Best Practices in HR:
Five Steps to Advance Your Midsize Company's Talent Management Strategy

Cornerstone

O N D E M A N D *Empowering People*

Introduction

Savvy leaders realize the importance of developing their internal bench strength today to competitively address the organizational demands of tomorrow. In reality, identifying and adopting the ideal components needed to support an integrated performance and learning management process is complex and time-consuming. For midsize organizations with limited resources, it's even more challenging.

Developing an organizational performance management process typically marks the first step toward a more integrated approach to talent management in midsize companies. During these formative stages, it's best to take a systematic approach based on best practices that strengthen both the employee and the bottom-line, performance outcomes of your organization.

The very phrase "best practice" is subjective and carries many meanings depending on an organization's culture. What might be a best practice for one organization or industry may not be successful or acceptable in another.[1]

So where do you begin as you attempt to make the grade in developing an effective talent management process based on best practices?

Begin by focusing on the five core internal performance management components necessary to support your key business priorities:

1. Move beyond traditional orientation to more strategic onboarding practices.
2. Develop and cascade S.M.A.R.T. goals throughout the organization to affect bottom-line results.
3. Implement proven assessment and development tools to heighten workforce effectiveness.
4. Reinforce workforce potential by identifying roles and individuals for succession planning purposes.
5. Deepen employee engagement by creating a culture of shared accountability for career growth and development.

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1 Hafford, Juliet C., J.D., SPHR, and Moore, Joan E., J.D., SPHR. Sourcing Best Practices in Human Resources. SHRM white paper.

Before You Take the First Step Toward Advancing Your Talent Management Strategy

Despite the accepted trend toward integrated talent management systems among most enterprise and many midsize organizations, over 25 percent of organizations still have talent processes that are developed and managed individually, with practices and systems that are "siloed" and have little or no coordination across processes.[2]

True talent management integration can only happen when you understand and incorporate best practices that fit squarely within the needs of your unique business and culture. This seldom happens all at once. Instead, most organizations layer on core performance and learning management processes one step at a time.

> Performance management shouldn't end after the performance appraisal is delivered. Managers must craft high-quality development plans for all employees and support them year-round. Organizations with high-performance cultures support an integrated approach to employee development that reflects the employee's goals, career interests and potential, as well as the organization's business and talent needs.[3]

As you design each component of an integrated talent management strategy, be sure to blend a variety of development-driven activities into each step. For example, with the performance management process, shift the focus from a once-a-year performance appraisal driven primarily out of HR to a continuing, year-round organizational cadence of activity that includes coaching and development in addition to performance feedback and appraisal.

Step One: Create Strategic Onboarding

Moving from traditional orientation to strategic onboarding

Traditional new-hire orientations have long consisted of internal team member introductions and an overview of policies, forms and procedures. Today, strategic onboarding — the process of acclimating new hires to the social and performance aspects of their new jobs quickly and smoothly — provides a key foundational building block to any talent management strategy. A strategic onboarding program builds long-term engagement — even before an employee's first day — with activities that include highly interactive recruitment practices and realistic job previews.

Successfully integrating a new employee into the organization is critical to ensuring long-term engagement and retention. Recruiters and hiring managers know firsthand what research and conventional wisdom have long held true — that the majority of employees have, at most, 90 days to prove themselves in a new role. Acclimating the new recruit quickly to new job requirements, cultural norms and performance expectations will ultimately determine how quickly the employee can successfully contribute to the organization.

2 O'Leonard, Karen and Harris, Stacey. Talent Management Factbook 2010: Best Practices and Benchmarks in U.S. Talent Management. Bersin & Associates. 2010. To purchase the report, visit http://www.bersin.com/Practice/Detail.aspx?docid=12722&mode=search&p=Talent-Management

3 Sherman Garr, Stacia. Development-Driven Performance Management: The Path from Once-a-Year Performance Management to Ongoing Employee Development. Bersin & Associates. 2010. To purchase the report, visit http://www.bersin.com/Practice/Detail.aspx?docid=12736&mode=search&p=Talent-Management

The four building blocks of proactive and effective onboarding — compliance, clarification, culture and connection — should be thoughtfully organized and carefully implemented for a successful onboarding practice.

