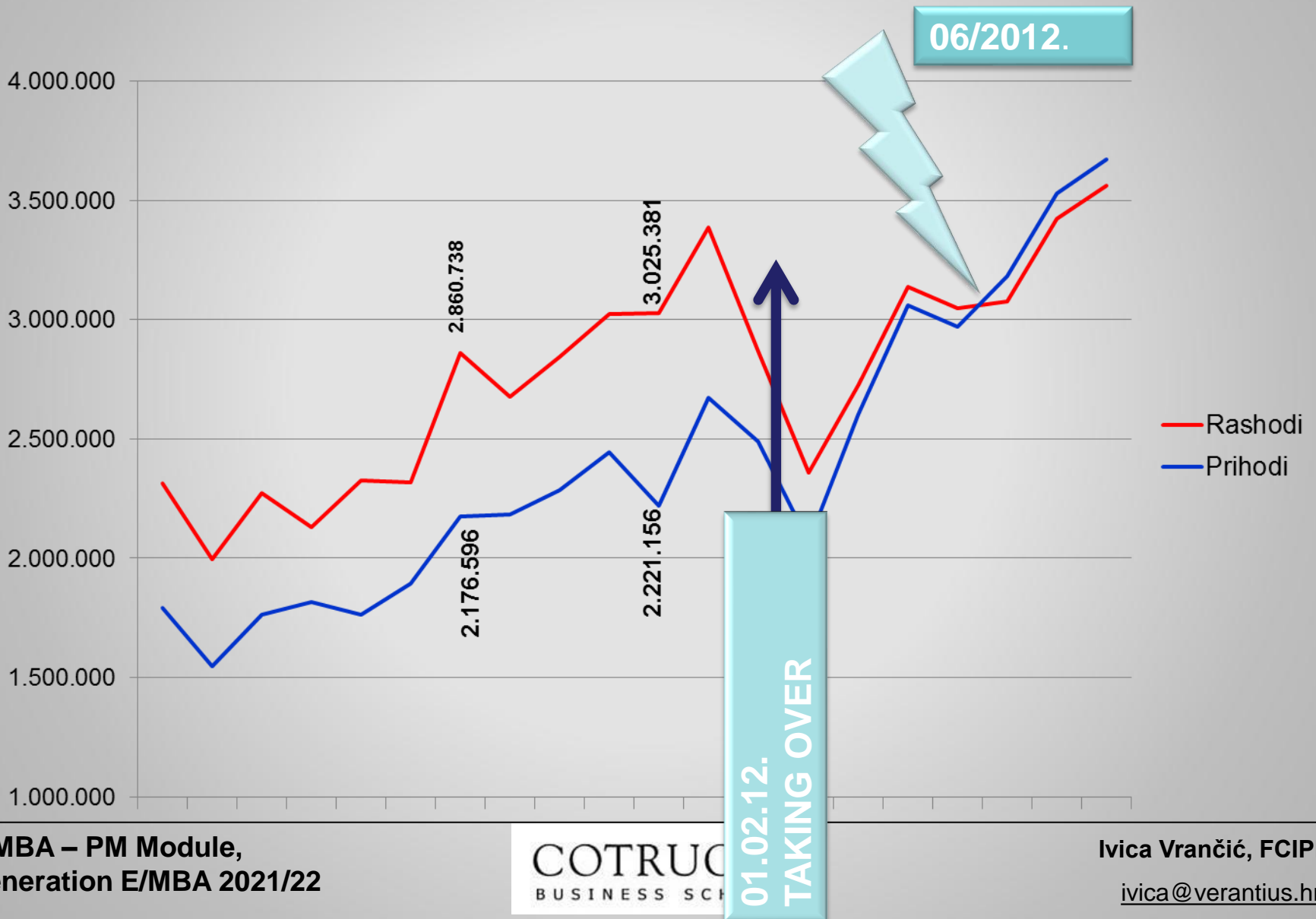


# Examples – from Croatia

# Business figures of Company X



# Initial period





### PROD Težina

..... 2012 M 2	..... 2012 M 3	..... 2012 M 4	..... 2012 M 5	..... 2012 M 6	..... 2012 M 7	..... 2012 M 8	M8 vs M2
47.456	46.578	52.068	55.414	57.310	64.573	68.240	144%

### PROD Količina

..... 2012 M 2	..... 2012 M 3	..... 2012 M 4	..... 2012 M 5	..... 2012 M 6	..... 2012 M 7	..... 2012 M 8	M8 vs M2
120.442	132.537	139.362	149.068	133.983	144.819	151.421	126%

### PROD Iznos Prodaje bez PDV-a

..... 2012 M 2	..... 2012 M 3	..... 2012 M 4	..... 2012 M 5	..... 2012 M 6	..... 2012 M 7	..... 2012 M 8	M8 vs M2
1.923.189	2.226.801	2.520.488	2.454.169	2.473.192	2.749.311	2.849.162	148%

### PROD Iznos Popusta

..... 2012 M 2	..... 2012 M 3	..... 2012 M 4	..... 2012 M 5	..... 2012 M 6	..... 2012 M 7	..... 2012 M 8	M8 vs M2
37.453	38.062	37.645	30.068	25.358	32.138	33.318	89%

# What has happened since then?

**What has changed?**

**Who is not with us any more?**

**What values have they represented?**

**What values have they advocated?**

**What kind of model have they been?**

# What have we done?

**Sistematizirali posao. Smanjili troškove. Povećali zaradu.**

**Uveli odgovornost za rad, kao obvezu prema kolegi (internom kupcu).**

**Uveli etikete/cijene. Uveli novo brendiranje akcija.**

**Inventure, Inventure, Inventure. (očistili stanja). Automatizirali ZOP.**

**Sistematizirali kategorizaciju artikla. Optimizirali i fokusirali marketing.**

**Uveli edukaciju o robi/asortimanu. Uveli edkaciju novih ljudi (ZG).**

**Uveli novog koordinatora maloprodaje.**

**Uveli nova ponašanja međusobno i prema centrali i centrala prema vama!**

## Introduced new work culture

# Future

## How to make it happen?

What resources?  
What knowledges?  
What experiences?  
What are the priorities?  
Why?  
What are the risks?

WHAT KIND OF BEHAVIORS?  
WHAT ATTITUDES?  
WHAT VALUES?

# Values in the heart of company



CREATIVITY



PASSION



GROWTH

# How to change an organizational culture

**CHANGE THE  
CEO**

**CHANGE VALUE  
SYSTEM**

**ADD NEW  
MEMBERS**

**CULTURE  
SHOCK**

**INVOLVE  
MEMBERS**

**CHANGE THE  
REWARD SYS.**

**Reward and recognise desired behaviours and values**

# How to embed your company values

1. Define
2. Explain
3. Clarify
4. Brand
5. Recognise
6. Reward
7. Reinforce
8. Communicate

# Managing Culture Fundamentals

- Recruit and select (those with desired behaviours)
- Social and train (according to defined values and culture)
- Be strong role model
- Reward and recognise desired behaviours and values



# **Day III – People Metrics and** **People Management future**

- **Employee engagement**
- **Employee retention**
- **Performance Management, principles, purpose and new agenda**
- **People Metrics**
- **Future of People Management**

**Employee Engagement**  
**rather than**  
**Employee Satisfaction**

# Engagement and Motivation

**Engagement** – one's readiness to invest personal energy

**To motivate** – to make people willing to invest additional effort

# Motivation - Maslow

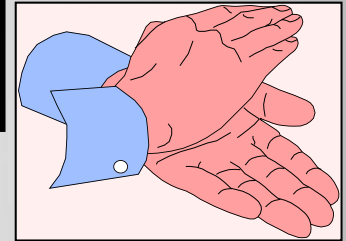
Maslow's Hierarchy	Examples of organizational motivators
<b>Self-actualization</b>	<ul style="list-style-type: none"> <li>- Involvement in the planning of one's work</li> <li>- Opportunity for personal growth and development</li> <li>- A creative job</li> </ul>
<b>Esteem and recognition</b>	<ul style="list-style-type: none"> <li>- Reward as a result of recognizing the good work</li> <li>- Acknowledgement</li> <li>- Freedom to make decisions</li> <li>- An interesting and challenging job</li> <li>- Status symbols</li> <li>- The possibility of advancement</li> </ul>
<b>Social needs and a feeling of belonging</b>	<ul style="list-style-type: none"> <li>- Opportunity for interaction with others</li> <li>- Teamwork</li> <li>- Friendly associates</li> </ul>
<b>Safety</b>	<ul style="list-style-type: none"> <li>- Job security</li> <li>- Company security and stability</li> <li>- Appropriate supervision and control</li> <li>- Safe working conditions</li> <li>- Clear policies and procedures</li> </ul>
<b>Physiological needs</b>	<ul style="list-style-type: none"> <li>- Adequate salary</li> <li>- Regular and defined breaks</li> <li>- Secured and appropriate tools</li> </ul>

# Recognition - motivation

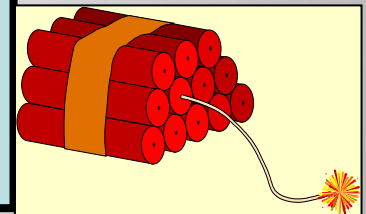
Recognise/prize good behaviours,  
rather than punish misbehaviours

# Communication - motivation

I agree with the format and appreciate your effort. Now, there are some points I would like to discuss with you ...

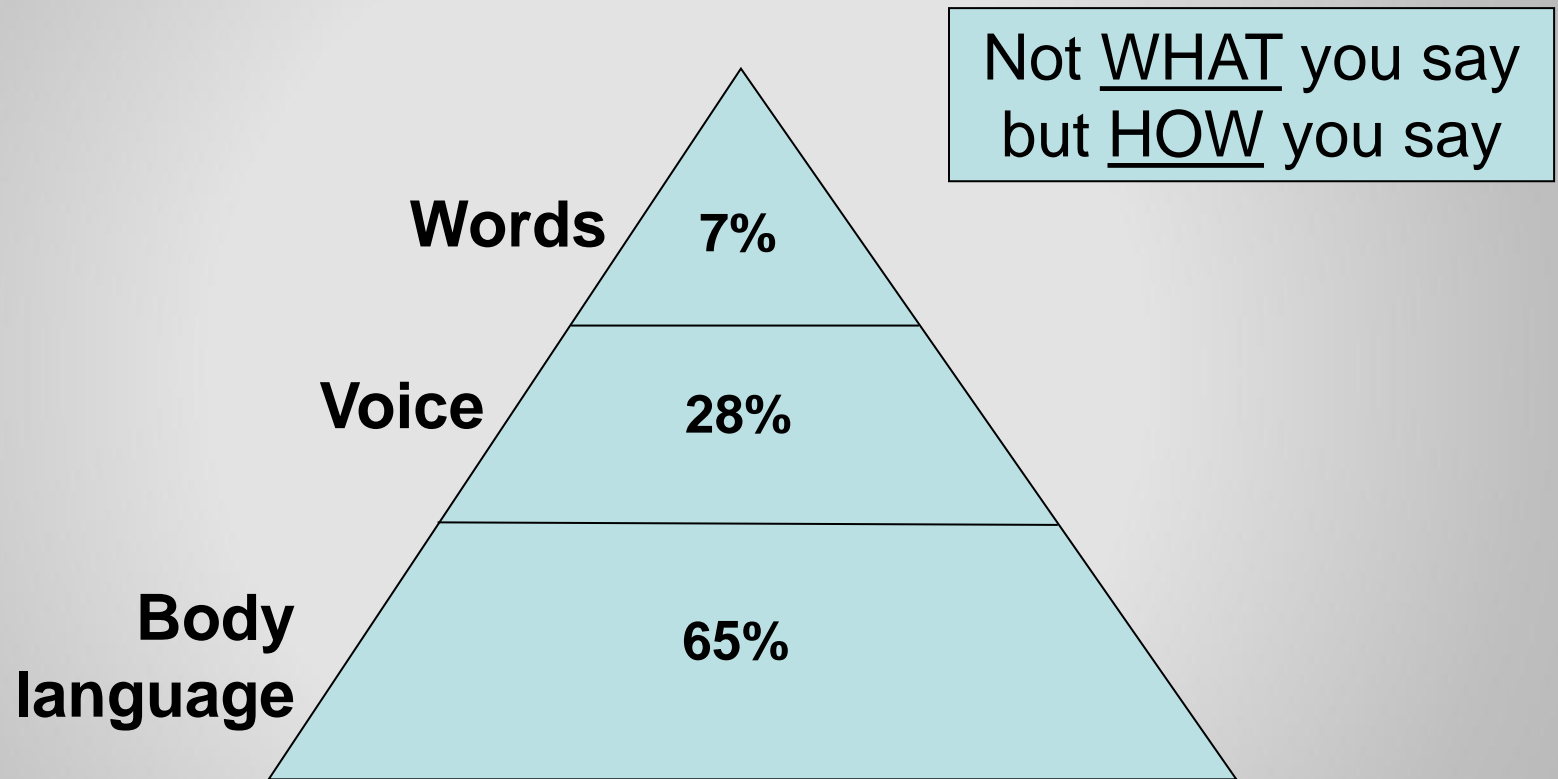


What on earth is this again?  
For God's sake, can't you do something right?



