

Raising the Recruitment Stakes

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Raising the Bar

Talent management is suddenly bleeping away on almost every organisation's radar – and many in HR are under increasing pressure to come up with a quick fix. But is it that simple? And can a company-wide performance management initiative really be expected to improve all of your people, all of the time?


By Lunita S V Mendoza

No, says Dr Donald Tan, management consultant, Donelle Kaylen Asia Pacific. "Everybody is an individual when it comes to performance management; therefore, it isn't possible to improve all the people all the time," he says. "The person delivering the message and the reception of the individual determine if the message is accepted and subsequently acted upon."

The Business Performance Management Forum and SuccessFactors in cooperation with the Human Capital Institute, US,

conducted a survey of more than 725 performance and HR professionals. *The 2007 Performance and Talent Management Trend Survey* was a year-end audit and assessment of talent management trends and trajectories for 2007. The benchmark study examined the critical issues impacting businesses in their effort to remain competitive by acquiring, sustaining and managing talent across the enterprise.

The study clearly and compellingly demonstrated that the battle for talent was intensifying. Executives and HR



and growth opportunities, shifting market requirements, new management practices – all these factors and more are intensifying the need to retrain and redeploy executives and staff in order to keep pace with the competition. Bigger companies are taking the lead in embracing formal talent management practices, processes and systems, and smaller companies are further behind the curve. However, the great majority of the survey respondents agree: talent management is now critical to better achieve business goals, stay competitive, and be global.

“Our goal is to improve the company’s overall effectiveness so that every

criticism, compliments, reprimands, etc. If an individual has no desire to change or improve, whatever the reasons (no respect for the supervisor, personal issues, doesn’t feel the appraisal was fair, etc), that can create major issues within the team.”

Measurable performance gains are better

The benefits and implications of advanced talent management systems and programmes go beyond just producing more motivated or better performing people. “Performance management can provide motivation and help retain good employees. Companies can retain high performing staff intrinsically

“Our goal is to improve the company’s overall effectiveness so that every business, every function, every region and every person has maximum impact”

Liz Gottung, senior vice president and chief human resources officer, Kimberly-Clark



business, every function, every region and every person has maximum impact,” says Liz Gottung, senior vice president and chief human resources officer, Kimberly-Clark. “It’s one of the key focus areas of our global business plan to drive the company and get us to our goal to be the top global leader in the health and personal hygiene market.”

But for many companies, there is a long way to go. Even the most sophisticated organisations and industries are just scratching the surface of the potential benefits of better attaining and retaining good talent towards better outcomes.

Also, small businesses are lagging even further behind in the quest to optimise their workforces. Deloitte estimates that an average company in the US spends nearly 50 times more to acquire a US\$100,000 professional than it spends on training for that individual once employed.

However, Tan notes, “The biggest thorn when it comes to improving performance in a company has to do with the attitude of the individual. An individual’s attitude will determine his/her reception to

and extrinsically,” observes Tan. “For example, I had the opportunity to further my post graduate degree because the company I worked for believed in sponsoring programmes that would help staff pursue continuous growth.

“While I don’t have any data or empirical evidence to link such PM practices to bottom line, one can safely conclude that a happy and motivated employee, who is passionate about his/her work will yield better results than one who is not.”

Yet, recent research by SuccessFactors and human capital expert Dr Jac Fitzenz shows that smarter human capital management does indeed lead to better financial performance.

The study showed that two-thirds of companies with stronger financial performance managed all managers and others with their performance management systems. And 63% of the high growth companies reviewed performance more than annually. Thus, the benefits and potential for talent management are real. The nearly greenfield opportunities

professionals from large and small companies alike overwhelmingly reported that increased competition for talent was leading to higher compensation packages, slower time to new hires, strains on quality and customer service, and reduced business flexibility. As a result of rising costs and time required to hire good new talent, organisations were increasingly looking inward to train, develop, maintain and evolve their existing workforces.

