

How HR Can Help Executives Get the Big Picture



BECOMING A STRATEGIC PARTNER
TO THE C-SUITE



UNIFIED TALENT MANAGEMENT

Cornerstone
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CEOS THINK HR TEAMS ARE “JUST GETTING BY”

Today’s executives don’t hold HR in very high esteem: according to Deloitte, “42 percent of business leaders believe their HR teams are underperforming or *just getting by*, compared to the 27 percent who rate HR as excellent or good when assessing HR and talent programs.”¹

For HR teams, this is demoralizing news. Amid economic ups and downs, a very real skill shortage, the Baby Boomer exodus, and rapidly changing technology (which ERP provider merged with whom, *again?*), HR teams have their hands full without the specter of a dissatisfied C-suite.

Yet it is precisely these challenges that are affecting HR’s ability to do its job—and do it well. And *all* of these challenges are far beyond any HR manager’s—or any CEO’s—control. The Baby Boomer exodus isn’t slowing any time soon, Millennials will continue to change—and challenge—the workplace, and the economy is anyone’s guess.

There is *one* key factor within HR’s control, however. *Employee Engagement.* Improving engagement can help organizations transcend poor economies, attrition, and skill gaps by creating a rich employee experience, one that powerfully influences retention, performance, loyalty, motivation, and productivity.



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\$370 BILLION

annually.”³



Engagement isn't small potatoes financially either: for a company of 10,000 employees, transforming low engagement into high engagement can “have an impact of over \$42 million.”² Gallup estimates that the “lost productivity of actively disengaged employees costs the US economy \$370 billion annually.”³

Making employee engagement a priority is also how HR teams can prove their worth as strategic partners with the C-suite. Working with executives to improve engagement—and along the way delivering a more consistent, comprehensive picture of the organization's talent—lets HR teams play a pivotal role in the organization's sustainability. Instead of being viewed as simply the department that takes care of paperwork and exit interviews, HR teams can be instrumental in helping the C-suite visualize a successful future for the organization—and creating the workforce that will make that success a reality.



WHAT ARE THE TOP THREE KEYS TO HELPING HR DEPARTMENTS BECOME THE C-SUITE'S STRATEGIC PARTNER?



Taking the lead on succession planning.



Making compensation performance-based and transparent.



Delivering powerful analytics, not just data.



TAKING THE LEAD ON SUCCESSION PLANNING

CEOs are concerned about succession planning—and for good reason. Expected and unexpected shortages of critical talent affect profitability in a direct and tangible way. A recent survey of CEOs showed that 29% felt that a lack of quality (and quantity of) talent had caused them to miss out on revenue opportunities.⁴ In other research, one in four CEOs felt talent challenges prevented them from either pursuing key market opportunities or launching strategic initiatives on time.⁵

Yet succession planning simply isn't being done in a consistent, measured way. While research by Hewitt found that in the majority of organizations (86%) "management identifies high potentials early to at least 'some degree' and takes action to proactively develop them," a mere 7% were doing so on a regular basis.⁶

Organizations that *don't* proactively build their talent pipeline through development, performance management, and succession planning may rely on external candidates in time of need. Research conducted by Matthew Bidwell, assistant professor at the University of Pennsylvania's Wharton School, showed that external hires don't demonstrate the same level of commitment to the organization as internal hires. In addition, external hires were 21 percent more likely than internal hires to leave a job "on their accord."⁷



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HOW CAN HR GET IN FRONT OF SUCCESSION?

1. Become expert talent identifiers at the *beginning* of the employee lifecycle.

CEOs are counting on their HR teams to identify high potential, high performance employees. Which means HR must have an effective way to identify talent from the beginning of the employee lifecycle (recruiting and onboarding), not the middle (performance). True succession planning begins with sourcing, as organizations identify current and future talent needs and target hiring to meet long-term organizational goals.

2. Champion a formal development process.

The adage “great leaders are made, not born” has never been more apt. The world of work, the economy, and technology move at lightspeed, and even the most talented succession candidate needs training. HR can lead the charge in ensuring the organization values and prioritizes learning and ensures leadership candidates are developed over time.