# Communication - motivation

## Experience of message



# Bad result/effort - motivation

When bad result happened point out the result,  
but recognise effort too



# Motivators or hygiene factors (Herzberg)

## Hygiene factors

Policies and administration

Supervision

Working conditions

Interpersonal relations

Fix salary

Job security

## Motivators

Recognition of accomplishment

Growth and Development

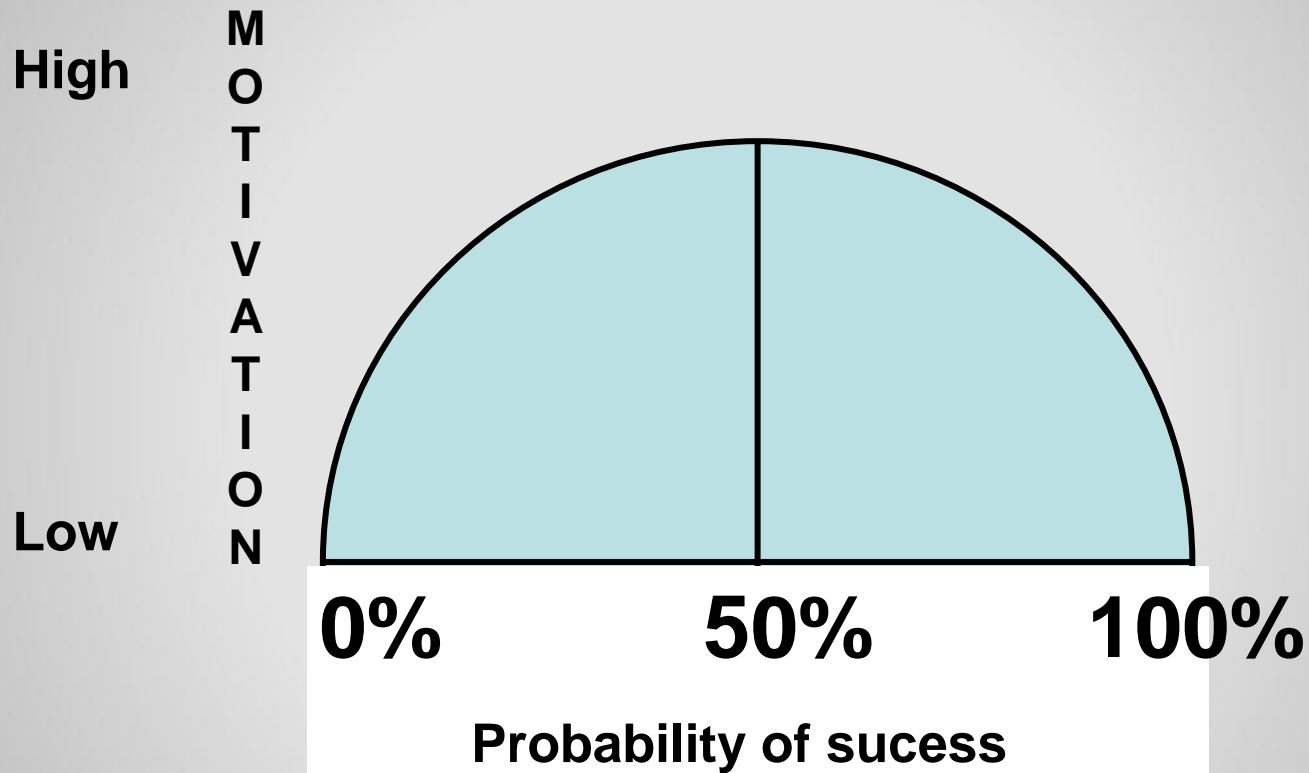
Challenging work

Achievement

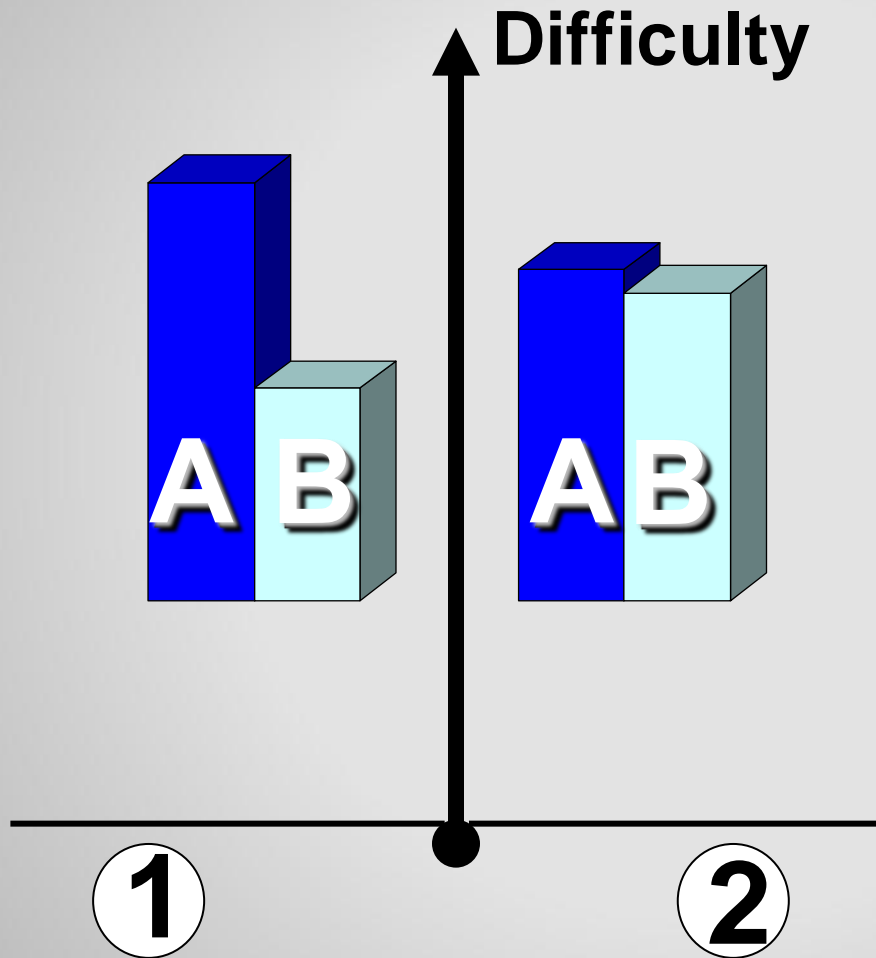
Increased responsibility

Success

# Probability of success - motivation



# Probability of success - motivation



**A:** Goalsetting  
**B:** Goal Achievement

# Involvement - motivation

The least motivation or big frustration comes from tasks that you have to accomplish and do not understand the context and/or reason.

Being involve in goal-setting process make people more motivated to accomplish the task

# Motivation - overview

- Recognise/prize good things
- Think how you communicate, not only what
- Recognise effort even if result is not good
- Set up hygiene factors, work hard on motivators
- Set hard/ambitious but achievable targets
- Involve people in goal-setting process
- Be actively involved in people's development

# Relationship between performance and engagement

High employee engagement is correlated with

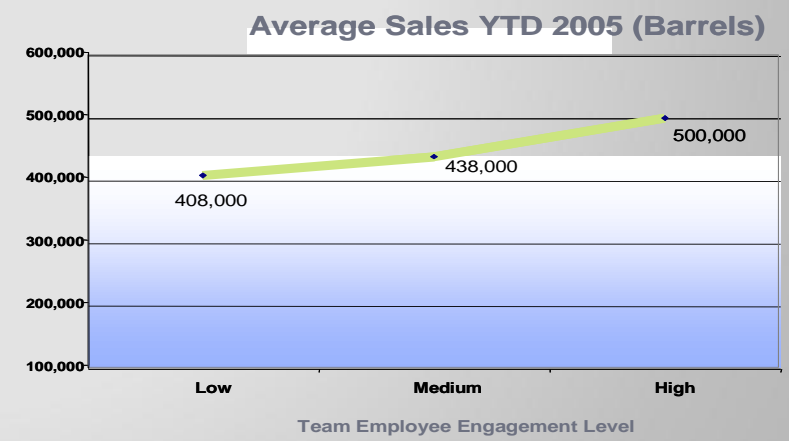
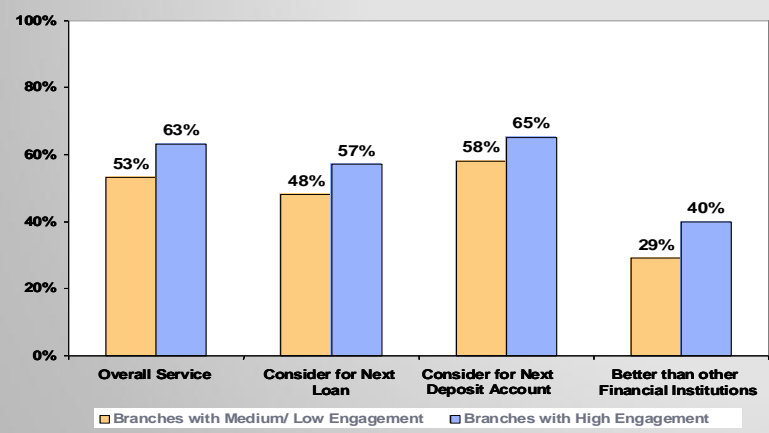
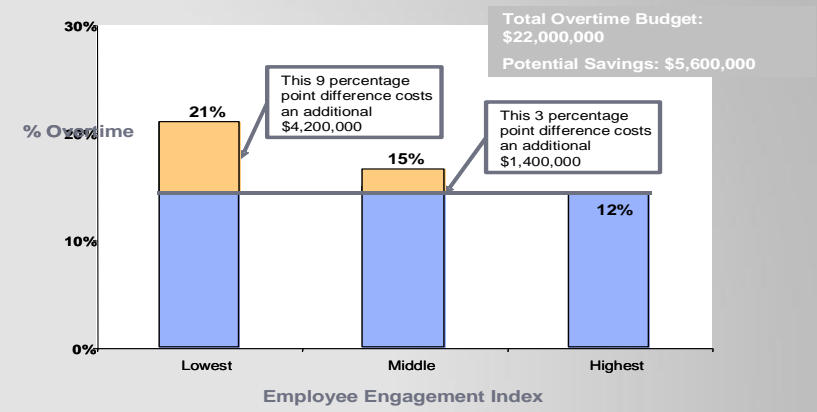
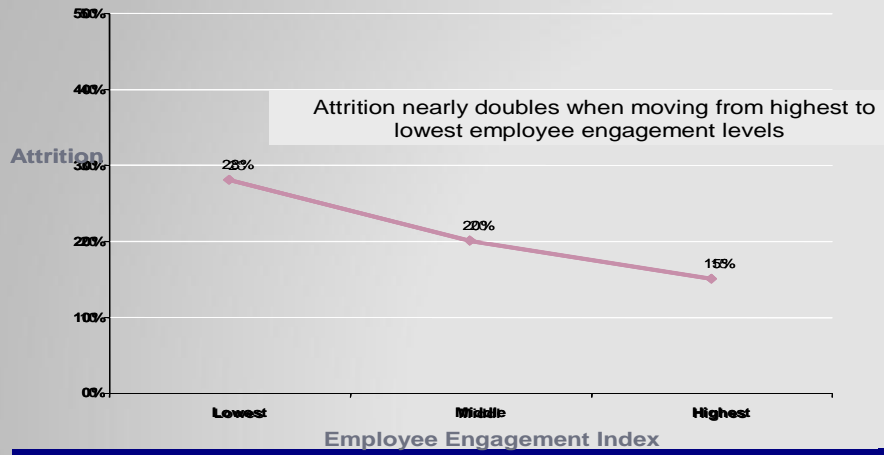
- lower staff turnover rates
- lower absenteeism
- higher customer satisfaction and loyalty
- fewer safety incidents
- higher quality & more efficient production

*(IRS employee engagement report 2006)*

In a group of companies with high levels of employee engagement, operating income improved by 19.2 percent over 12 months, while in companies with low levels of engagement it declined by 32.7 percent

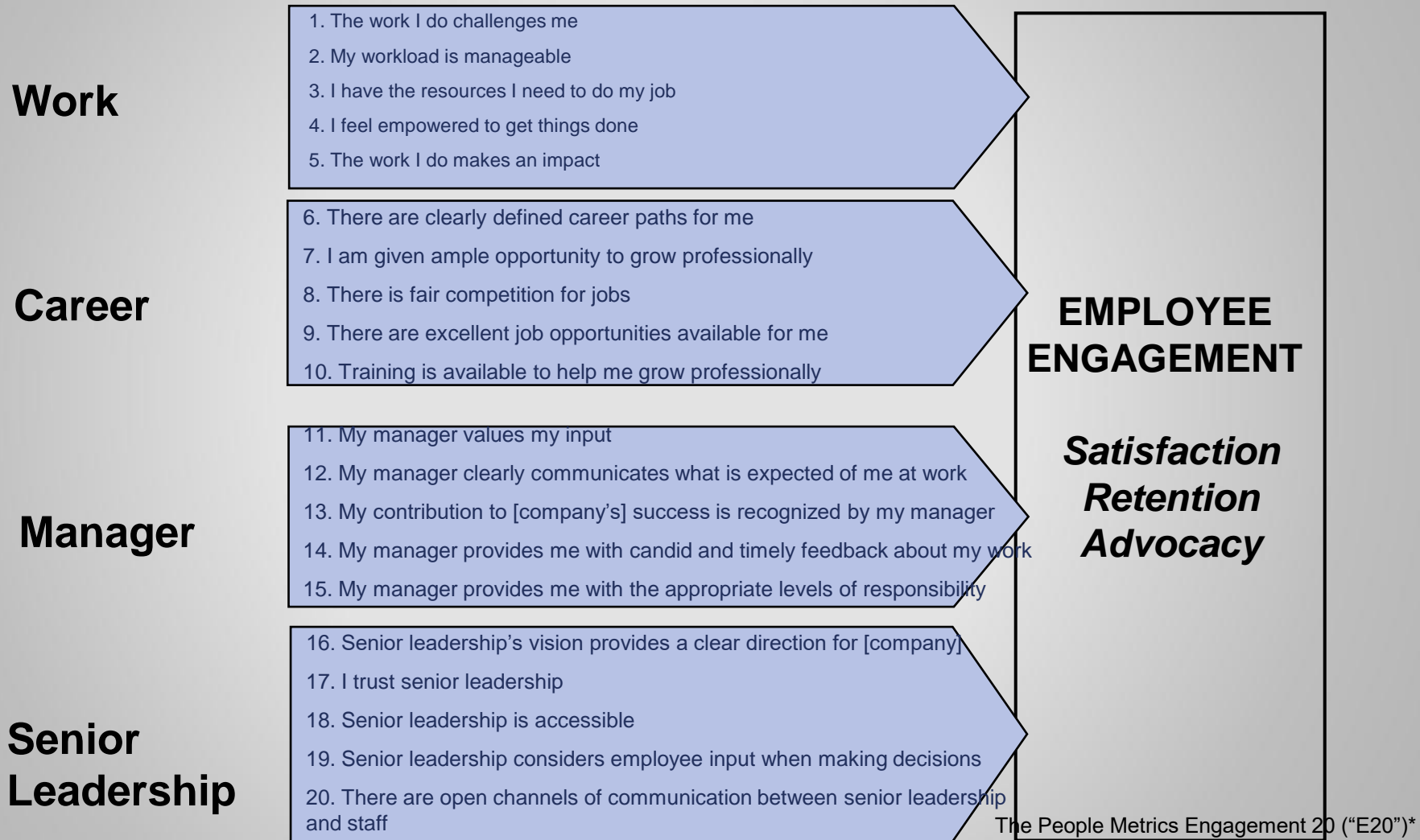
*(IRS employee engagement report 2006)*

# Performance and engagement



Source: PeopleMetrics Linkage Analysis

# Measurement of the Engagement





# Global Engagement

Engaged                      Not Engaged                      Actively disengaged