Creating connections to internal communities

Strategic onboarding ideally involves a process that is both high-touch and highly individualized. New employees who get a lot of contact, either with a specific mentor or with a series of leaders from their own part of the organization and other divisions, are going to learn more about how the company works. They're also going to feel a sense of connection to those leaders and feel networked with others who can help them, both in their time at the organization and in their careers overall.[5]

What are some best practices to jump-start involvement and engagement for your new recruits?

- **Get stakeholders involved:** Introductions and early socialization should involve internal stakeholders beyond just recruiters, HR and hiring managers. Involving senior leaders, mentors, coaches and development resources broadens the perspective of new recruits and provides a wide array of insight and information to help them rapidly integrate into their new roles.

- **Establish a support network:** Onboarding processes can also include activities such as networking events, mentor programs, a "buddy system" or a new-hire club to help bridge the gap at work.[6]

- **Create near-term milestones:** Establish 30-, 60- and 90-day milestones to periodically gauge performance against objectives, and evaluate progress in explicit terms. Coaching or constructive action should be taken immediately if performance or behaviors need correction. Do goals and objectives need to be changed or re-targeted during the early phases of the onboarding process? Recognize that effective performance management is a continual, iterative process that enhances performance and development from the very early stages.

- **Manage goals strategically:** Strategic onboarding does more than just educate new hires on the basics of working at the company and the core responsibilities associated with a job. Taking it to the next level means providing the employee with a goal framework that includes specific developmental planning and expectations intended to support successful goal outcomes. Strategic onboarding can communicate expectations right from the start by aligning an employee's daily activities with departmental or organization-wide goals that are aligned with corporate objectives.[7]

> **The Four C's of successful onboarding are:[4]**
>
> - **Compliance:** Teaching employees basic legal and policy-related rules and regulations.
>
> - **Clarification:** Ensuring that employees understand their new jobs and all related expectations.
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> - **Culture:** Providing employees with a sense of organizational norms, both formal and informal.
>
> - **Connection:** Helping new employees establish the vital interpersonal relationships and information networks they will need to engage and succeed.

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4 Bauer, Talya N., Ph.D. Onboarding New Employees: Maximizing Success. SHRM Foundation's Effective Practice Guideline Series.

5 Strategic Employee Onboarding: First Impressions Are Everything. Cornerstone OnDemand. 2007.

6 Laurano, Madeline. Best Practices in Onboarding a Multigenerational Workforce: Executive Summary. Bersin & Associates. 2009. To purchase the report, visit http://www.bersin.com/Practice/Detail.aspx?docid=12661&mode=search&p=Talent-Acquisition

7 Strategic Employee Onboarding: First Impressions Are Everything. Cornerstone OnDemand. 2007.

The impact of employee loss in the first year (the cost can be three times the salary) weighs most heavily on small and midsize organizations.[8] While small or midsize businesses tend to be more risk averse and may have fewer resources to assign to onboarding initiatives, successful programs can still be fashioned with thoughtful planning and key stakeholder involvement.

Many onboarding best practices recommend adopting and implementing an online technology tool to integrate talent management activities, starting with sourcing and recruiting. Fortunately, small and midsize companies can now implement flexible Web-based technology solutions at a cost that fits within even the most limited budget.

Step Two: Cascade Goals to Affect Bottom-line Results

Strategic operational plans that include key performance indicators are traditionally devised at the top of any organization. Cascading top-level goals to bottom-line results requires full leadership support and translation of business strategy to individual performance and development plans.

