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Workforce Insights

TOO BUSY BEING EFFICIENT TO BE EFFECTIVE?

Use Employee Stratification To Make Your Company More Effective

Imagine you have just two salespeople, Rich and Joanne:

- > In one week, Rich makes about a thousand calls and closes business with five customers, grossing \$50,000.
- > Meanwhile, Joanne makes a hundred calls and closes business with 20 customers, grossing \$200,000.

It's pretty easy to decide which salesperson is most “effective,” right? Even though some might call Rich “efficient” to have accomplished so many calls, any manager would prefer to replicate Joanne’s performance than his. While it is relatively easy to measure effectiveness between two employees performing the same job, it's not so easy to measure it across different functions. For instance, how do you measure the effectiveness of an accountant versus a salesperson if both are considered top performers by their managers?

If you are an HR executive, you are in a unique and key position to make an important contribution to achieving “effectiveness” within your company. Through the strategic use of employee stratification, you can lead the way in hiring, rewarding, and retaining the employees that are critical to your business success. And there's no better way to demonstrate your own effectiveness than that. □

Action 1 Step

Stratify Your Employees

You can do this yourself, or look to a talent management partner who is experienced at setting up and implementing an employee stratification plan. Stratification will require in-depth dialogues with key business unit leaders and will need to be tiered for each quadrant. The reality is that the quadrants your company uses will be unique to your particular business. This is definitely not a “one size fits all” model. You will need to establish parameters and gather data that may not have been previously used or even captured.

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All Roles Are Not Created Equal

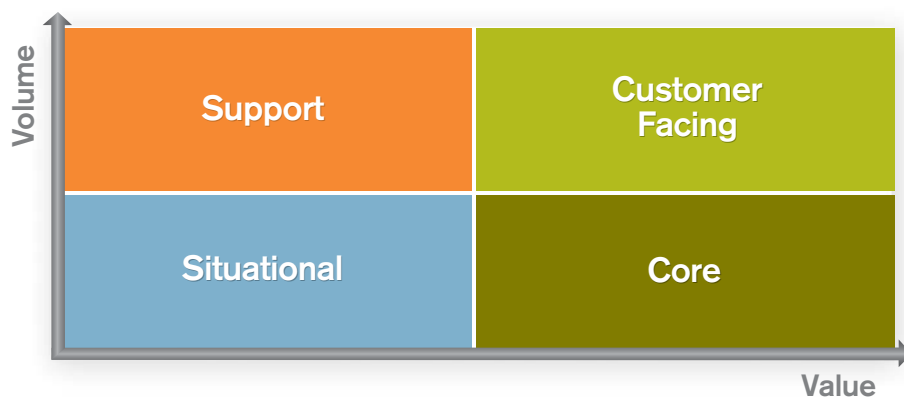
If you are in HR, you know that today's workforce is going through dramatic changes. You could probably talk about it in your sleep: Baby Boomers are poised to retire; Echo Boomers and Gen “Ys” have different values regarding corporate loyalty; a shortage of skilled workers looms in the near future.

So what can you do? No matter what changes are going on in the workforce, HR is continually challenged to accomplish mission-critical goals for the acquisition and retention of talent. Yet you only have a finite amount of money for recruitment and compensation.

The secret is to invest the majority of your time and money into the talent that creates the most value for the business. For an HR executive, that means recognizing that all functions and roles are not created equal. It means truly understanding which roles are the most important to adding value to your company's business and which are merely necessary. All roles are important, but helping your company acquire and retain the right talent more effectively is clearly your priority.

Using Employee Stratification To Identify Highly Effective Roles

Essentially, there are four different kinds of functions or roles within most companies:



- > **Core:** Those people who create (invent/design, but not manufacture) the product or service through which the company generates revenue. The strategic leaders of the company, such as members of the C-suite, are also in the core category as they drive the business in the proper direction.

Action 2 Step

Look Back

Take the time to analyze your data. Since you now know which roles are most important to your company, review the performance of your top employees and identify the key traits that have made them successful.



Action 3 Step

Look Forward

With the data you've gathered from your top performers, you can:

- > Develop profiles and competency models based on the performers who stay.
- > Screen candidates with assessment tools that link to job profiles and competencies — to better assess for appropriate skills and characteristics.
- > Develop metrics that link talent acquisition to performance and retention to determine efficiency and effectiveness.

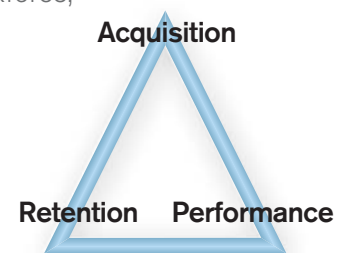
- > **Customer Facing:** Those people who actually have contact with your customers on a regular basis, such as customer service and sales.
- > **Support:** Those people who work in the common functions involved in the daily running of the business, such as IT, HR, procurement, manufacturing, distribution, finance, and marketing.
- > **Situational:** Those people in “one off” positions, such as a lawyer in HR, the facilities manager in finance, or the travel agent in procurement.

Most companies rank core and customer-facing employees as providing more value than support or situational ones. Of course, all the roles and functions are important, but the core and customer-facing roles are most likely to impact the company—positively or negatively. However, HR leaders must decide which roles are most critical to their company's success.

Given that you have limited time and money, the question is, how do you drive performance and retention in your most critical quadrants while keeping costs as low as possible in the areas that aren't as core to your business? This is the key to helping your company become more effective.

Recruiting And Retaining Talent Effectively

When it comes to managing a productive workforce, all too often HR is caught up in acquiring the talent and retaining those people. HR typically does a fine job with the common metrics of cost per hire and time to fill. Retention is typically measured as an attrition percentage and is also fairly standard. All these metrics are worthy and can help paint an informative picture, but they are not meaningful measures of effective hiring.



For example, consider the relatively simple measurement of employee retention. While three and a half years might be poor retention for a senior marketing manager, it could be well above the norm for a call center salesperson. While this particular example may seem obvious, consider how valuable it would be to have realistic measurements across all your major employee roles.

“All too many HR professionals focus upon acquisition and retention metrics and only give lip service to performance...”



Action 4 Step

Get Help Along The Way

If any of the recommendations above sound daunting, don't worry. An experienced talent management partner can help implement an employee stratification plan and create effective assessment tools.

Of course, true success is when you hire someone who both performs well and stays with the company. But all too many HR professionals focus upon acquisition and retention metrics and only give lip service to performance because it is difficult to measure “effectiveness” across different functions.

But if you have carefully stratified your employee base, you can more accurately create the proper performance and retention indicators—and once you've done that, you've made it considerably easier to recruit and retain more effectively.

Create A Clear Path To Success

When all is said and done, employee stratification will help you create an environment in which being effective is easily recognized and rewarded. While the work itself may still be difficult, when people know what is expected of them, they have a clearer path to success. And once they are being effective in their roles, they and their managers can focus upon efficiency. Put it all together — “effectiveness drives efficiency” — and by definition, your company will be more successful. That's the payoff for HR's effectiveness.

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