	<b>13%</b>	<b>63%</b>	<b>24%</b>
<b>Global</b>			
US and Canada	29%	54%	18%
Australia/New Zealand	24%	60%	16%
Western Europe	14%	66%	20%
UK	17%	60%	14%
Germany	15%	61%	24%
Austria	14%	74%	12%
Italy	14%	67%	18%
Central/Eastern Europe	11%	63%	26%
Slovenia	15%	70%	15%
Bulgaria	12%	68%	20%
Macedonia	12%	56%	32%
Montenegro	11%	58%	31%
BiH	9%	58%	33%
<b>Croatia</b>	<b>3%</b>	<b>65%</b>	<b>32%</b>

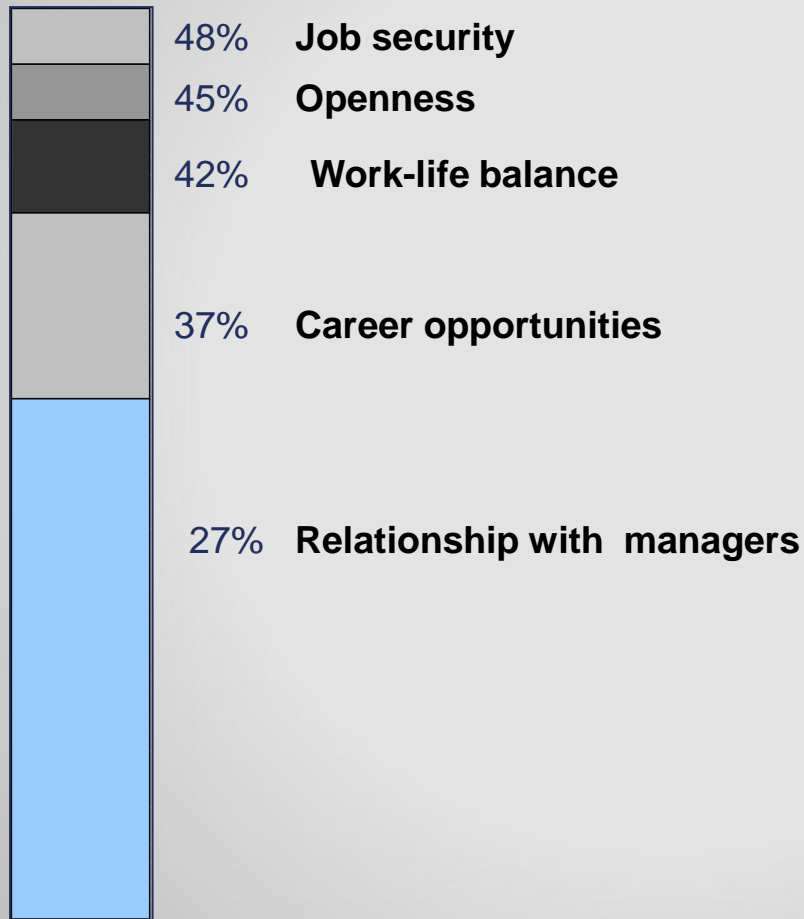
**2nd the worst among 94 listed countries!**

Source: State of Global Workplace, Gallup 2013

# **Engaged employees want...**

- **Life/work-style balance and flexibility**
- **Excellent leadership**
- **Work with industry leader**
- **Work with inspirational people**
- **Work on hot projects**
- **Work with leading customers and suppliers**
- **Opportunity to lead others**
- **Recognition of ideas**
- **Excellent work environment**
- **International opportunities**
- **Receive positive feedback**
- **Employer sponsored development**
- **Financial package**
- **Flexible benefits**

# What influences Front Line Managers' commitment to their firm



Source: 163 FLMs  
Hutchinson & Purcell (2003)

# What Causes Disengagement?

- **Lack of recognition for achievements**
- **Feeling that no one will listen to you**
- **Wondering who would miss you if you didn't show up**
- **Having work that isn't challenging, or even interesting**
- **You're not learning anything new**
- **You feel alone, performing heroic deeds all by yourself, and no one notices**

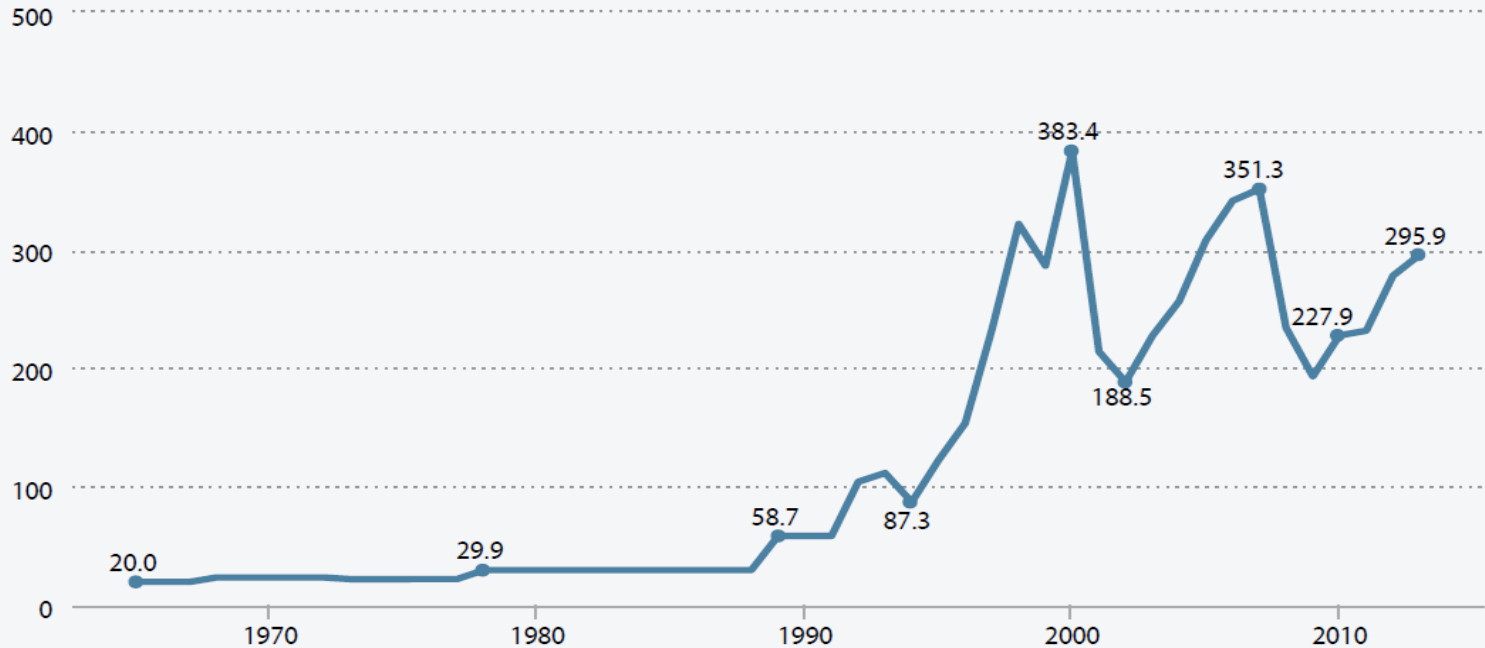
# What about Money?

- Effects of more money (and other tangible rewards) exhilarating at the time but they don't last
- Money can retain but it can't engage

# What about Money?

FIGURE C [VIEW INTERACTIVE on epi.org](#)

## CEO-to-worker compensation ratio, 1965–2013



**Note:** CEO annual compensation is computed using the "options realized" compensation series, which includes salary, bonus, restricted stock grants, options exercised, and long-term incentive payouts for CEOs at the top 350 U.S. firms ranked by sales.

**Source:** Authors' analysis of data from Compustat's ExecuComp database, Current Employment Statistics program, and the Bureau of Economic Analysis NIPA tables

ECONOMIC POLICY INSTITUTE

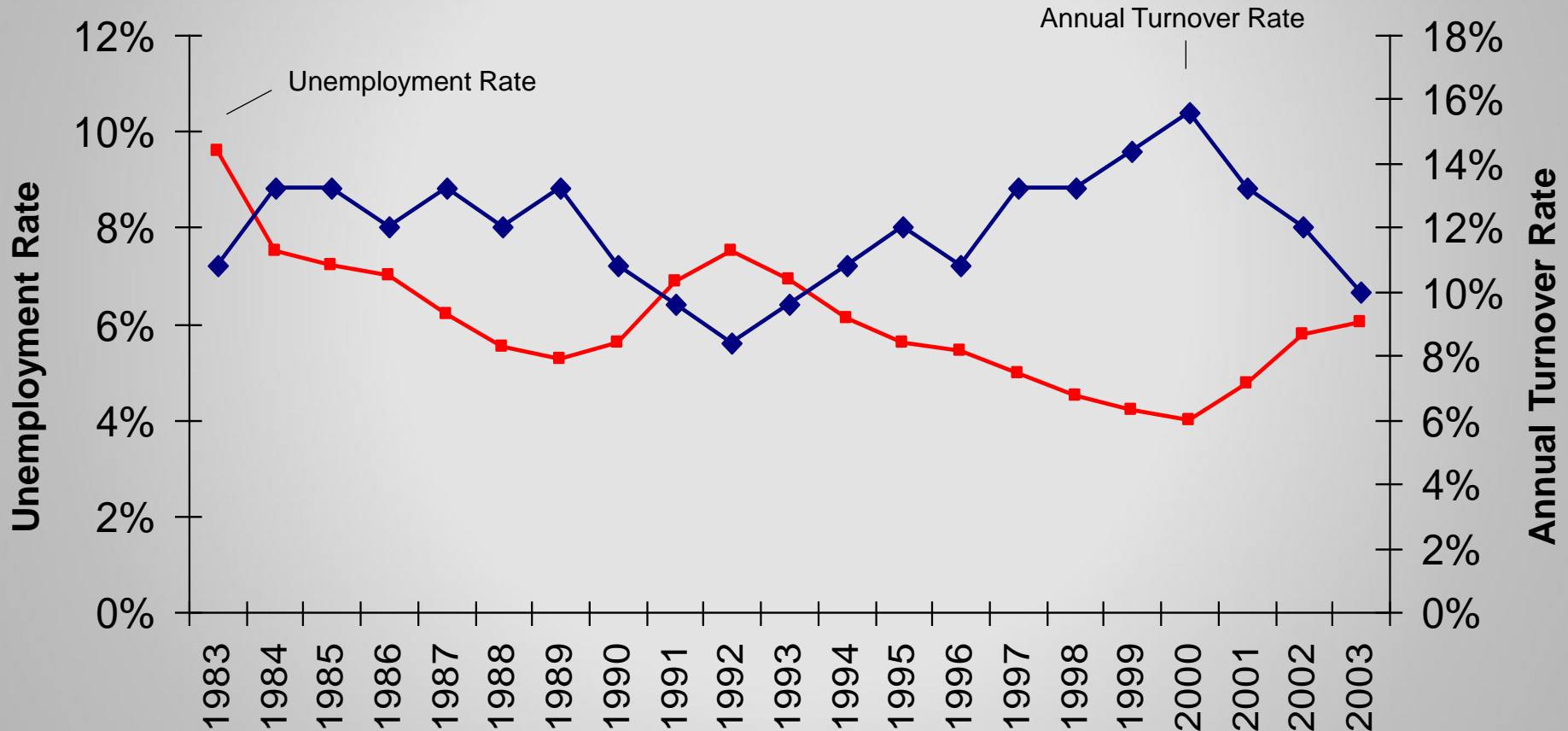
# How to maximize engagement

- **Develop and performance-manage line managers as people managers**
- **Create and manage employee value propositions (EVP)**
- **Develop and recruit to a clear employer brand, and deliver it**
- **Flex work**
- **Flex benefits**
- **Communicate, communicate, communicate**
- **Measure engagement and ... act on the evidence**
- **Align HR processes and practices**

# Employee Retention



# Unemployment and Annual Turnover: 1983 - 2003



Sources: U.S. Bureau of Labor Statistics (unemployment); BNA, Inc. (turnover rate)

# Turnover Costs – Cost of Attrition

 Expense - Recruiting

 Expense - Training

.....  
 Productivity - Departing Employee

 Productivity - Vacant Position

 Productivity - New Employee

 Productivity - Management

.....  
 BUSINESS - CUSTOMER SATISFACTION

 BUSINESS – CURRENT *and* FUTURE  
REVENUE OPPORTUNITIES

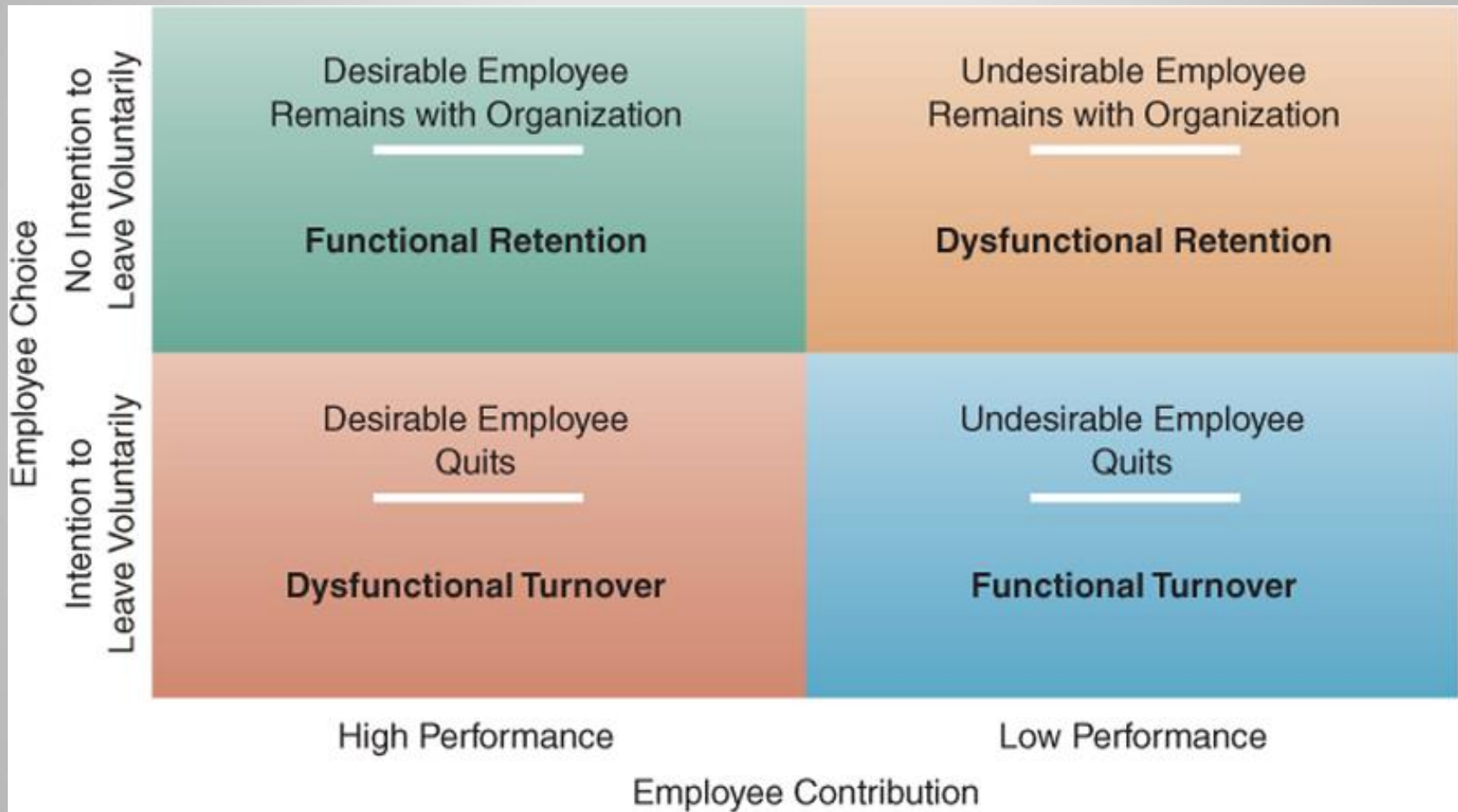
# Employee Retention

- **Employee retention**, a set of actions designed to keep good employees once they have been hired.

