

Kenexa’s Integrated Talent Management Framework

Integrated Talent Management (ITM) is a major focus for many organizations today, and is one of the most pressing issues facing HCM software and service providers. Even though the current economic downturn has dramatically impacted short-term organizational growth and staffing plans, firms across the globe are concerned over the long-term with finding enough skilled labor to accomplish their business objectives. Upcoming retirement of the Baby Boomer Generation, changing demographics and skills gaps, due to education shortfalls, all have the potential to dramatically impact an organization’s ability to attract, develop and retain the right talent.

In response, many firms are attempting to weave disparate HR processes and technologies into a holistic, comprehensive approach to maximize workforce performance. Kenexa believes that successful implementation of ITM requires more than simply deploying new technologies and/or optimized processes; instead, HR and business leaders must take a strategic and thoughtful approach that firmly links Human Resources (HR) to organizational goals, strategies and outcomes. The purpose of this White Paper is to describe Kenexa’s Integrated Talent Management Framework, and explain how it can enable organizations to better achieve their ITM objectives.

Kenexa’s ITM Framework, shown in Figure 1, represents a different approach than described by many HCM technology and service providers in the market today. These service providers focus their attention predominantly on technology solutions delivery and process redesign/optimization. Kenexa’s model reflects our belief that successful execution of ITM requires consideration of a number of preliminary steps before looking at either process or technology.

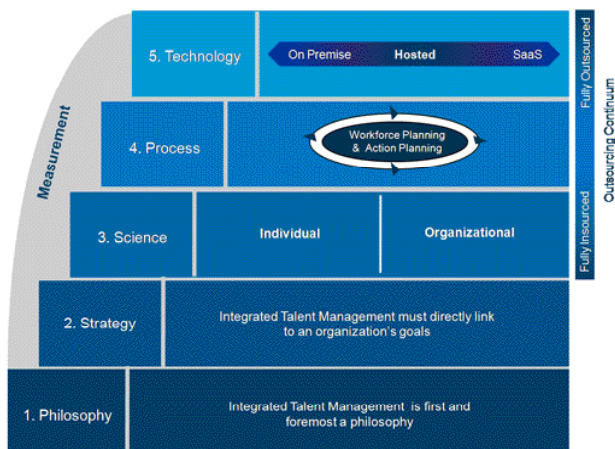
Philosophy

Integrated Talent Management is first and foremost a philosophy that should permeate and connect the entire employee lifecycle. When people are in jobs that fit their knowledge, skills and attributes, and are given the opportunity to learn and develop their careers in an environment of alignment and accountability, they become competitive factors that enable organizations to outperform their peers in the global marketplace. To make this a reality, adopters of ITM need to break down barriers between their disparate HR functions and the rest of the enterprise. This requires some change management for the HR function and the organization at large because HR, in most companies today, operates in a functional silo, with limited sharing of information, disjointed processes and separate technologies. Because the change to an ITM approach requires substantial effort across the organization, leaders must consciously embrace the change in philosophy and mindset—otherwise the effort will be doomed from the start.

Strategy

Once an organization’s leadership has made the commitment to Integrated Talent Management at the philosophical level, the next step is to develop a coherent strategy to get from the current state (usually the haphazard approach described above) to the desired state (a seamless flow of interconnected information, processes and technologies). The strategy must link to business outcomes and organizational goals in order to be successful. We believe that there are four critical elements in an ITM strategy:

Figure 1: Kenexa’s ITM Framework



First, HR must understand the critical metrics that need to be tracked in order to drive positive business outcomes. The model in Figure 1 includes a grey overarching region of 'Measurement' that connects all five steps of the ITM model—this visually shows how metrics and measurement need to pervade the entire ITM framework. Understanding an organization's critical metrics is an exercise in itself. Most firms that have done this exercise end up with one subset of metrics that are common to HR across industries, another subset unique to their particular industry, and a final subset of metrics that are unique to their business. Combined together, these metrics form the foundation of a good ITM strategy.

The next step is to understand how the organization may differ demographically and culturally across the various geographies in which it does business. There may be significant differences by location within geographical regions if the business has grown via acquisition or merger. Understanding these variations is critical to developing, implementing, and refining HR and communication programs to meet the needs of workers in all locations.

Perhaps the most important component of developing a sound Integrated Talent Management strategy is to determine which job families in the organization most affect business results. Not all jobs are created equal, and HR thought leaders are coming to the realization that the HR investment can no longer be spread equally across all job categories. Understanding key job families enables senior leaders to target the investment of HR dollars towards those jobs that most impact the business.