Cascading goals are those that flow upward from individual performance to organizational performance. Once the CEO and executive team have set the organization's vision and the main financial, customer and organization-wide goals, each organizational entity uses cascading goals to create team goals, which, in turn, contribute to the organization's goals. This process "cascades" down the organization until it reaches front-line managers and their employees.[9]

Aligning goals throughout the organization requires clarity and specificity as goals are cascaded organization-wide. To be most effective, goal setting should follow the S.M.A.R.T. goal format. Before establishing individual or team performance goals, ensure that they meet each of the following five criteria:

1. **Specific:** Goals are explicitly stated in terms of actions and behaviors that relate to the company's vision and strategic objectives. If this can't be done, consider whether the effort or output is truly necessary.

2. **Measurable:** Evaluation criteria must include specific metrics that describe how the performance will be measured. For example, terms of physical units, time and monetary elements are common measurement criteria.

3. **Actionable:** There is a reasonable and realistic probability that the goals can be achieved. Contingency planning is also helpful at this stage in determining how goals may be adjusted should unforeseen events block progress or results.

4. **Realistic:** Goals must be directly related to the individual's sphere of influence, and necessary resources must be available to support successful outcomes.

5. **Timely:** Beyond determining deadlines for completion, specific milestones should also be established that give the employee, managers or coaches visibility into progress and problems along the way.

8 Jones, Katherine. Automating Employee Onboarding: A Value-Add for Midmarket Organizations. Bersin & Associates Research Bulletin. 2011. To purchase the report, visit http://www.bersin.com/Practice/Detail.aspx?docid=14539&mode=search&p=Talent-Management

9 Bersin, Josh. High-Impact Performance Management: Comprehensive Industry Study – Market Analysis, Trends, Best Practices and Vendor Profiles. Bersin & Associates. 2006. To purchase the report, visit http://www.bersin.com/Practice/Detail.aspx?docid=6238&mode=search&p=Talent-Management

Performance management must evolve from being just a stand-alone, annual event to an ongoing process that focuses on performance improvement. The objective is to close the gap between employees' current skills and behaviors and those that they need to reach and even exceed their goals. Supporting employees in this effort will ultimately yield better business results.[10]

> Organizations with high-quality development plans generate twice the revenue per employee as organizations with poor or ineffective development plans. Yet, only 8 percent of organizations report having high-quality development plans. Most companies clearly have an opportunity to improve by integrating a year-round focus on employee development — an effort that can have a significant impact.

Managers need to support employee development through coaching, in addition to development plans. When employees and managers engage in frequent coaching, overall performance improves. HR has a role in making these conversations happen.[11]

Step Three:
Develop and Assess to Heighten Workforce Effectiveness

Performance assessment in isolation is not necessarily enough, and it alone does not guarantee performance improvement.

Having a performance management process without a learning and development component is like giving a student the motivation to study harder for a test but not giving them any study techniques or resources to help them succeed. Motivation alone can be effective, but when it's combined with knowledge and empowerment, it can be profound.[12] Jolene Holten, Head of Organizational Development for the Global Business Payments Division of Travelex, believes that integration helps employees succeed because all of the related resources are in one place. She believes that this is not only easier on employees, but that it also strengthens the employee-manager relationship.[13]

Consider including these best-practice assessment and development components to bolster performance management:

- **Tie learning and development intrinsically to the outcomes of performance assessments to complete the cycle.** Integrating these core processes enables organizations to see the impact that learning programs have on employee performance.[15] After El Paso's largest locally owned financial institution, GECU, integrated its learning and performance programs on a single technology

> **Organizations that assign learning based on performance reviews achieve:**
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> - 38 percent better engagement,
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> - 61 percent greater percentage of positions with a ready and willing successor identified, and
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> - 52 percent more employees achieving their first performance-based bonus or incentive compensation.[14]

10 Sherman Garr, Stacia. Development-Driven Performance Management: The Path From Once-a-Year Performance Management to Ongoing Employee Development. Bersin & Associates. 2010. To purchase the report, visit http://www.bersin.com/Practice/Detail.aspx?docid=12736&mode=search&p=Talent-Management

11 Ibid.

12 Saba, Jayson and Bourke, Justin. Employee Performance Management: The Alpha and the Omega of Talent Strategy and Business Execution. Aberdeen Group. 2010.