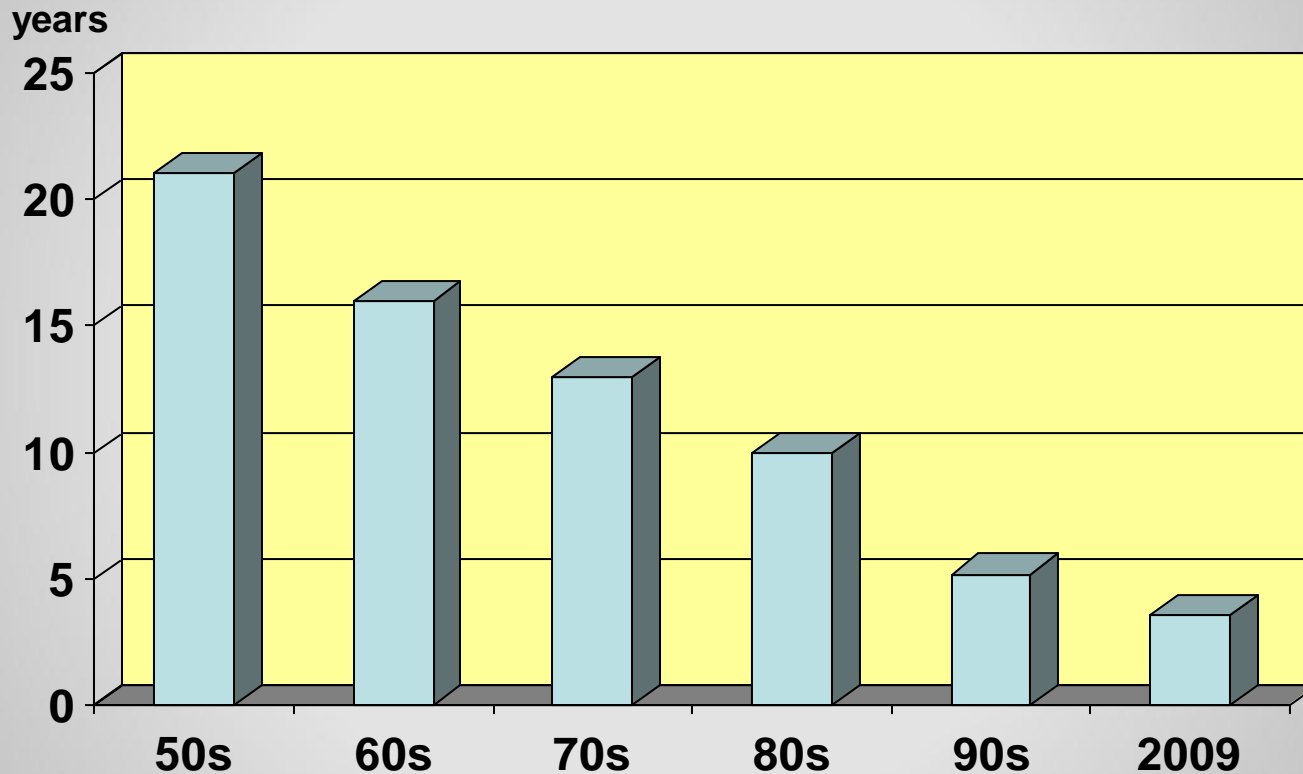
# Turnover

- There is four types of turnover:
  - **voluntary turnover**, in which the employee makes the decision to leave.
  - **involuntary turnover**, in which the organization terminates the employment relationship.
  - **functional turnover** occurs when underperforming employee voluntarily quits, or company decides to terminate employee contract with such employee
  - **dysfunctional turnover** occurs when an employee whose performance is at least adequate voluntarily quits.

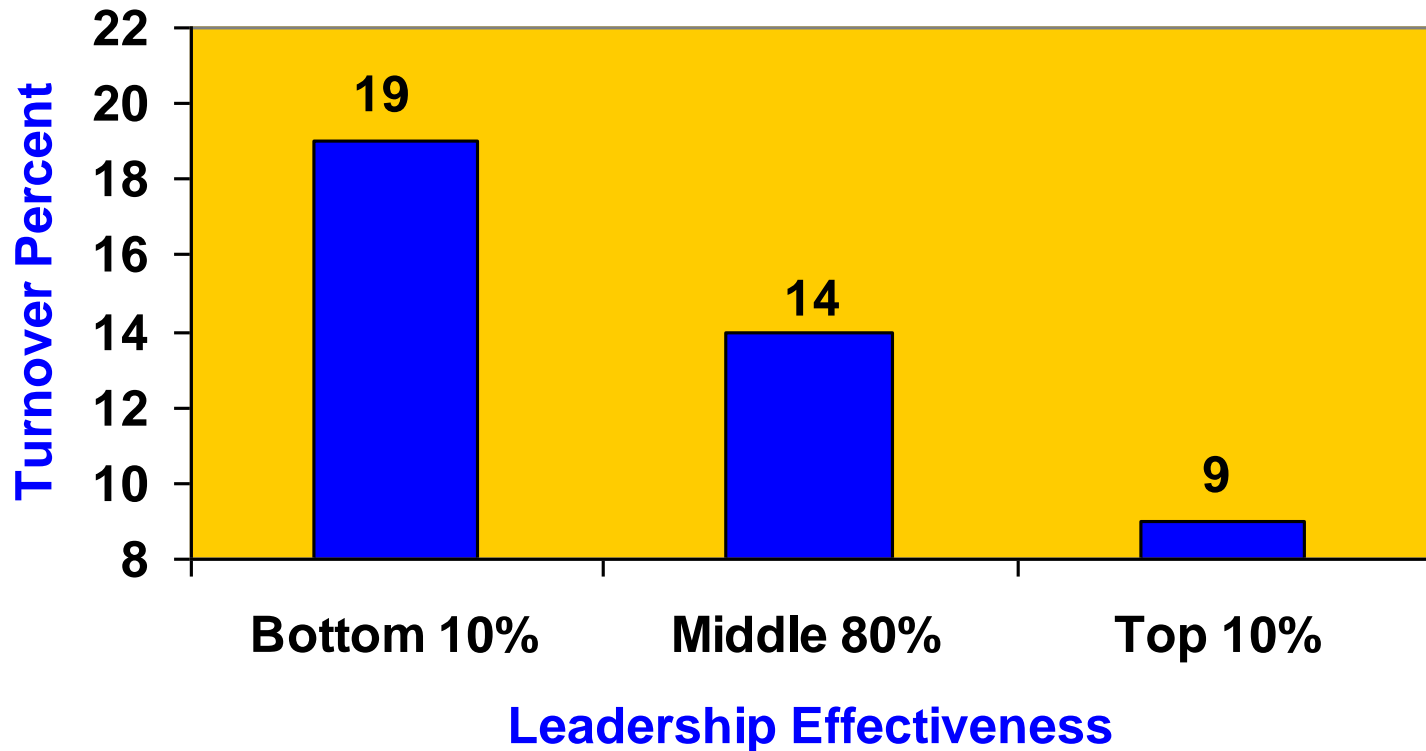
# Types of Employee Turnover and Retention.



# U.S. Workforce Loyalty Trends

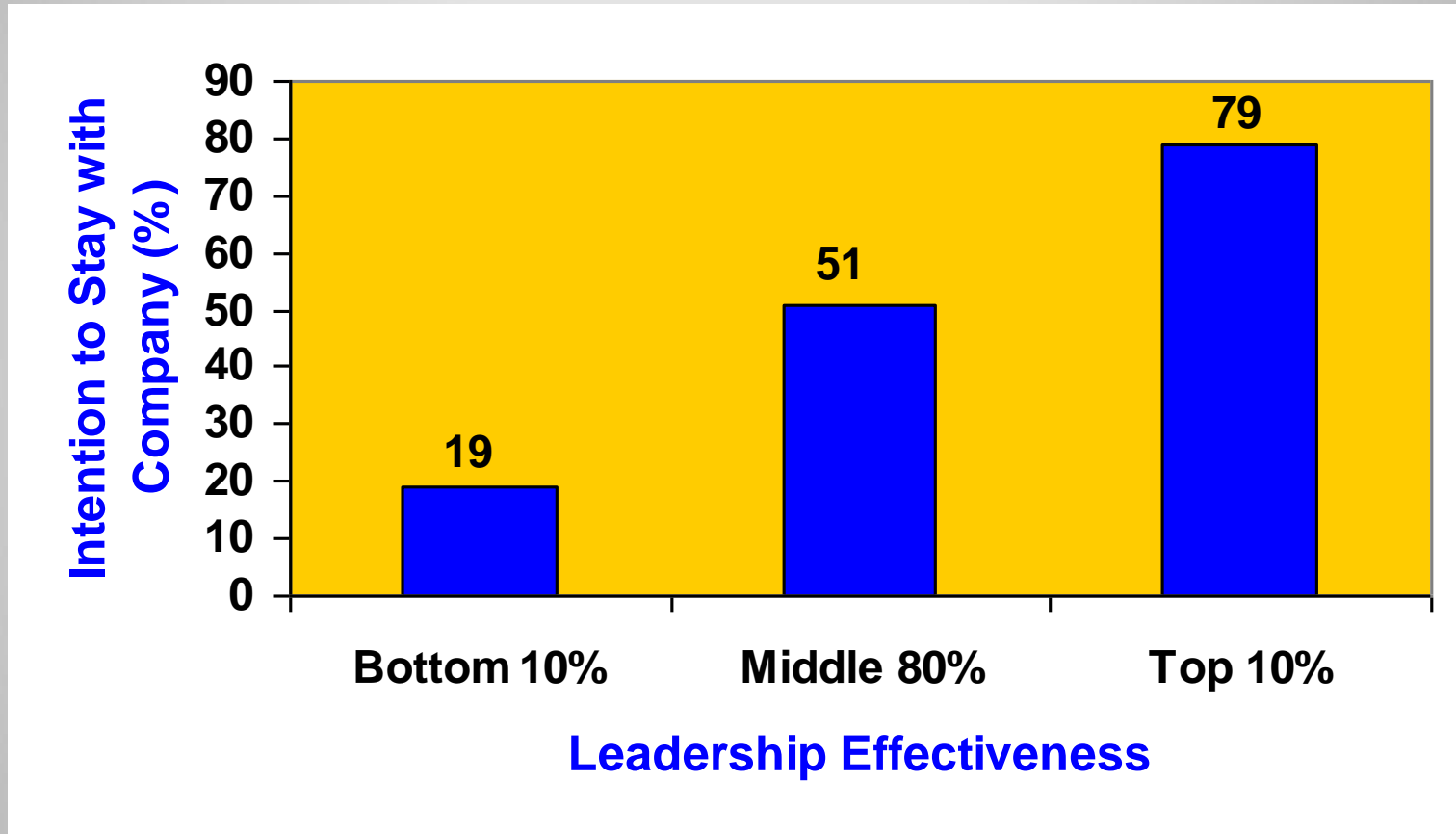


# Leadership Effectiveness and Turnover



Source: Zenger and Folkman, The Extraordinary Leader, 2002

# Leadership Effectiveness and Retention



Source: Zenger and Folkman, The Extraordinary Leader, 2002



# Employee Retention Factors

- Leadership
- Company
- Personal growth and development
- The employee-manager relationship
- Fair compensation and benefits
- Work life balance

Taken from Best Companies Guide –Center for Creative Leadership Survey of 100,000 people -2008

# Interventions

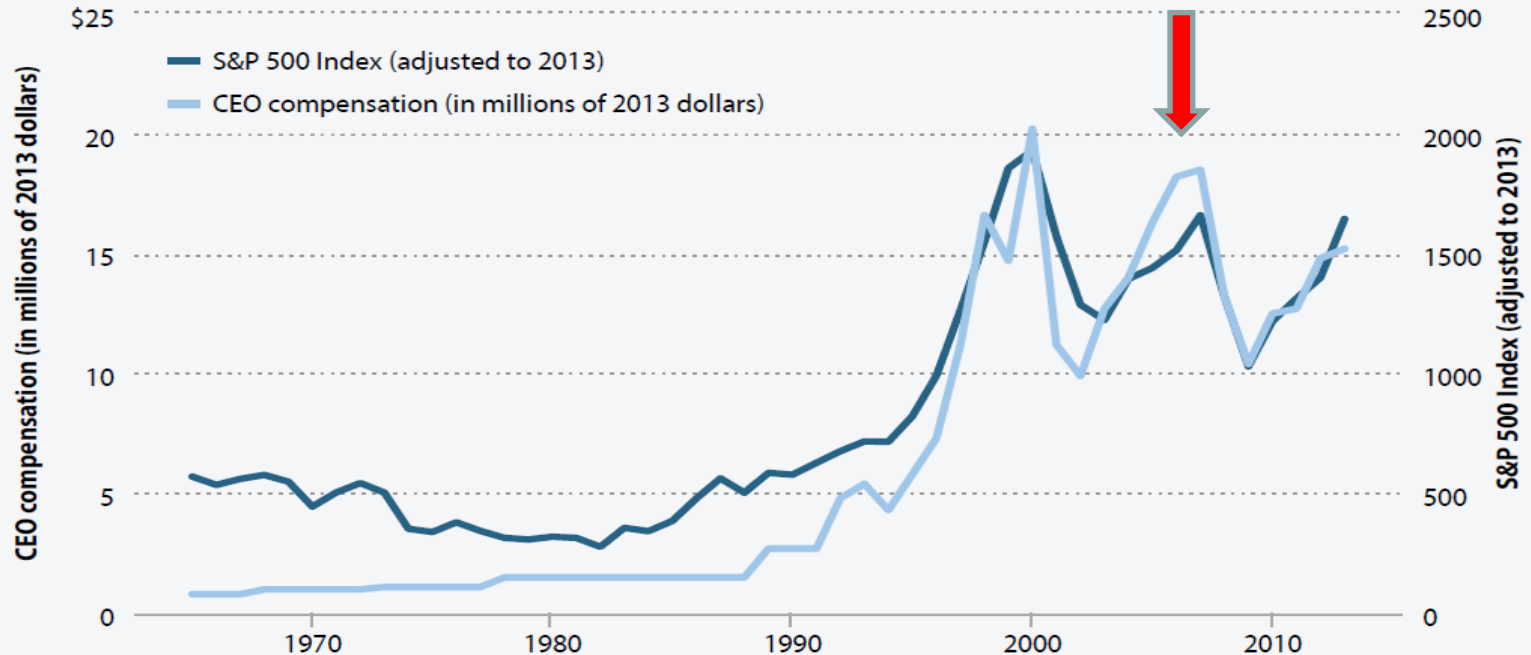
- The most popular retention initiatives are:
  - improving the induction process
  - improving employee communication and involvement
  - increasing learning and development opportunities
  - improved selection techniques
  - increased pay
  - develop and improve leadership and managerial style within the company

# Performance Management

# Bonuses and crises

FIGURE A [VIEW INTERACTIVE on epi.org](#)

CEO compensation and the S&P 500 Index (in 2013 dollars), 1965–2013



**Note:** CEO annual compensation is computed using the "options realized" compensation series, which includes salary, bonus, restricted stock grants, options exercised, and long-term incentive payouts for CEOs at the top 350 U.S. firms ranked by sales.

