

Extension Material 4.2

The following is a contribution by John Boudreau from the Center for Effective Organizations at the University of Southern California, and comes from a six-part CIPD publication *Talent Forward*

Albert Einstein said, 'Not everything that counts can be counted and not everything that can be counted counts'. Those words will be increasingly meaningful for organisation leaders, both within and outside HR. There is a virtual flood of numbers about workers, labour markets, process and resource-effectiveness, and sustainable organisation performance and a growing industry of analysts and products to help leaders find out how they all correlate.

The key message in Einstein's quote, however, is not that we must always do more 'counting', but rather the need for the wisdom to know what counts and what does not. That means the HR profession must educate and prepare the leaders, workers, investors, and other HR constituents to know the difference between what counts and what does not. It requires that we become accountable for the sophistication with which those within and outside of HR approach key strategic questions. Yes, data will be important, but data alone does not produce insights. Four broad themes will help solve this challenge:

Beyond HR: HR's future lies with those outside the HR profession, and their ability to make sophisticated decisions about the human capital entrusted to their stewardship. Data about HR's performance is only a small part of the larger task of building high-quality logic frameworks and then educating constituents to use them to make great talent decisions. In organisations such as Sears, Royal Bank of Scotland, Royal Bank of Canada, and SYSCO, HR leaders don't just report data on engagement, turnover, and unit performance. The data systems actually educate leaders about the connections between employee engagement, consumer behaviour, unit performance and financial results.

Evidence-based HR: for decades, medical research languished in journals, but today practice is being revolutionised with tools that bring the latest scientific research to physicians in a form that allows immediate and practical application. In the same way, decades of research on work and employment lies untapped, and HR leaders and scholars must find ways to bring the richness of behavioural science to bear on employment issues.

Retooling HR: In other business disciplines, decisions about risk and optimisation are guided by well-accepted and trusted frameworks. Those frameworks can be used to 'retool' traditional human capital domains. For example, employee 'turnover' can be analysed using principles of inventory turnover; and the customisation of the employment 'deal' can be analysed using principles of consumer segmentation and customisation. IBM's global workforce initiative, in which experts from IBM's supply-chain organisation helped design and implement a system that reveals the demand and supply of global capabilities, identifies bottlenecks and provides leaders, employees and even contractors with a common framework to make vital decisions about how human capital should be acquired, developed and moved. Starbucks and others use marketing frameworks long applied in the arena of consumer research to identify 'talent pool segments' that help determine how best to structure employment arrangements for different groups. HR systems and data should integrate the best thinking from other disciplines.

Transformative HR: organisation transformation means using logical frameworks that engage key constituents, understanding different human capital segments, seeing risk as a balance of danger and opportunity, creating synergy across silos and ultimately having the courage to optimise by investing more where the payoff is higher and less where it is not. Data and information systems exist to create transformative change that enhances sustainable success, using these principles. Shanda, a large Chinese gaming company, recognised that its gaming platforms were one of the most engaging elements for customers, but also for its vital game-designer employees. Shanda redesigned talent and performance management to resemble a multi-player gaming platform, with game points awarded for high performance and taking on extra projects. This not only retains vital employees, but makes talent management a transformative and engaging undertaking for all.

Source

https://www.cipd.co.uk/Images/talent-forward_2011-part-4-measurement-insight_tcm18-12261.pdf [accessed 23 May 2017].

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