13 For more about how Travelex has integrated its talent initiatives, visit http://www.cornerstoneondemand.com/travelex?vid=18976670.

14 Saba, Jayson and Bourke, Justin. Employee Performance Management: The Alpha and the Omega of Talent Strategy and Business Execution. Aberdeen Group. 2010.

15 Integrated Learning and Performance – Essential to a Talent Management Strategy. Human Capital Institute. 2008.

platform, it was able to give its managers and employees access to an easy-to-use dashboard that offers an at-a-glance view of to-do lists, appraisals and course availability. As a result, reporting and analytics tools have helped GECU's team reduce time spent compiling reports by 75 percent. Less time is spent on administration, freeing up more time for strategic employee development.[16]

- **Use competency assessments to identify employee skill gaps.** Competencies refer to the measurable knowledge and skills, and observed attitudes that are required for effective workforce performance. They're often organized by increasing levels of knowledge or responsibility and can be used to design training programs and develop tiered performance standards. Organizations typically have four types of competencies: core principles or values, leadership competencies, career path and functional competencies.[17]

- **Identify and define the competencies needed to excel.** Managers must give employees a clear set of objectives against which to measure behaviors. This helps determine what development is needed. When integrated across all talent management processes, competencies are a powerful tool for reinforcing what a company values, as well as driving business impact.[18]

- **Leverage multi-rater assessments.** Assessments, including 360-degree feedback tools, are a valuable means for employees to learn more about themselves. Self-knowledge and awareness of one's own strengths and deficiencies are hugely critical factors for career success.[20] Multi-rater assessments also address capabilities and competencies that can be observed by others. Some organizations take this a step further by identifying and strengthening key competencies needed to accelerate performance and meet the organization's goals. This can provide "pre-" and "post-" snapshots of an individual's performance that serve as validation of an integrated development program.[21]

> According to research conducted by Bersin & Associates, approximately one-half of organizations use competencies as part of their performance management processes. Organizations that do so effectively are roughly four times more likely to have a high-performance culture, which helps drive business results.[19]

Step Four: Develop Succession Planning

Succession planning is the process of developing your existing talent for future deployment.[22] Succession planning can go in two main directions: choosing by position or choosing by person. A program that does both will ensure the greatest likelihood of addressing the primary purpose of keeping talent in the pipeline by identifying "high potential" (HiPo) individuals — employees who are high performers with the potential and aspiration to continue moving upward through the management ranks.

16 Cornerstone OnDemand. Learning Management Case Study: GECU. http://www.cornerstoneondemand.com/learning-management-case-study-gecu

17 Sherman Garr, Stacia. The Performance Management Framework: Evolving Performance Management to Fit the Modern Workforce. Bersin & Associates. 2011. To purchase the report, visit http://www.bersin.com/Practice/Detail.aspx?docid=14023&mode=search&p=Talent-Management

18 Ibid.

19 O'Leonard, Karen. 2009 Talent Management Factbook: Best Practices and Benchmarks in Talent Management. Bersin & Associates. 2009. To purchase the report, visit http://www.bersin.com/Practice/Detail.aspx?docid=10522&mode=search&p=Talent-Management

20 Lamoureaux, Kim. Modern-Day Career Management: Key Trends, Models and Case Studies. Bersin & Associates. 2009. To purchase the report, visit http://www.bersin.com/Practice/Detail.aspx?docid=10576&mode=search&p=Talent-Management

21 Berger, Lance and Dorothy Berger. The Talent Management Handbook, Second Edition. 2011.

22 ibid.