**Source:** Authors' analysis of data from Compustat's ExecuComp database and Federal Reserve Economic Data (FRED) from the Federal Reserve Bank of St. Louis

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# Performance Measurement

**Measurement is the first step that leads to control and eventually to improvement. If you can't measure something, you can't understand it. If you can't understand it, you can't control it. If you can't control it, you can't improve it.**

# KPI's



© 2007 Duke Corporate  
Education and  
Enterprise LSE

# Lead and lag measures

<b>Leg and lead measures</b>	
<b>Lag measures</b>	<b>Lead measures</b>
<ul style="list-style-type: none"><li>– Return on sales</li><li>– Return on assets</li><li>– Return on equity</li><li>– Sales per employee</li><li>– Sales growth</li><li>– Inventory turn</li><li>– Accounts receivable turn</li><li>– Debt ratio</li><li>– Current ratio</li><li>– Cost reduction</li></ul>	<ul style="list-style-type: none"><li>– Customer retention</li><li>– Customer satisfaction</li><li>– Customer complaints</li><li>– Employee turnover</li><li>– Product returns</li><li>– Product quality</li><li>– Patents</li><li>– New products released</li><li>– Product development speed</li><li>– Reputation</li><li>– Web traffic</li></ul>

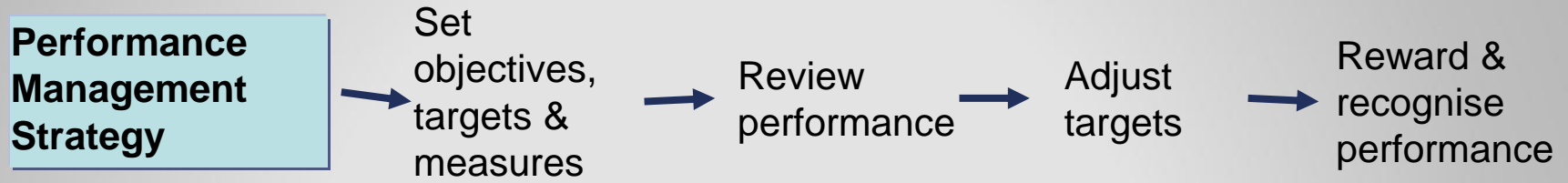
# Individual Performance Management

- **Performance management =**
  - **Integrated Individual / Team / Business performance management**
  - **Performance past and future**
  - **Whole role**
- **What frequency?**
- **Accountability?**
- **What measures?**
- **Include development?**



# Performance Management

## High Level Process



- Link Individual / Team / Business objectives and targets
- Clarity on accountability
- Evaluate on targets
- Provide honest and helpful feedback
- Reward for performance
- Review continuously
- Intensive care for poor performers
- Recognise “Good” behaviours
- “Up-the-Bar”
- Balance Scorecard

# Executive Appraisals: The Next Generation - *Sample*

## LEADERSHIP

Leader Success	
<b>MESSAGES</b>	<b>BEHAVIORS (180°)</b>
<ul style="list-style-type: none"> <li>• Strategic choice</li> <li>• Strategic Success</li> <li>• Change required</li> </ul>	<ul style="list-style-type: none"> <li>• Credibility</li> <li>• Perf. Mgt.</li> <li>• Coaching</li> <li>• Rewards</li> </ul>
Metric(s)	
<b>OPERATIONAL EXCELLENCE</b> <ul style="list-style-type: none"> <li>• Strategic choice</li> <li>• Teamwork</li> <li>• Encourage process improvement</li> <li>• Productivity improvement feedback</li> </ul>	
<b>PRODUCT LEADERSHIP</b> <ul style="list-style-type: none"> <li>• Strategic choice</li> <li>• Antibureaucratic</li> <li>• Candor</li> <li>• Humble</li> <li>• Encourage ideas/problem-solving</li> <li>• Let employees know what a winner “looks like”</li> <li>• Feedback on new product sales</li> </ul>	
<b>CUSTOMER INTIMACY</b> <ul style="list-style-type: none"> <li>• Strategic choice</li> <li>• Customer advocacy</li> <li>• Know your customers’ needs</li> <li>• Generate ideas</li> <li>• Generalize ideas</li> </ul>	
%	

+

## WORKFORCE DELIVERABLES

Workforce Mindset	Workforce Competencies
<ul style="list-style-type: none"> <li>• Business Strategy</li> <li>• Strategic Success</li> <li>• Current Status</li> </ul>	<ul style="list-style-type: none"> <li>• Executive</li> <li>• Technical/Professional</li> <li>• Customer Service</li> </ul>
Metric(s)	Metric(s)
<ul style="list-style-type: none"> <li>• Employee Survey Scores:             <ul style="list-style-type: none"> <li>_ % understanding we intend to be the low cost provider</li> <li>_ % recognizing that our costs are 2% greater than our competition</li> <li>_ % agreeing that rapid change is essential for our business’s success</li> <li>_ % understanding that competency growth is essential for job security</li> <li>_ % understanding that new product offerings are the foundation of our survival</li> <li>_ % understanding that all customer guarantees must be met or exceeded</li> <li>_ % understanding that our employees’ focus must match that of our customers</li> <li>_ % understanding that our job is to leverage our customer’s competitive advantage</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <b>Executive</b> <ul style="list-style-type: none"> <li>_ No. of subordinate managers receiving <math>\geq 4.3</math> on 180° feedback on leadership</li> <li>_ 98% of management achieve black belt status by due date</li> </ul> </li> <li>• <b>Technical/Professional</b> <ul style="list-style-type: none"> <li>_ 90% acceptance of Key Talent offers</li> <li>_ 95% of eligibles take Series 9 exam</li> <li>_ 95% of those attempting Series 7 and 9 exams pass on the first attempt</li> <li>_ 100% exit of “C” level technicians</li> <li>_ 75% of service technicians check out on service expansion sales training</li> </ul> </li> <li>• <b>Customer Service</b> <ul style="list-style-type: none"> <li>_ 98% of those experiencing customer service training pass the skills check out on first attempt</li> <li>_ All customer service representatives have <math>\geq 3.75</math> ratings by secret shoppers</li> </ul> </li> </ul>
%	%

=

## EXECUTIVE PERFORMANCE

Contributions to Firm Performance
<input type="checkbox"/> Financial Success <input type="checkbox"/> Customer Success <input type="checkbox"/> Business Process Success <input type="checkbox"/> Workforce Success
Metrics
<ul style="list-style-type: none"> <li>• <b>Financial Success</b> <ul style="list-style-type: none"> <li>_ Variable cost productivity growth of 5% annually</li> <li>_ Revenue growth of 8% for 1998</li> </ul> </li> <li>• <b>Customer Success</b> <ul style="list-style-type: none"> <li>_ <math>&gt; 6\sigma</math> shipments of all category X products ___%</li> <li>_ 98.8% on-time delivery</li> </ul> </li> <li>• <b>Business Process Success</b> <ul style="list-style-type: none"> <li>_ Reduction of 90 days in time-to-market of product X</li> <li>_ Achieve target of 21.3 person-hours to produce one unit</li> <li>_ In top 3 in on-time arrival</li> <li>_ In top 3 on fewest complaints</li> <li>_ In top 3 on fewest lost bags</li> </ul> </li> </ul>
%

Executive/HR Partnership

# Senior HR VP Appraisal: Chief People Officer

## Leadership Success

- **Leader Behaviors  
180°/360° Assessment**
  - \_ % understanding HR strategy
  - \_ % understanding how HR strategy is tied to business strategy
  - \_ % understanding improvement on:
    - \* Performance management
    - \* Credibility
    - \* Feedback to employees
    - \* Bonus allocation to HR workforce
    - \* Coaching effectiveness
- **HR Workforce Success**
  - \_ % passing HR competency “checkout” in HR competency model
- **HR Function Goals**
  - \_ Better HR systems integration
  - \_ Better strategic capability differentiation

20%

## WORKFORCE SUCCESS

Workforce Mindset	Workforce Competencies
-------------------	------------------------

<ul style="list-style-type: none"> <li>● <b>Employee Survey Scores:</b> <ul style="list-style-type: none"> <li>_ % understanding we are to be the low cost provider</li> <li>_ % believing they know their role in the organization</li> <li>_ % believing they have the skills to do their job</li> <li>_ % understanding that teamwork means not letting others fail</li> <li>_ % understanding that customers are the only source of job security</li> <li>_ % understanding that customer success is more important than customer satisfaction</li> <li>_ % understanding that speed is the only way to succeed in our industry</li> </ul> </li> </ul>	<p style="text-align: center;"><b>STRATEGIC RESOURCES</b></p> <ul style="list-style-type: none"> <li>● <b>Executive Resources</b> <ul style="list-style-type: none"> <li>_ 180° leadership scores of new entrants to executive pipeline</li> <li>_ Exit rate of “C” level executives</li> </ul> </li> <li>● <b>Technical/Professional</b> <ul style="list-style-type: none"> <li>_ Customer Service               <ul style="list-style-type: none"> <li>* % passing product information examination</li> </ul> </li> <li>_ Logistics/Distribution               <ul style="list-style-type: none"> <li>* % acceptance of “first choice” offers</li> <li>* Retention % of HiPo technical talent</li> <li>* Exit rate of “C” level technicians</li> </ul> </li> </ul> </li> </ul> <p style="text-align: center;"><b>OTHER RESOURCES</b></p>
--	--

30%

30%

## Contribution to Firm Performance

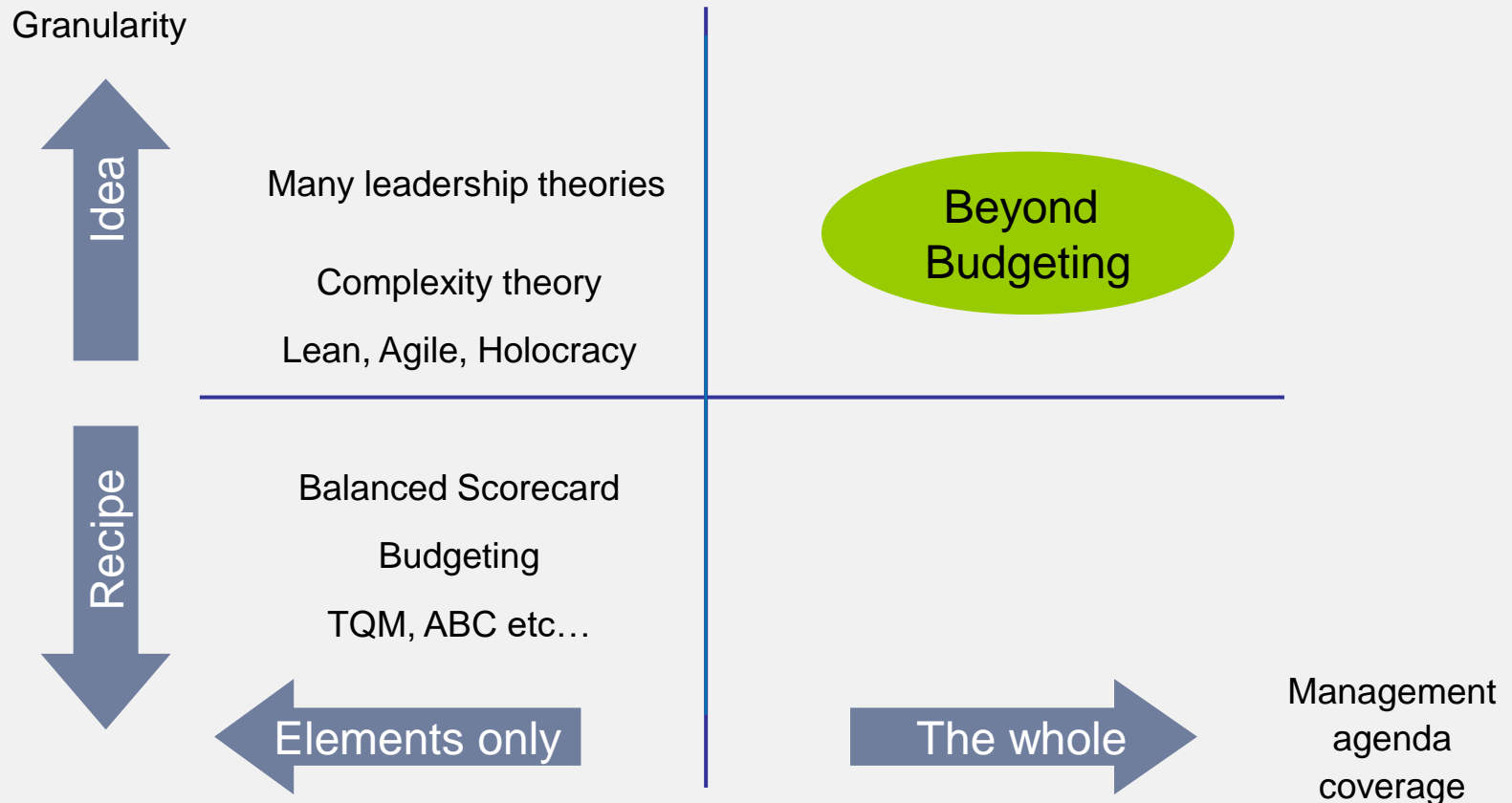
- |  |   |
|--|---|
| <input type="checkbox"/> Financial Success | <input type="checkbox"/> Business Process Success |
| <input type="checkbox"/> Customer Success  | <input type="checkbox"/> Workforce Success        |

- **Financial Success**
  - \_ Productivity contribution of HR function costs relative to revenue
  - \_ Total labor cost/total operating revenue
- **Customer Success**
  - \_ % improvement in secret shopper scores
- **HR Process Success**
  - \_ Productivity % improvement for benefits cost/employee
  - \_ % improvement in recruiting cost/hire quality
  - \_ % improvement in time to fill vacancies
  - \_ % increase in bonus between top performance vs. average performers

20%

# Beyond Budgeting – Why It is Different and Powerful

Source: The end of Performance Management (as we know it), Bjarte Bogsnes



# Beyond Budgeting – Different Logic and Philosophy

Source: The end of Performance Management (as we know it), Bjarte Bogsnes



Who is in control?

