

Employer's *Advantage*

Edited by John W. Howard, Ph.D.

As the adjacent cartoon points out, we often operate our businesses in terribly inefficient ways, while an efficient solution lies close at hand, unused. In managing change, the HR department is often underutilized, even when they might be most effective. In selecting for promotion, we often fail to use the tools we apply in hiring from outside. In assessing managers, we often fail to use readily available perspectives to get a fuller view. Sometimes, we are so busy bailing, we forget to turn on the bilge pumps!

—Editor

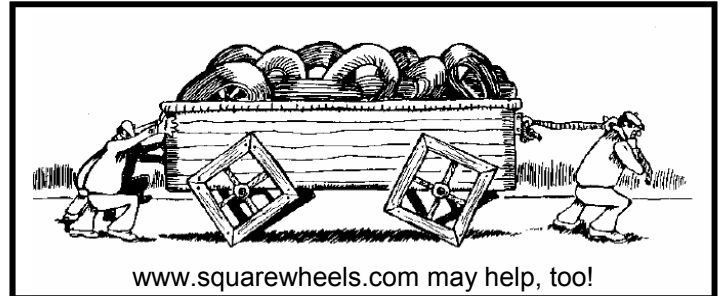
In this issue:

- **Change management**
- **Cost of promotion failure**
- **360-degree views**
- **What kind of change?**
- **Job Match payoffs**
- **A thought from Charles Schultz**

WHO MANAGES CHANGE?

Challenges in a business can often be divided into two major categories: Systems challenges, and People challenges. Similarly, the same two concepts may be used to divide organizational change into two broad types. If, ultimately, most systems challenges (or changes) can be traced to people challenges (changes), an interesting question must be considered: What part of a business is responsible for managing change?

I would suggest that if we are to be good at managing change, the responsibility must lie with Human Resources. Other areas of the company may mandate it (C-level individuals, stockholders, outside influences) and still other areas of the business may claim ownership of it (Accounting, Purchasing, Engineering, Sales) You get the idea! Ultimately, HR gets to calm the troubled waters,



bandage the wounded, and replace the departed, all in the interests of making change work for the benefit of the business.

In managing organizational change, careful planning is required to insure buy-in, support and commitment at every level. HR is uniquely equipped to accomplish these processes without the barriers faced by line-of-supervision managers.

Another key responsibility of a change agent is to reconcile and resolve inevitable conflicts between and among disparate (and sometimes desperate) points of view. The nature of change is to treat employees un-

equally, which may be unfair. The "softer side" of HR may allow mitigation and reduction of these negative perceptions for the people most impacted by the changes.

HR professionals, who are charged or who would like to be charged with change management, can find help and some practical tools on the internet, at www.change-management.com. For a rather radical view of how to handle change management, try www.brandon-hall.com. Being seen as your company's primary resource for managing change may be an important part of the future of your HR department and its budget!

POISONING YOUR OWN WELL—OVERPROMOTION

The Peter Principle—it's so well known, it's accorded the status of a noun in the American Heritage Dictionary! It's been written about, trained on, and just about beaten to death. Still, it's as common as dirt, and one of the most costly mistakes a business can make: pro-

moting a top performer to a job where they fail. They cannot succeed in the new job (no matter how much you invest in training) and they cannot go back to the old job (because of ego, or someone else already sitting in that place); so,

where do they go? Usually? To your competitor, where they can again be a top performer, doing what they used to do so well for you! Alternatively, they might just stay with you in the failed position, costing you dearly every day they show up for

work! You can avoid this costly mistake by establishing a program of scientific assessments and success patterns and using them to plan all promotions. What could it mean for your business, if you never had to experience this expensive catastrophe?

MIRROR, MIRROR ON THE WALL—A 360 DEGREE VIEW

BY JAY WERTH OF CAREERLIFE RESOURCES

Finally, significant improvement of management cannot be accomplished with a one-shot approach. A repeating cycle of assessment, intervention, and reassessment is the key to long-term gains.

When you stand in front of fitting room mirrors at your favorite clothing store, you get a 360° perspective about your "look." You receive visual feedback from all sides and can readily see if what you're trying on is a good fit. Much like that fitting room mirror, a job-related view of a key employee from all angles can be valuable. Such a view can be accomplished with a multi-rater, 360° feedback review. Understanding is gained by managers when feedback comes from supervisors, direct reports, and peers, with each giving a view of management skills and competencies from their own unique perspective. Unlike a mirror, which tells the truth (and nothing but the truth) a 360° assessment has the potential of biased feedback. To minimize the potential for bias, the individual administering the assessment should provide the framework for productive use of the evaluation. The administrator must insure that participants understand the importance of providing honest evaluations. They must promise and deliver the protection of anonymity. Participants must under-

stand a 360 evaluation is not a time for paybacks and vendettas! They must feel they are affecting and supporting the development of a productive, employee-focused company culture.

The assessment instrument structure, like that of a form-fitting garment, is also critical. What should a comprehensive 360° evaluation measure? It should present a balanced picture of both the individual's strengths and areas of opportunity for improvement. It should provide an opportunity for people to see themselves and their competencies as others view them.