The strategic imperatives for business

In other words, talent management will be an even greater strategic imperative for business. One of the key drivers for talent management is the changing skills and competency requirements of today’s business environment. Growing technical demands, new global business models

for organisations to embrace sound talent management solutions, methodologies and strategies are huge. Those that do it right will ultimately win the war for talent and the land grab for global business.

"Firms are realising that money is only one factor. Having access to training and development, as well as creating an appropriate culture, are key," reminds Paul Tiffany, global consultant and senior lecturer in management, Haas School of Business at UC Berkeley. "Being more flexible and adjusting to people's various schedules are essential. Managers need to be increasingly aware of things like this and be prepared to make adjustments accordingly."

Performing to the tune of \$16bn

Kimberly-Clark's performance management initiatives started way back in 2003, while looking at the strategy, structure, processes, talent and rewards required to drive higher company performance. With full CEO support, the HR team led a transformative effort that would ultimately impact all of the company's 57,000 employees. The company wanted to establish clear goals across the company, enabling alignment of individual objectives with overall business goals; develop a new corporate, pay-for-performance culture to create clear and direct links between performance and compensation; close the gap between the talent currently in place and the talent needed to effectively execute on the global business plan; and modernise a 20-year-old decentralised and cumbersome performance management process that was slightly to significantly different within every region.

The organisation has been successful in aligning and cascading corporate goals throughout the employee population and driving a common view of what is considered exceptional performance. One of the main results of these efforts has been the transformation towards a more pay-for performance culture. Other business results achieved to date include a stock price that has risen alongside the inception of the new initiative; an ability to recognise, motivate and reward top performers; and decreased management turnover.

True performance management

Employee investments, which today come in the form of performance management – among other processes – have become clouded in a fog of complexity, with business cases comprising a cornucopia of detail but often failing to secure the understanding and support of the right team or people. The problem is that organisations have become preoccupied with managing employees as delinquents on parole and lose sight of the commonsense business logic of this investment. Simpler techniques to manage the life cycle of an investment/employee to create business value is always welcomed especially for those at the top who cannot shake the dread of additional tasks. This

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*Dr Donald Tan, management consultant,
Donelle Kaylen, Asia Pacific*



means finding new ways to engage and sustain the attention of executives who are interested in understanding and delivering business value.

Performance appraisals, performance reviews, appraisal forms, whatever you want to call them, are universally disliked and avoided. After all, how many people in your organisation want to hear that they were less than perfect last year? How many managers want to face the arguments and diminished morale that can result from the performance appraisal process?

How many supervisors feel their time is well-spent professionally to document and provide proof to support their feedback – all year long? Plus, the most important outputs for the performance appraisal, from each person's job, may not be defined or measurable in your current work system. If the true goal of the performance appraisal is employee development and organisational improvement, a proper performance management system may be a better option. Place the focus on what you really want to create in your

organisation – performance management and development.

In a recent Human Resources Forum poll, 16% of the people responding have no performance appraisal system at all. Supervisory opinions, provided once a year, are the only appraisal process for 56% of respondents. Another 16% described their appraisals as based solely on supervisor opinions, but administered more than once a year.

Susan Heathfield, a management and organisation development consultant who specialises in human resources systems, issues and opportunities, advises that installing a proper performance management and development system will significantly

improve the appraisal process, and staff will feel better about participating, and the performance management system may even positively affect – performance. Much work is invested, on the front end, to improve a traditional employee appraisal process. In fact, managers can feel as if the new process is too time consuming. Once the foundation of developmental goals are in place, however, time to administer the system decreases. Each of these steps is taken with the participation and cooperation of the employee, for best results.

Steve Hodgkinson, Ovum's research director, in a recent analysis that looked for catalysts for changes in organisational culture, urges management to think about more than one way to reach the best talents you have, incorporating Paul Tiffany's flexibility approach.

Perhaps one could drive the deployment of a collaborative forum, wiki or blog in one's organisation this year to mobilise and channel the creative energies of some like-minded souls. "It's a leadership thing," nudges Hodgkinson. "Make it happen." **HRM**