Based on which  
information?



Towards a simpler, more dynamic and self-regulating  
Performance Management

# Beyond Budgeting – Different Logic and Philosophy

Source: The end of Performance Management (as we know it), Bjarte Bogsnes



Which one is more efficient?

Which one is more difficult?

In which are values most important?



Simple is not the same as easy!



# Beyond Budgeting – Different Logic and Philosophy

Source: The end of Performance Management (as we know it), Bjarte Bogsnes



More cost conscious

- less «cost cutting»

More event driven

- less calendar driven

More relative

- less absolute KPIs

More transparency

- less secrecy



Simple is not the same as easy!

# The 12 Beyond Budgeting Principles

Source: The end of Performance Management (as we know it), Bjarte Bogsnes

## Change in leadership

### *Governance & transparency*

- 1. Values** – Bind people to a common cause; *not to a central plan*
- 2. Governance** – Govern through shared values and sound judgement; *not detailed rules and regulations*
- 3. Transparency** - Make information open and transparent; *don't restrict and control it*

### *Accountable teams*

- 4. Teams** - Organize around a seamless network of accountable teams; *not around centralized functions*
- 5. Trust** – Trust teams to regulate and improve their performance; *don't micro-manage them*
- 6. Accountability** – Base accountability on holistic criteria and peer reviews; *not on hierarchical relationships*

## Change in processes

### *Goals & rewards*

- 7. Goals** – Set ambitious medium-term goals; *not short-term fixed targets*
- 8. Rewards** – Base rewards on relative performance; *not on meeting fixed targets*

### *Planning & Controls*

- 9. Planning** - Make planning a continuous and inclusive process; *not a top-down annual event*
- 10. Coordination** - Coordinate interactions dynamically; *not through annual budgets and planning cycles*
- 11. Resources** - Make resources available as needed; *not through annual budget allocations*
- 12. Controls** - Base controls on fast, frequent feedback; *not on budget variances*



# People Do What They are Measured Against and Measurement Practice drives Organizational Routines

YEAR-LONG PROCESS	not	ONCE A YEAR EVENT
COMMUNICATION	not	TEMPLATE nor PROCEDURE
CO-OPERATION	not	COMMAND
SHARED ACCOUNTABILITY	not	MANAGER/EMPLOYEE RESPONSIBILITY
VALUES/BEHAVIORS	not	ONLY RESULTS
LEAD	not	ONLY LEG
DEVELOPMENT	not	ONLY PERFORMANCE

# Segment, categorise your employee

**People ARE different, so respect that fact**

**Learn and apply marketing methods and approaches**

# Your Segmented Organization's Workforce(s)

Uniqueness of Human Capital	<i>High</i>	<b>Professional Partners</b>	<b>Strategic Capabilities</b>
		<b>Contract Candidates</b>	<b>Operational Partners</b>
	<i>Low</i>		
		<i>Low</i>	<i>High</i>
		<b>Competitive Advantage Value of Human Capital</b>	

## Workforce Differentiation: Delivering “A” Players

How might your HR strategy differ for each segment of the workforce with respect to:

	Strategic Capabilities	Operational Resources	Professional Partners	Contract Candidates
1. Compensation				
2. Performance Measures				
3. Selection				
4. Development				
5. Work Design				
6. Communication				

# It is All About Good/Right People

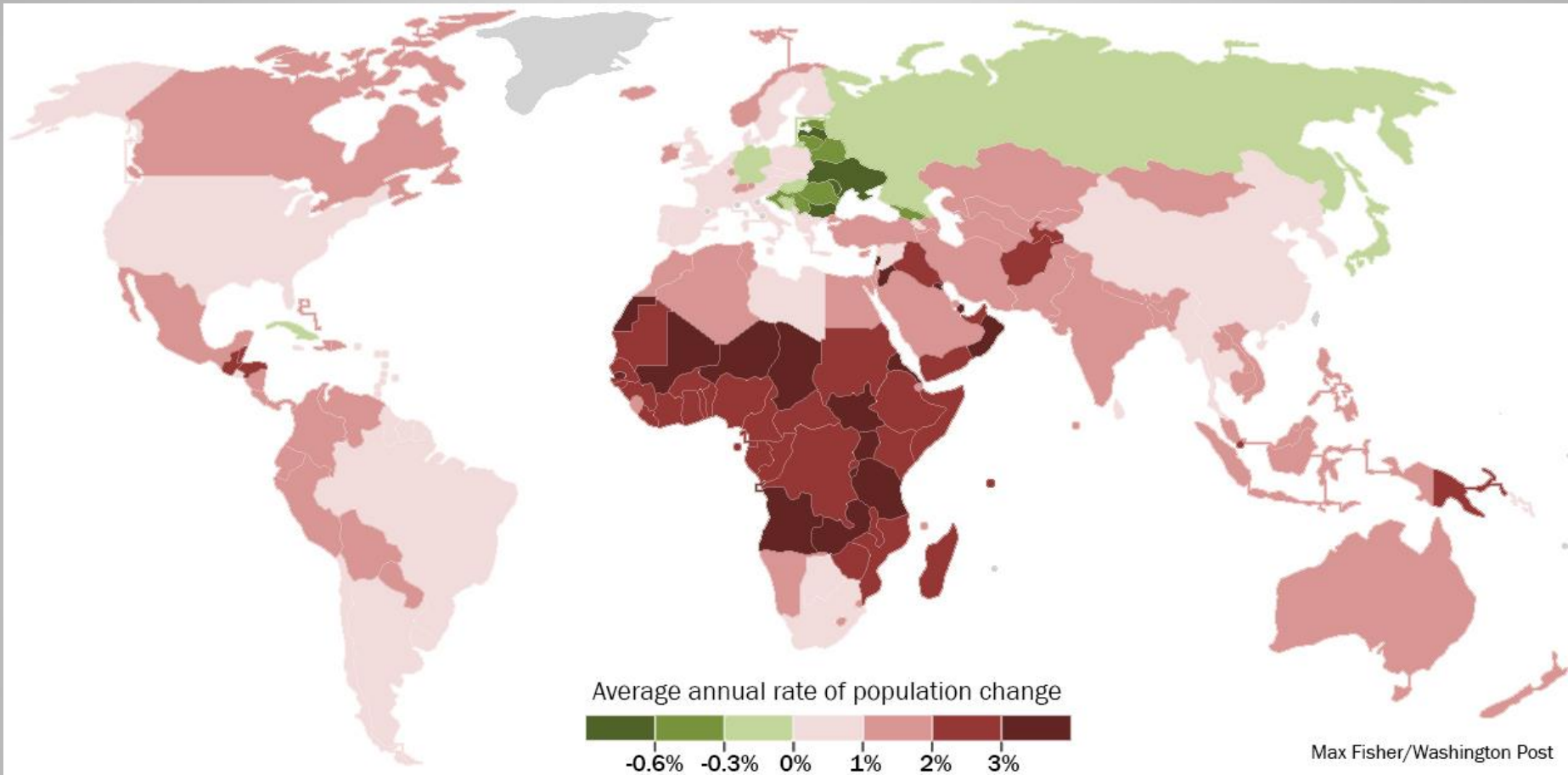
The systematic pattern linking performance management and executive compensation to shift from good to great:

- The purpose of performance management and compensation is not to „motivate” the right behaviors from the wrong people, but to get and keep the right people in the first place
- The old adage „People are your most important asset” is wrong. People are not your most important asset. The right people are.
- Whether someone is the „right person” has more to do with character traits, and innate capabilities than with specific knowledge, background, or skills.

Source: Colins, J. „Good to Great”, Harper Business, New York, 2001.

# People Management future

# Global Population Growth



Red countries have growing populations; Green countries are shrinking. Light red are growing slowly or not at all.. Colours by CIFS. Data source: United Nations Population Fund.

# Systems and demographics

11.213.000.000 people

50% of the growth will be in these 9 countries: India, Nigeria, Pakistan, Congo, Ethiopia, Tanzania, US, Indonesia and Uganda

World Population

2015: 7.349 mill  
2050: 9.725 mill  
2100: 11.213 mill

Decline

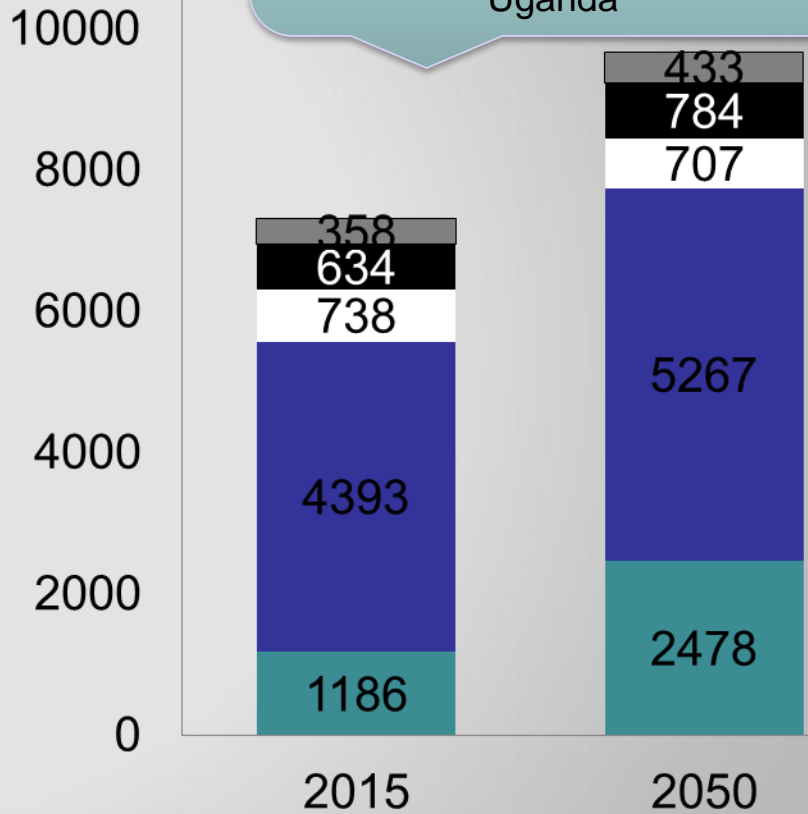
Populations will decline in 48 countries incl. Japan, Hungary, Croatia, Lithuania and Ukraine

Old

2015: 901 mill 60+  
2050: 2100 mill 60+

Low fertility

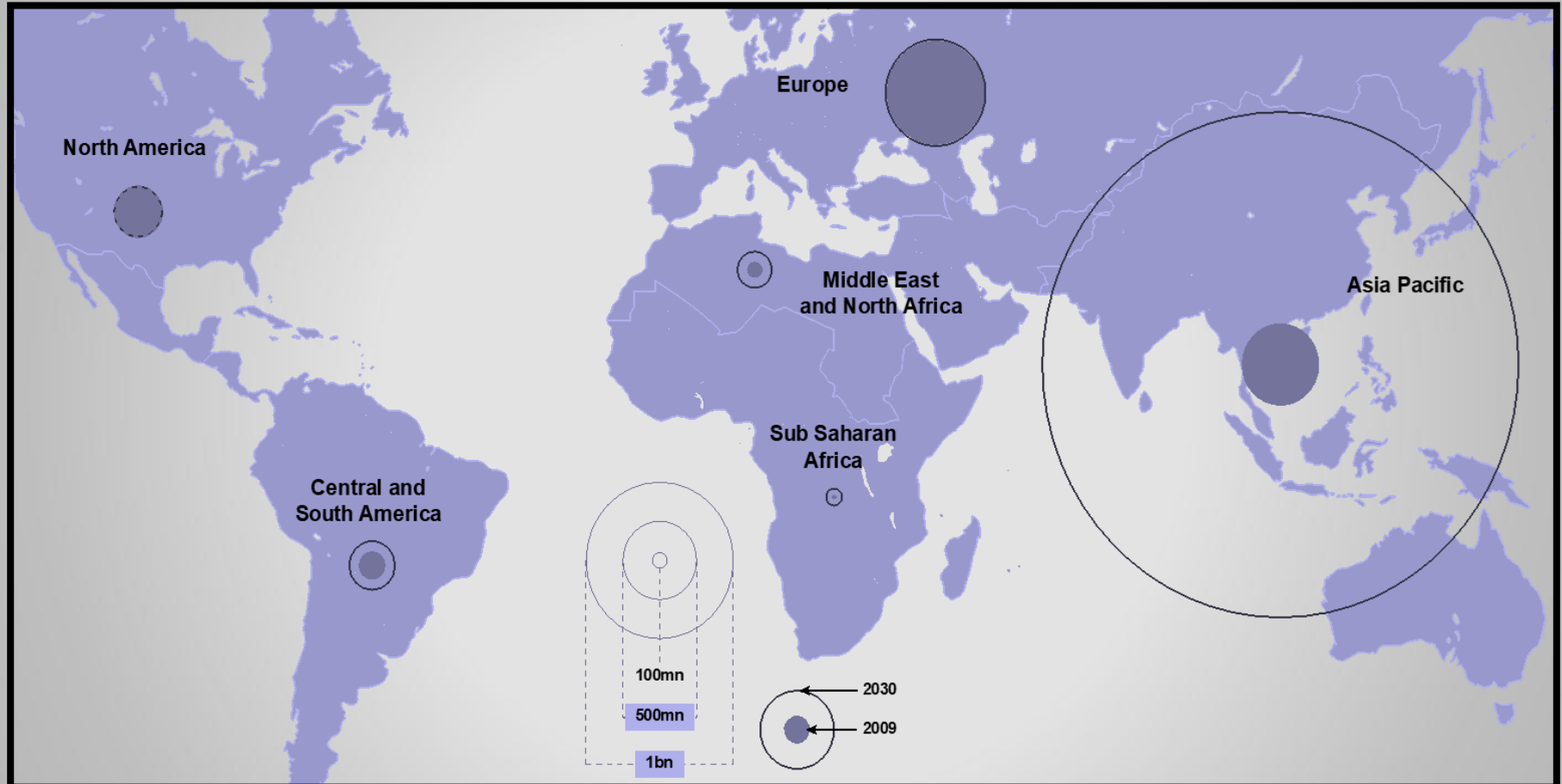
Fertility levels below 2,1: All of Europe and NA, 20 countries in Asia incl. China, India and Vietnam



■ Africa ■ Asia ■ Europe  
■ LATAM ■ NA



# Global middle class 2009 and 2030



Standard Chartered: The Supercycle Report, 2010

Sources: Mckinsey, World Economic Forum

# The 4<sup>th</sup> Industrial Revolution

## 1<sup>st</sup> industrial revolution

- Water and steam mechanization of production



## 2<sup>nd</sup> industrial revolution

- Electric power for mass production, Division of labor.