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As an adjunct, putting formal learning in place can also help organizations attract better talent in the first place *and* engage the ones they have. Employees value growth opportunities: in the *2012 Employee Job Satisfaction and Engagement* study, 63% of employees thought the ability to use their skills and abilities fully was most important to job satisfaction⁸, and 36% rated an organization's commitment to professional development as very important to job satisfaction.⁹



MAKING COMPENSATION PERFORMANCE-BASED AND TRANSPARENT

CEOs don't always know why employees aren't engaged—or why they leave. It's easy to blame attrition on dissatisfaction with pay: 89% of organizations *think* employees jump ship for more money. Yet in reality, only 12% of workers leave for a bigger paycheck.¹⁰

Compensation matters—but not in the way everybody thinks. When it comes to pay structures, transparency and fairness are just as important to employees as dollar amounts. Employees care that their pay, in comparison to others, is both equitable and competitive. According to research by Towers Watson, levels of employee engagement are directly affected by perception of pay fairness: employees who think they are being paid fairly are “4.5 times as likely to be engaged as those who don't.”¹¹

Before employing discretionary effort, employees want to know that everyone is held to the same standards and that work and effort merit reward. According to Laura Bienstock, North American practice director, rewards, at Towers Watson, this means giving employees “a direct line of sight” into “where they stand and how pay decisions are made.”



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Bienstock recommends organizations have both a performance management system and a communication program in place to allow leaders to gain the true view of performance and the ability to communicate with employees on a regular basis.

When organizations tie pay to performance and prioritize transparency around it, they can see significant improvements in individual and market performance. Research shows companies with pay-for-performance systems raise their “top performers 1.5 to 2 times faster than an average employee.”¹² i4cp’s 2011 report “Tying Pay to Performance” discovered that “three-quarters of high-performance organizations tie pay to performance to at least a moderate extent.”¹³



HOW CAN HR TEAMS TAKE THE UNDERSTANDING OF COMPENSATION BEYOND THE DOLLAR?

1. Unify compensation with performance through technology.

Tying compensation to performance requires transcending the traditional performance review process or relying on discrete systems to track employees. Technology that unifies both performance management with compensation management can help HR and CEOs make data-driven decisions about whom to reward, instead of relying on guesswork.

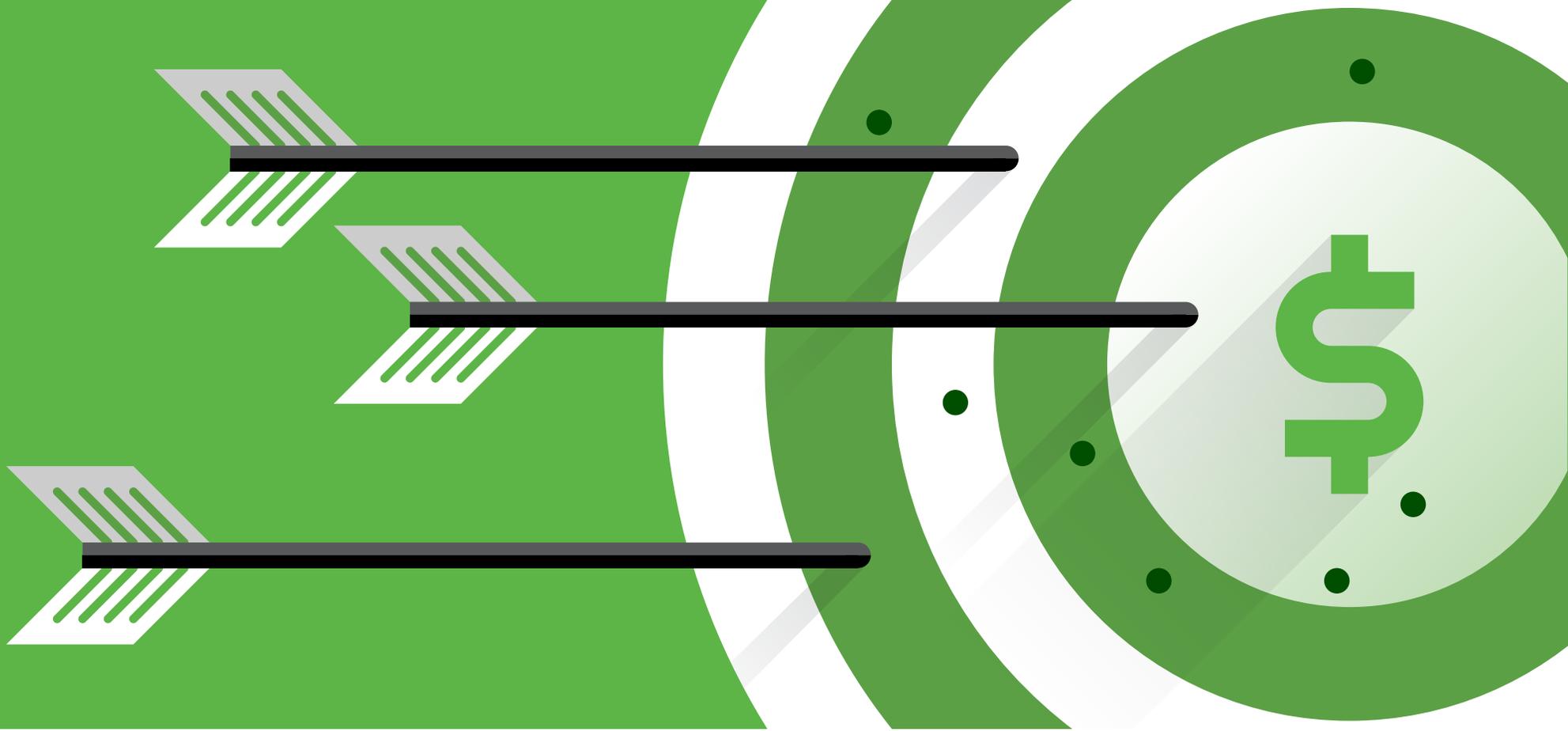
2. Prioritize transparency.