In a well-constructed 360° assessment, evaluation is not based on personality. Participants rate skills and behaviors based on actual performance to enhance the performance of the entire team. A good 360° process, which includes an effective developmental plan for the manager, can lead to better team cohesion and performance and better retention of good employees. Some key competencies include:

- Communication
- Leadership
- Adaptability

- Task management
- Production
- Developing others
- Personal development
- Relationships

For example, the competency of "Leadership" could include measurement of how well the individual instills trust, provides direction, and delegates responsibility. With Internet-based assessment tools, the administration of a 360° is vastly simplified. Web-based administration allows tracking of assessment completion, while maintaining anonymity of participants. A Web-based instrument also saves time and provides quick analysis of the outcomes. The objectives of a 360° evaluation are to provide a "mirror" for the manager and his supervisor, that is, a view of skills and behaviors from a well-rounded set of perspectives, providing the framework for developing action plans for self-improvement. Finally, significant improvement of management cannot be accomplished with a one-shot approach. Repeating cycles of assessment, intervention, and reassessment are the key to long-term gains.

IMPROVING MANAGEMENT SKILLS—WHAT KIND OF EFFECT?

Therapists, and others who devote their work to effecting change, talk about two kinds of change: Prosthetic change, and therapeutic change. Prosthetic change is relatively easy to effect, and usually short-lived. It is exemplified by the sales force attending an inspirational sales seminar and then

breaking new records for sales...for a few weeks. Therapeutic change, difficult to produce and long-lasting, is what business owners and managers usually seek, but seldom find. In using 360° assessments to produce change, look for ways to produce therapeutic change in management behavior.

Research shows this to be more likely if development activities are tied to "on-the-job" training and change, rather than traditional classroom learning. As you implement training and development to improve your managers' competencies, produce therapeutic change with an "on the job" focus to your programs.

MATCHING PEOPLE TO POSITIONS PAYS OFF FOR THIS COMPANY!

In today's labor market, it is critical to know as much as possible about potential and current employees. It is even more crucial to know how well future employees match the jobs they will be doing. This well-established business forms printing concern has made a substantial commitment to understanding how well their prospective employees match their open positions. They chose to use the ProfileXT assessment (PXT) to attempt to reduce turnover in one of their regional Customer Care Call Centers. To measure effects of the program, the company tracked turnover percentage, cost of turnover, and ProfileXT results from June, 2003 to January, 2004.

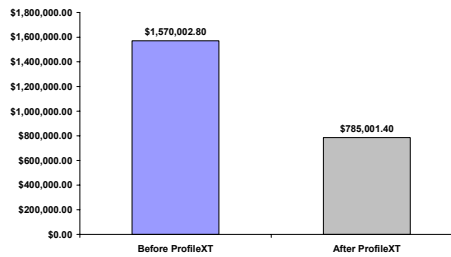
Since including the ProfileXT in the selection process for the Customer Care position, the company has seen a substantial decrease in turnover percentage. Before implementing the PXT in the selection process, turnover percentage in this position was running at 50% annually. Eight months after implementation, annual turnover percentage for this position has declined to 23%. The decrease in turnover percentage described above equates to a reduction in estimated hiring costs (within the 120-person study group only) from \$942,002 to \$433,321. **The difference in these figures amounts to savings of \$508,681!** Applying the same costs and results to the entire

regional call center, the financial impact would be even greater. Based on a head count of 200 employees, annual turnover cost without assessments would be \$1,570,001; with assessments, a reduction to \$722,201 would be anticipated. This equates to a projected annual cost savings of \$847,802. Applying the ProfileXT to the hiring process is expected to cost less than \$15,000 per year, generating an expected return on investment of over \$56 for each dollar invested in the process. Since other studies have also found increases in productivity usually parallel increases in job fit, the real ROI is likely to be much higher over time.

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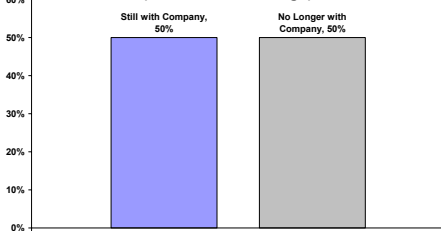
- **Cost of turnover declined by more than half**
- **Hiring decisions were more than twice as effective with PXT**
- **Before the assessment program, turnover was 50%**

Cost of Turnover



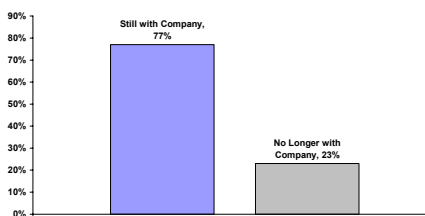
Before implementation of the ProfileXT assessment, estimated cost of turnover was more than twice the current figure.

Before ProfileXT (Turnover Percentage)



Before implementation of the ProfileXT, turnover percentage in the Customer Care Call Center Representative position was 50%.

After ProfileXT (Turnover Percentage)



Six months after the implementation of the ProfileXT assessment for use in selecting Customer Care Call Center Representatives, turnover percentage in that position is now 23%.

**"Life is like a ten-speed bike.
Most of us have gears
we never use."**

-- Charles Schultz

Eva Jenkins
1717 K Street NW
Suite # 600
Washington, DC 20036
evaj@vipstaffing.com
+1 (202) 973-0179