## 3<sup>rd</sup> industrial revolution

- Electronics and information technology to automate production



## 4<sup>th</sup> industrial revolution

- **Cyber-physical systems.** Fusion of technologies, which blur the lines between physical, digital and biological.



# Algorithms predicts 70% of Court decisions!

- Michigan State University law professor Daniel M. Katz and his colleagues have created an **algorithm that has accurately predicted 70 %of the Supreme Court's overall decisions**, and **71 %**of the votes of individual justices -- more robust results than any other predictive study done to date. Applying various techniques from machine learning, the algorithm takes into account dozens of variables before it makes a prediction.

## WHY THIS MATTERS:

Data can help guide legal decisions.  
Better decisions are made when  
using a combination of analytics  
and human expertise.  
More informed decision making  
will help reduce legal fees and  
make law more efficient and  
accessible.

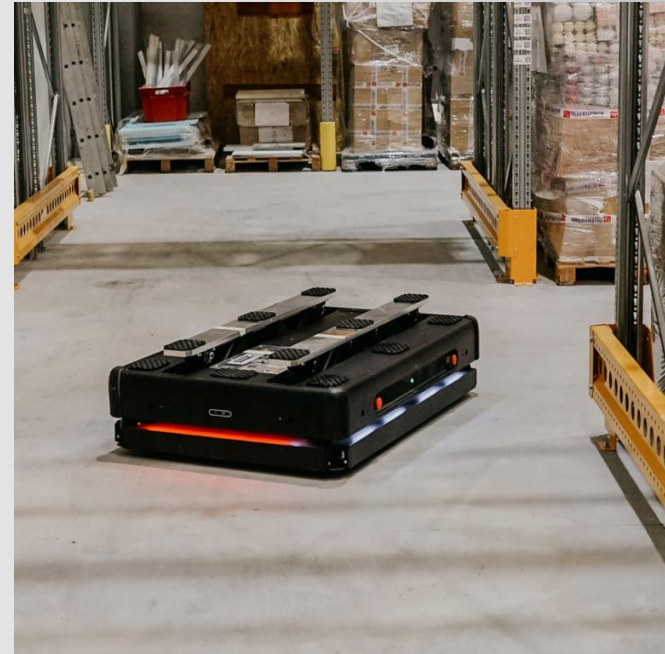
Source: <http://msutoday.msu.edu/news/2014/using-data-to-predict-supreme-courts-decisions/>

# AI outperformed Medical Doctors

The AI BioMind      15 China's top MDs

<u>Diagnosing brain tumor</u>	<b>87%</b>	<b>66%</b>
<u>Time to diagnose 225 cases</u>	<b>15 min</b>	<b>30 min</b>
<u>Predicting brain hematoma expansion</u>	<b>83%</b>	<b>63%</b>

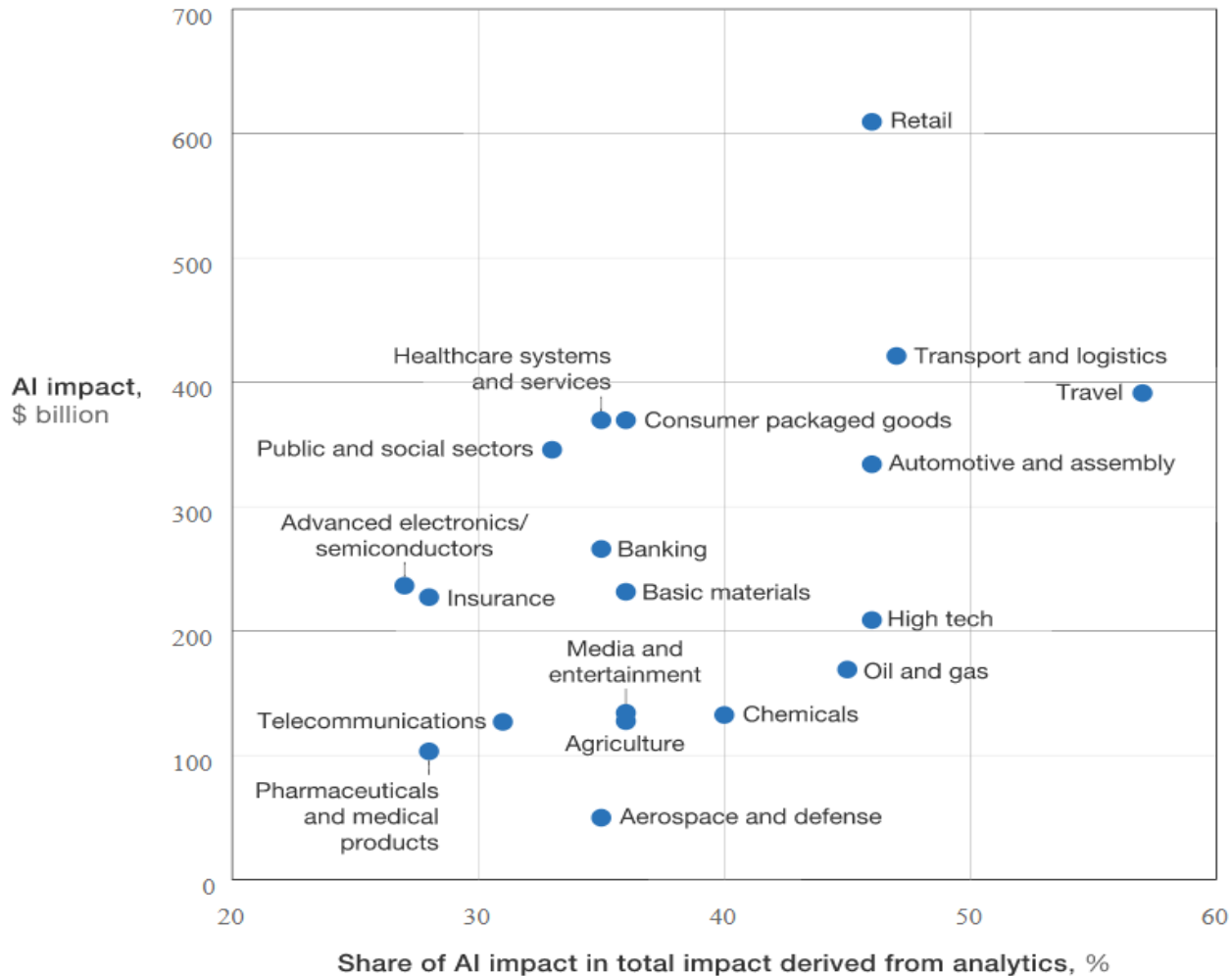
# New distribution and logistics solutions



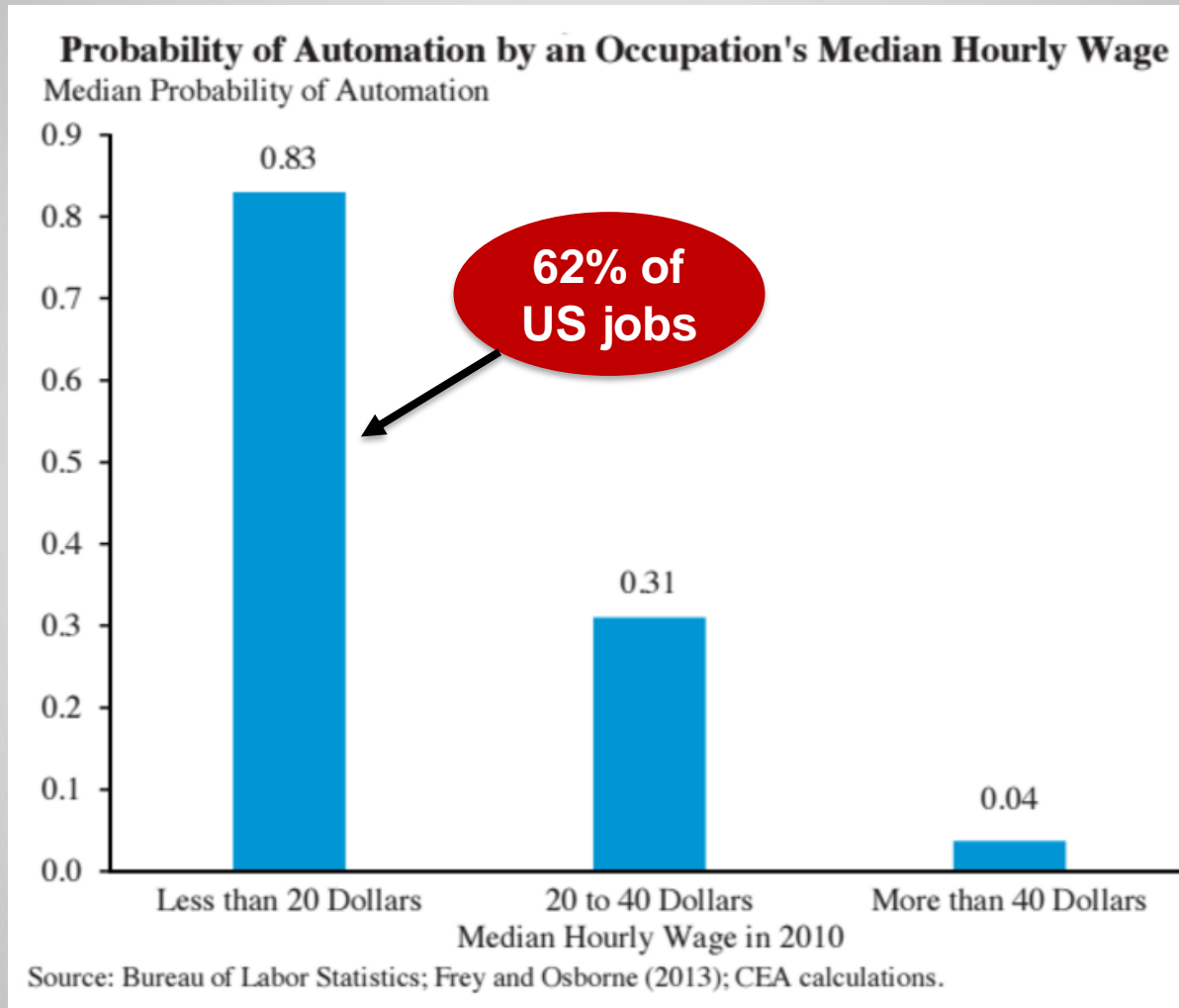
## Gideon Brothers - robots

# AI potential to create value

Artificial intelligence (AI) has the potential to create value across sectors.