In a 2012 World of Work survey of compensation managers, 34% of respondents shared “minimal pay-related information” with employees. The same number are “actively sharing the organization’s compensation philosophy with employees.”¹⁴ Only 18% communicated with employees individually about their compensation more than once a year.¹⁵ Engagement depends on employees knowing what the system is and how it works. When employees understand what is expected of them and how their achievement ties to their compensation—and that the same system is employed for all workers—they’re more likely to be engaged.



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3. Be flexible about what constitutes performance achievement.

Pay-for-performance systems can improve engagement—but organizations need to remember that performance can be evaluated in myriad ways. For some employees, performance may be marked by goal achievement, while for others it may be competency fulfillment or the completion of learning initiatives. This may also mean tying learning systems to performance and compensation systems to adequately track performance achievement.



DELIVERING PRESCRIPTIVE ANALYTICS

Studies show that the C-suite has a much more optimistic outlook on engagement levels than other employees. Among C-level executives, more than 20% thought their employees were more engaged when compared to other companies; only 7% of respondents outside the C-level thought the same.¹⁶

CEOs aren't just missing the big picture on engagement. One statistic shows that less than half of chief financial officers "appear to understand the return on their investment in human capital."¹⁷ Yet having the big picture of the workforce, through comprehensive talent analytics, is key to an organization's success. Organizations that actively practice talent analytics have "8% higher sales growth, 24% higher net operating income growth, and 58% higher sales per employee."¹⁸

Research by Hewitt shows that less than 10% of organizations surveyed "measure the effectiveness of talent management programs, track the quality of talent, or use specific quantitative frameworks to align human capital investments with their business strategy."¹⁹ According to studies by Deloitte, only 4% surveyed said they had "predictive talent analytics" in place, and only 14% had *any* program in place.²⁰

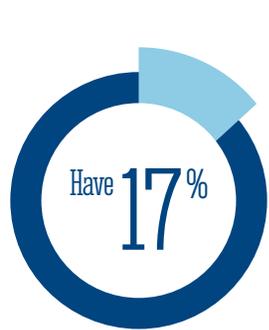


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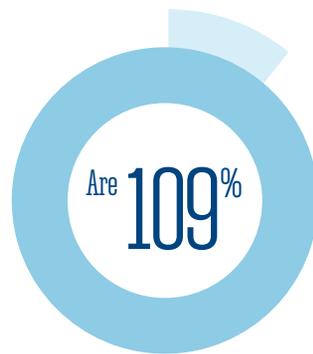


A lack of an analytics program can be directly correlated to a similar lack of a unified talent management system. HR teams still relying on discrete talent management processes—multiple systems tracking different phases of the employee lifecycle—simply can't deliver the big picture of talent to the C-suite. Both C-suite and HR must have access to more sophisticated analytics to grasp the reality of their current talent landscape and subsequently make the kind of talent decisions, from hire to retire, that maximize sustainability and profitability.

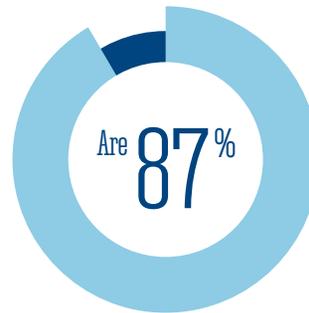
According to Bersin, access to powerful analytics requires advanced talent management strategies—and systems that deliver a unified view of every phase of the employee lifecycle. The benefits are significant. Organizations that have “intermediate or advanced strategies”



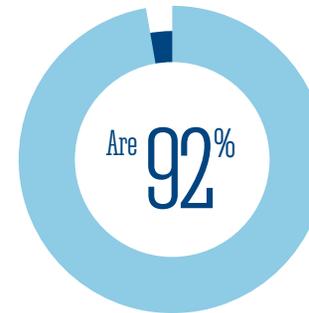
lower voluntary turnover rates and 41% lower turnover rates among high performers



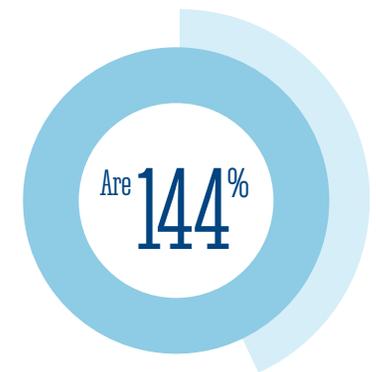
more capable of retaining high performers



more capable of "hiring the best people"



better at "responding to current economic conditions"



better at "planning for future talent needs."²¹



HOW CAN HR TEAMS DELIVER BETTER INFORMATION TO THEIR C-SUITE?