Finally, a good ITM strategy must understand the characteristics of top performers in key jobs—this will enable the organization to target recruiting and performance management activities to find more employees that fit the mold of top performers. The use of the word "characteristics" instead of some other terms like "competencies" is very intentional (see Figure 2). Kenexa believes that there is a lot more to a person than just his/her knowledge, skills and abilities—the typical definition of competencies. We believe it is important to also take into consideration elements such as motivation (career goals, aspirations), personality and fit with the organizational culture. The term "characteristics" better describes this amalgam of elements that can be measured and assessed to determine a person's fit to the job and the organization.

Figure 2: Key Characteristics



Science

A critical element, which is missing in many ITM implementations to date, is the application of the science of individual and organizational psychology to the ITM framework (Figure 3). Kenexa employs more than 100 Industrial and Organizational (I/O) psychologists and statisticians to help determine how all of the elements listed for both individuals and organizations impact performance.

Figure 3: Critical Aspects of I/O Psychology

3. Science	Individual	Organizational
	Skills, Behaviors Competencies New Hire Satisfaction Performance Leadership Engagement Fit to Culture	HR Programs Org Effectiveness Engagement Norms Customer Service Business Linkage Culture

However, it is not only about the individual employee—his/her skills, competencies, performance, etc.—but also how organizational elements like culture, HR program effectiveness, and linkage to business outcomes can impact both individual and organizational performance.

One area where the application of science is extremely important is pre-hire assessment. Kenexa has partnered with many customers to demonstrate dramatic overall improvements in traditional HR measures. As an example, one customer experienced 26% higher performance review scores and 40% fewer counterproductive incidents after an assessment was implemented for a key job family. Another customer showed a direct improvement in customer satisfaction of 32% compared to the period prior to pre-hire assessment.

The application of science to the ITM framework can make a dramatic difference to workforce performance, and thus improve business outcomes substantially.

Results can be even more dramatic for some job families—a company providing outsourced security services reported that hired security guard candidates scoring well on the assessment were nine times less likely to be terminated for theft and 2.8 times less likely to have unplanned absences. Another customer using assessments for sales positions experienced double the revenues for sales executives as well as a 16% revenue increase for its sales managers. Finally, a retail customer using Kenexa assessments experienced 37% lower turnover for hourly positions and 18% less turnover for store managers.

These examples show that the application of science to the ITM framework can make a dramatic difference to workforce performance, and thus improve business outcomes substantially. Science can be

applied in more than just the area of pre-hire assessments. It plays a key role in analyzing the impact of changes to process and technology and in developing a 'closed loop' metrics feedback system, which will be further described in the next section.

Process

Spending time and resources on the previous steps in the Integrated Talent Management framework generates significant returns, as ITM strategy and science can now be leveraged to improve HR and enterprise workforce processes.

Figure 4 shows a number of important HR processes in 'wheel' form; remember that the whole idea of ITM is to break down existing barriers between these processes. A critical enabler to breaking down barriers is for organizations to adopt the concept of Strategy Execution and Action Planning as the center of the process wheel. All ITM processes should be oriented around executing the strategy developed earlier in the framework, which will, in turn, support execution of the overall business strategy. It is also critical for the organization to take action based on feedback from the overall metrics framework in order to improve process efficiency and effectiveness. Ongoing metrics and analysis 'close the loop' and set the stage for an environment of continuous adjustment and improvement.

Figure 4: Core ITM Processes



Another critical enabler to breaking down barriers between HR functions is to take advantage of natural 'leverage points.' These leverage points include content and information that can be shared or passed from process to process, which results in a more seamless flow, more accurate and effective metrics, and an enhanced user experience. The following describes some of the major processes and key leverage points:

Characteristics: Strong characteristics tracking has become the linchpin of successful ITM because characteristics are the best-fit basis of measurement for many processes. As described in the Strategy section above, characteristics include competencies (knowledge, skills and abilities) as well as personality, motivation and cultural fit attributes. Characteristics tracking pervades the ITM framework, as characteristics are used to develop workforce plans, assess potential fit of candidates to open requisitions, determine knowledge/skill gaps that can be addressed by learning events, highlight performance issues, drive skill-based pay programs, and identify candidates for succession management and career planning processes.

Branding: Once considered the domain of corporate marketing, the concept of branding has now been extended into the HR function. Developing and communicating a consistent employment value proposition to potential employees has become a critical part of the recruitment process. In addition, leading firms are working just as hard to extend the employment brand into performance management and learning processes to improve the chances of retaining top performers.