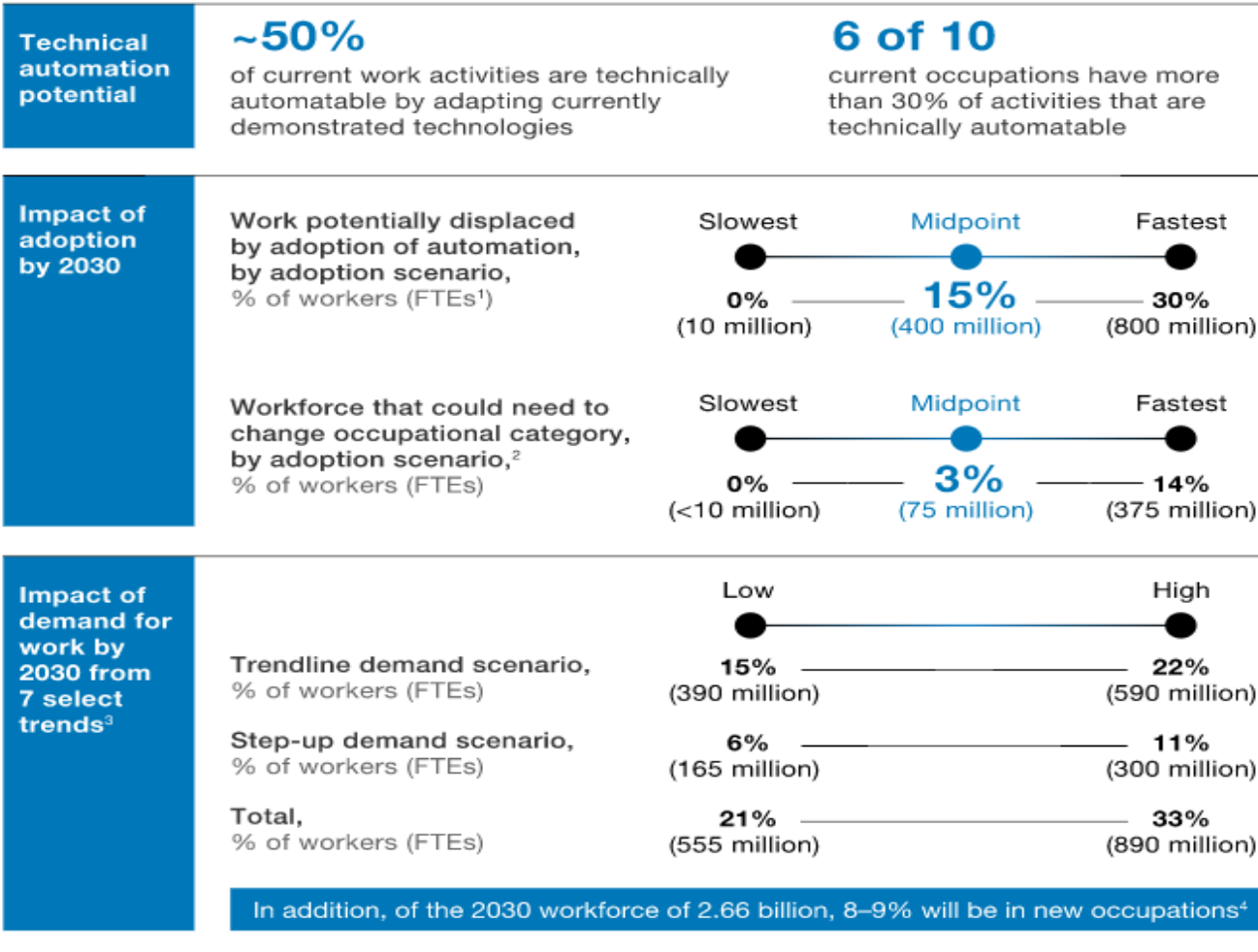


# Automation and future of workforce?



# Automation impact on global workforce

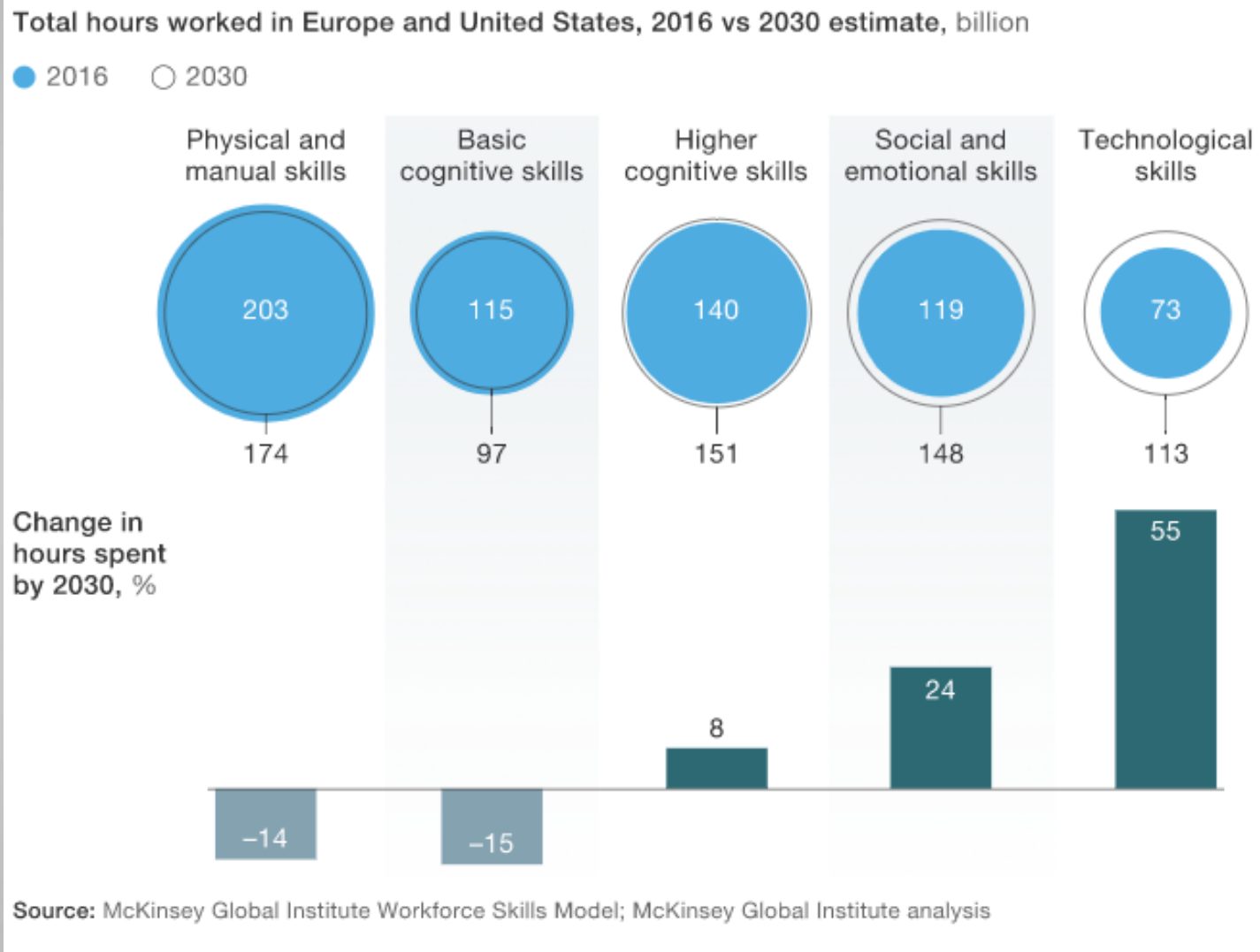
Automation will have a far-reaching impact on the global workforce.



Source: McKinsey and Company



# Automation and AI and skills needed



# Automation and AI and job creation

**Digital economy creates 2,5x more jobs than non- digital**

**„Green” economy creates jobs faster than carbon-based economy and pollution kill**

# Workforce change

Big change in the workforce ecosystem.

Today there are approximately **77 million** of formally identified **freelancers** in Europe, India and USA and it will continue to increase.

Companies soon not will be companies anymore but **collections of individuals**.

The power of the individual is growing and organizations must deal with it.

Josh Bersin (Deloitte)

# **War for people – peace for cultures**

**You will need and employ people from different cultures more and more**

**Adapt them and prepare domestic people**

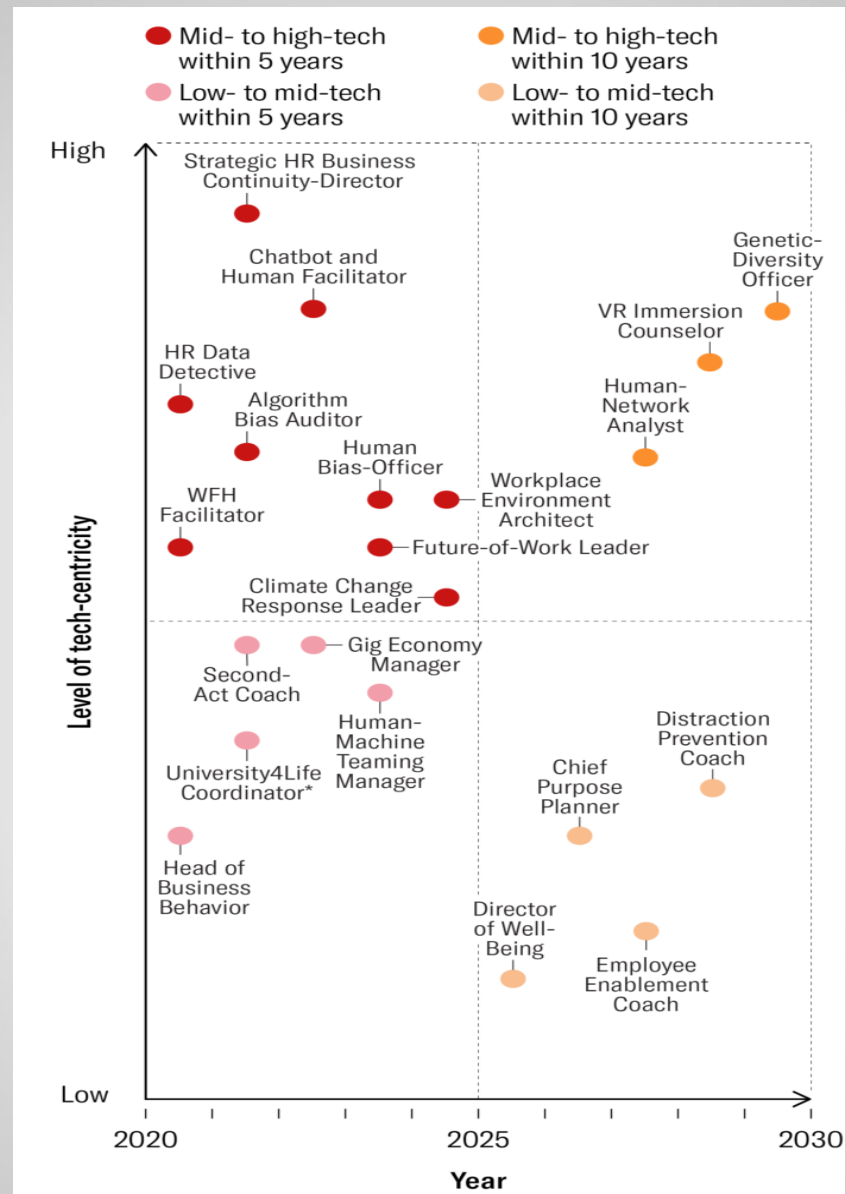
**Prepare, train your management for different (cultural) managerial and leadership style**

# It is about the oldest generations

Due to social politics and demographics trends employees will get older and older.

How to manage them?

# Future HR Jobs



Source: 21 HR Jobs of the Future, HBR, 2020

# Working with HR

- **Good people management is a partnership**
- **Whatever the model, build a relationship with your HR “Business Partners”**
- **Recognise that line managers cannot delegate their responsibility for people engagement and management**
- **In your partnership, recognise the difference between transactional and strategic HR activities**
- **Surface HR process misalignment**

# The Leadership Capital Index – The Measure of Business Success

Individual dimensions of the index:

**Personal proficiency**  
**Strategist**  
**Executor**  
**People manager**  
**Leadership differentiator**

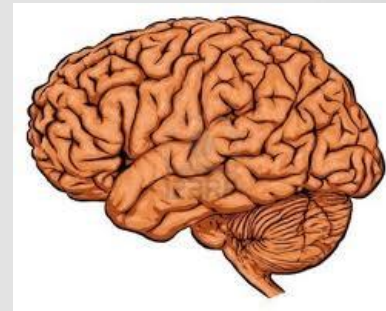
Organizational dimension of the index:

**Culture capability**  
**Talent management**  
**Performance accountability**  
**Information**  
**Work practices**

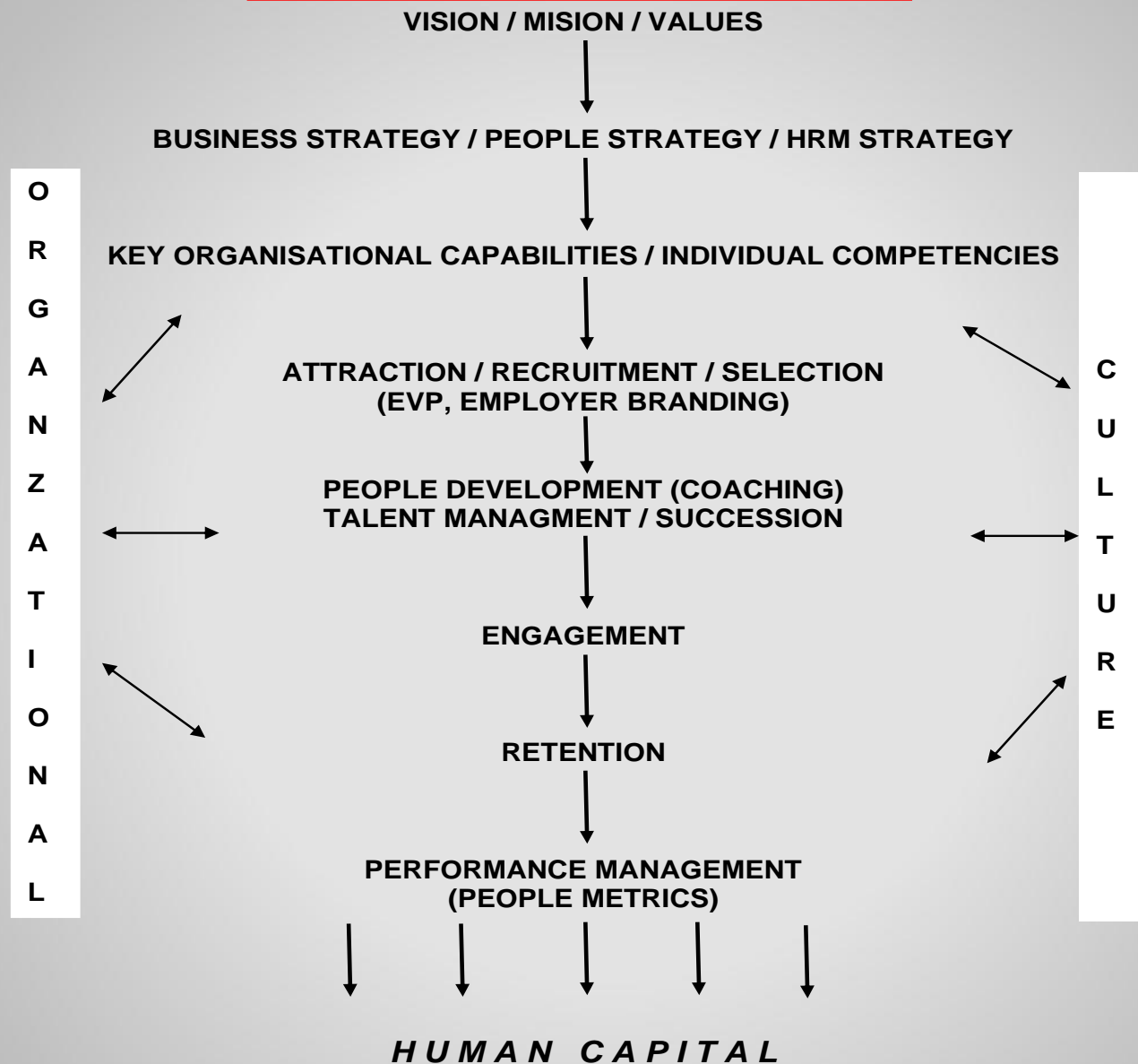
*Source: Ulrich, D., - The Leadership Capital Index: Realizing the Market Value of Leadership, 2015*



# LET YOUR PEOPLE MANAGAMENT AND LEADERSHIP STYLE SUPORT YOUR PEOPLE AND THEIR



# PEOPLE MANAGEMENT



# Recommended references

- Armstrong, M., ***Armstrong's Handbook of Human Resource Management Practice***, Kogan Page, London, 30<sup>th</sup> edition, 2014
- Dave Ulrich's books (following or many others):
  - Ulrich, D., - *The Leadership Capital Index: Realizing the Market Value of Leadership*, Berrett-Koehler Publishers, 2015
  - Yeung A. and Ulrich D, *Reinventing the Organization: How Companies Can Deliver Radically Greater Value in Fast-Changing Markets*, Harvard Business Review Press, 2019
- Ivancevich, J., Konopaske, R. and Matteson M., ***Organizational Behavior and Management***, BPI Irwin, Boston, 10<sup>th</sup> edition 2013
- Myers, G. David, ***Psychology***, Worth Publisher, 9<sup>th</sup> edition, 2010
- Weightman, J., ***Managing People***, CIPD, London, 2nd edition, 2004
- Vrančić, I., ***And People?***, Technics Publication, New Jersey, 2015
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