The evaluation of an individual's potential should be based on a number of factors, including:

- Past performance and work experiences
- Competency assessments
- Career aspirations
- Willingness to take on new assignments and/or relocation[23]

Succession plans then allow HiPo employees to be grouped into "talent pools." These talent pools are groups of high-performing employees who are considered suitable for targeted development into roles considered mission-critical to the success of the company. AgFirst Farm Credit Bank is one organization that has done this successfully and created a transparent system that enables executives to see that talent will be there to meet future needs.[24]
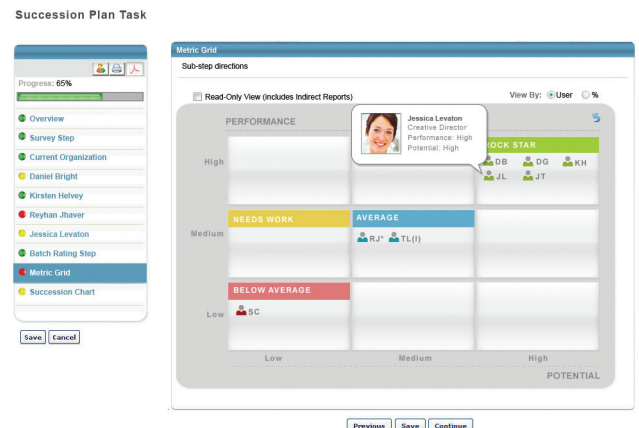
Sometimes, the talent resides in a particular individual whose skill set is valuable in a number of positions. Other times, certain positions themselves serve as good "training grounds" for future roles. In either case, an individual employee is selected and must be:[25]

- Comfortable with change
- Interested in learning new skills
- Accepting of uncertainty
- Adaptable to multiple work environments and leaders

When ranking and calibrating internal talent for succession planning, most organizations choose to use a tool commonly referred to as a "nine box grid," which classifies employees according to two criteria, often performance and potential.

Companies cannot adequately prepare for the future without a formal succession management process in place. Without succession planning, organizations typically respond reactively to changes in leadership and are left to rely on external talent to fill critical internal roles. Worse yet, existing employees may be promoted to roles that are ill-fitted to their current skills or competencies. Either scenario poses a significant workforce effectiveness risk.

Succession planning and career management have the potential to be powerful drivers of retention. Research indicates that organizations with a formalized succession management process have 50 percent lower turnover among high-performing employees. In other words, employees who believe they are being groomed for future positions are more likely to stick around.[26]

23 O'Leonard, Karen. Breakdown in Succession Planning. Bersin & Associates. 2009. To purchase the report, visit http://www.bersin.com/Practice/Detail.aspx?docid=10890&mode=search&p=Leadership-Development

24 For more about AgFirst Credit Bank's efforts, watch the video at http://www.cornerstoneondemand.com/agfirst-farm-credit-bank?vid=30155334.

25 Anderson, Charlotte. Engaging in Succession Planning. SHRM Research Article. August 2009.

26 O'Leonard, Karen. 2009 Talent Management Factbook: Best Practices and Benchmarks in Talent Management. Bersin & Associates. 2009. To purchase the report, visit http://www.bersin.com/Practice/Detail.aspx?docid=10522&mode=search&p=Talent-Management

Step Five: Engage Employees

To promote a culture of empowerment, you first need support and buy-in from the top down. Without executive support, leaders will not embrace empowerment as a management priority. And if it isn't a business priority for leaders, empowerment becomes a hollow promise for the employee. Ideally, empowerment is not a separate initiative but, instead, becomes part of the company's culture and an objective of its HR initiatives.[27]

Cultivating a culture of empowerment is a shared responsibility:[28]

Employees contribute by:

- Maintaining their individual talent profiles
- Focusing on personal development
- Demonstrating company values
- Socializing and creating professional networks
- Informing managers about their career aspirations

Managers contribute by:

- Providing career coaching
- Identifying opportunities for development
- Recommending employees for job openings
- Providing employees with candid feedback about performance and potential for future roles