1. Take analytics beyond absenteeism and turnover rate.

True talent management analytics encompass more than attrition rates. Driving better decisions means giving CEOs prescriptive data, not standalone facts. Prescriptive data is the result of all the facets of talent management, the unification of recruiting, learning, performance, compensation, and succession information into comprehensive analyses.

2. Ensure the veracity of data.

Consulting firm DDI discusses the three “Vs” of Big Data—velocity, variety, and volume—and recommends adding “veracity.” Data is “low veracity” when it is either data that isn’t “logically associated with talent behaviors” or data that “requires additional cleaning steps before they can be used.”²²



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DDI recommends organizations create a data structure that “parallel(s) the employee lifecycle to ensure analytics are prescriptive in nature.”²³



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3. Deliver analytics in a readable, accessible format.

According to a study by Avanade, 46% of “executives were overwhelmed by the data currently available to them at the time.” This highlights the difference between data and analytics. To become effective strategic partners, HR teams must learn how to position information for the C-suite, namely providing decision makers with not just numbers but analyses that show the big picture of the workforce.



BECOMING A TRUE STRATEGIC PARTNER REQUIRES TRUE TALENT MANAGEMENT TOOLS

In a survey of global CEOs, only 34% thought their HR teams were ready to tackle new talent strategies post-recession; 9% thought HR wasn't prepared at all.²⁴ Yet HR teams *can* reestablish their strategic worth by playing a key role in succession planning with formal identification and development strategies; taking the lead in transparent, pay-for-performance compensation planning; and delivering true, prescriptive talent management data that transcend traditional HR metrics.

However, for HR teams to function effectively as the crucial link between talent and executives, they must have access to true talent management tools. For too long, HR teams have been hobbled by inefficient talent management processes: spreadsheets-based reviews, clumsy legacy ERP systems, separate recruiting and applicant tracking applications, all of which prevent HR teams from gaining—and sharing—the big picture view of talent so crucial to an organization's sustainability.

Becoming a strategic partner to the C-suite requires instead a truly unified talent management (UTM) strategy, designed to deliver the full story of an organization's talent. UTM provides a seamless talent management experience, connecting every phase of the employee lifecycle on a single platform, with one login—and access to *one* customer support team. UTM empowers HR leaders to help CEOs plan for the future with powerful, unified recruiting, onboarding, learning, performance, compensation, and succession tools.



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Powerful talent management requires powerful talent management tools.



Used by more than 1800 companies worldwide, Cornerstone OnDemand is the only truly unified system designed to enable comprehensive talent management, from one platform, with one login.

As a result, organizations can place more focus on engaging every employee while spending less time managing multiple systems. Cornerstone helps organizations improve productivity and profitability by delivering key insight into the entire employee lifecycle:



CORNERSTONE
RECRUITING



CORNERSTONE
ONBOARDING



CORNERSTONE
CONNECT



CORNERSTONE
LEARNING



CORNERSTONE
PERFORMANCE



CORNERSTONE
COMPENSATION



CORNERSTONE
SUCCESSION



UNIFIED TALENT MANAGEMENT

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See how Employees, Managers, and Executives benefit from using a Unified Talent Management approach.



The Employee

"I FOUND OUT ABOUT THE JOB THROUGH A FRIEND AT THE COMPANY. I APPLIED USING MY LINKEDIN PROFILE. NO COMPLICATED APPLICATION PROCESS AND IT ONLY TOOK MINUTES!"



The Manager

"I NEEDED A DESIGNER. WITH CORNERSTONE RECRUITING'S SOCIAL SOURCING AND EMPLOYEE REFERRALS, I FOUND GREAT CANDIDATES AND MANAGED INTERVIEWS, FEEDBACK, AND OFFER LETTERS IN ONE LOCATION."



The Executive

"WE'RE DOING REAL SUCCESSION PLANNING. WITH CORNERSTONE SUCCESSION, WE'RE PREPARING FOR GAPS NOT JUST IN EXECUTIVE POSITIONS BUT AT EVERY LEVEL THROUGHOUT THE ORGANIZATION."

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