HR contributes by:

- Providing the tools and resources for employees to manage their careers and for managers to help employees to do so
- Acting as career coaches to employees either in addition to or in place of a supervisor

The company contributes by:

- Developing an infrastructure in terms of the human and financial resources, business processes and technology that support career management
- Encouraging senior executives (and, in turn, the company) to create a culture and expectation for employees to take responsibility for their own careers and for managers to provide support for these efforts

With double-digit unemployment being the norm over the past 12 to 18 months, employees are searching for ways to get ahead without getting out. Building internal résumés, openly expressing career preferences and bridging access to potential career paths through internal

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27 The Empowered Workforce: Crucial to Success in the New Economy. Cornerstone OnDemand. October 2010.

28 Lamoureaux, Kim. Modern-Day Career Management: Key Trends, Models and Case Studies. Bersin & Associates. 2009. To purchase the report, visit http://www.bersin.com/Practice/Detail.aspx?docid=10576&mode=search&p=Talent-Management

mentors and networks are valuable strategies for employees who want to take an active interest in managing their own mobility and development. For example, GECU in El Paso has integrated its performance and learning programs to support its employee development goals and to meet evolving industry compliance requirements. Because technology has allowed GECU to streamline the schedule of coursework, employees are markedly more engaged and enthusiastic about these initiatives.[29]

Successful career planning and individual development are the result of a partnership between the employee and the organization that can have a direct impact on retention and engagement:

- Employees need to commit to relevant development goals and then invest time and effort.
- The organization needs to set clear expectations for its employees and provide appropriate resources, support and incentives for them to achieve success.

Focus development priorities on objectives that have a tangible payback. These will inspire more energy and commitment than priorities focused only on acquiring new skills or shoring up weaknesses. The result is a proven record of success to build an internal résumé.

Conclusion

Your midsize company needs breakthrough performance to emerge from the competition. Yet at the same time, your employees are searching for inspiration to achieve their fullest potential. How do you balance these desires to achieve both outcomes? It takes more than pay and perks. It takes engaging the heart of your employees to achieve empowerment.

> Only by helping employees build their skills and capabilities can companies hope to attract and retain them. Talented workers join companies and stay there because they believe they'll learn faster and better than they would at other employers.[30]

Developing an integrated talent management process based on best practices creates the path to empowerment. Using Web-based technology makes it easier for an organization to build a talent infrastructure for the future. With these tools, an organization can leverage an integrated system that aligns its people across all of its talent management processes — an essential component for creating high degrees of business impact.[31]

Bolstering your talent management process with an integrated learning and development platform empowers your people to achieve breakthrough performance to meet the challenges of tomorrow.

29 Cornerstone OnDemand. Learning Management Case Study: GECU. http://www.cornerstoneondemand.com/learning-management-case-study-gecu

30 Hagel, John, Seely Brown, John, Davison, Lang. Getting Better All the Time: Becoming a Talent-Driven Firm. Deloitte Center For The Edge.

31 Lamoureaux, Kim. The ROI of Talent in a Down Economy. Bersin & Associates Research Bulletin. 2008. To purchase the report,
   visit http://www.bersin.com/Practice/Detail.aspx?docid=8132&mode=search&p=Talent-Management

About Cornerstone OnDemand

Cornerstone OnDemand is a leading global provider of a comprehensive learning and talent management SaaS suite. We enable organizations to meet the challenges they face in empowering their people and maximizing the productivity of their human capital. Our integrated software offering consists of four cloud solutions, including the Cornerstone Recruiting Cloud (anticipated availability early 2012), the Cornerstone Performance Cloud, the Cornerstone Learning Cloud and the Cornerstone Extended Enterprise Cloud. Our clients use our solution to develop employees throughout their careers, engage all employees effectively, improve business execution, cultivate future leaders and integrate with their external networks of customers, vendors and distributors. Visit us on the Web at www.csod.com.