Recruiting (sourcing, screening/assessing and hiring): A significant amount of information is collected during this process; in traditional talent management, this data just sits in the recruitment management system, never to be used again. ITM strategies leverage recruiting data in multiple other functions, including:

- Learning Management: Competency gaps identified during recruiting assessment can drive a learning program designed to move the worker towards full proficiency
- Performance Management: Recruiting assessments can form a base record for monitoring potential performance gaps
- Succession Management: Job and experience information gathered during the recruiting process can become part of the 'internal resume'
- Career and Leadership Development: Job requirements (e.g., competencies, education and experience) used for recruiting can be leveraged by employees and contingent workers to determine their fit for other positions in the organization

Onboarding: Once a candidate has been selected, the role of onboarding processes and applications is to ensure a quick and efficient transition to fully competent performance. While many early onboarding deployments focused on administration and logistics (e.g., facilitating secure access to buildings and IT networks/applications, ordering space and equipment, completing new hire paperwork and benefits enrollment, maintaining contact with new hires prior to their start date), organizations are now paying equal attention to the need to assimilate new hires and improve time-to-competence. Onboarding impacts ITM by facilitating the transfer of characteristics and assessment information from recruiting to other ITM components.

Learning Management: Information on available, required and completed learning events can also be linked to multiple functions, including:

- Performance Management: Tying the learning event catalog into the appraisal process can help managers select learning events that can help the worker address performance gaps
- Compensation: Completion of learning events can automatically feed skill-based pay (where utilized)
- Succession Management: Weaving learning information into this process will enable the company to identify learning events that are available to help prepare successors for their most likely assignments

- Career and Leadership Development: As workers compare themselves to potential positions, understanding and recognizing the learning events that are needed to improve competencies adds significant value

Performance Management: This function contributes to ITM with the following leverage points:

- Learning Management: Performance gaps highlighted in the appraisal process can be tied to specific learning events, thus improving the effectiveness of manager feedback
- Compensation: As firms move toward increased use of pay for performance, including multiple types of variable compensation, appraisal results should drive payouts commensurate with actual performance
- Succession Management: Performance ratings should be linked to this process to help identify consistently high performers that otherwise might be missed

Workforce Planning: With all the news about current and pending talent shortages, many firms are becoming more serious about workforce planning. While this discipline is still in its infancy in most organizations, it has an important role in ITM. Done right, workforce planning must include the external view of labor availability and the internal analysis of the workforce and projected needs. The results of workforce planning should both feed and be fed by the other ITM functions. For example, the workforce plan will drive which positions will be recruited over the next year, and results of the recruiting process (e.g., longer hire cycles for certain positions) will impact the next iteration of the workforce plan. Poor performance results for some needed characteristics may cause adjustments to the workforce plan, such as expanding or reducing the number of planned staff with those characteristics. None of this will work properly without a strong foundation of metrics and workforce information management, as the proper ratios and indicators must be tracked through all of the ITM functions.

Engagement Analysis has become a critical diagnostic tool that helps companies identify the places within the organization where employees are highly engaged.

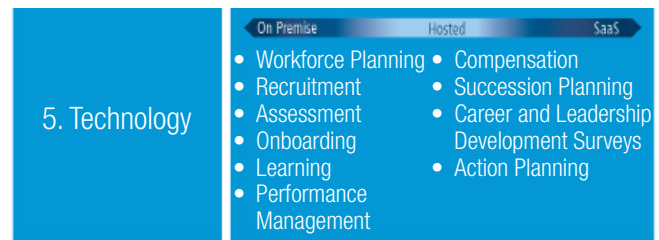
The final process to be discussed is Engagement. Kenexa’s Global Survey Practice conducts more than 10 million employee surveys each year, with a strong focus on measuring engagement—the willingness of the employee to put forth discretionary effort to achieve organizational objectives. Engagement Analysis has become a critical diagnostic tool that helps companies identify the places within the organization where employees are highly engaged (and why), as well as departments or locations where engagement is lagging.

Understanding Engagement Analysis results can help organizations determine which individual behaviors need adjusting, the areas in which senior leadership communications may need to change, the supervisory behaviors that need to be reinforced by learning events, etc. Survey results can also indicate where HR programs are positively or negatively impacting engagement, and thus help drive change.

Technology

The final component of the ITM framework is Technology, a critical enabler of integrated talent management solution delivery across all of the HR functional areas (see Figure 5). Here is where firms that have analyzed their processes and woven in science and measurement can gain a significant competitive advantage when deploying enabling technologies. More than one software application may be needed to meet the requirements of a given functional area, especially since currently available “integrated talent management suites” may not meet the requirements of the organization across all functions. Fortunately, the rise of XML-based integration and services oriented architectures (SOAs) is making it easier for companies to achieve the promise of ITM, while still using multiple applications.

Figure 5: Technology Solutions Delivered



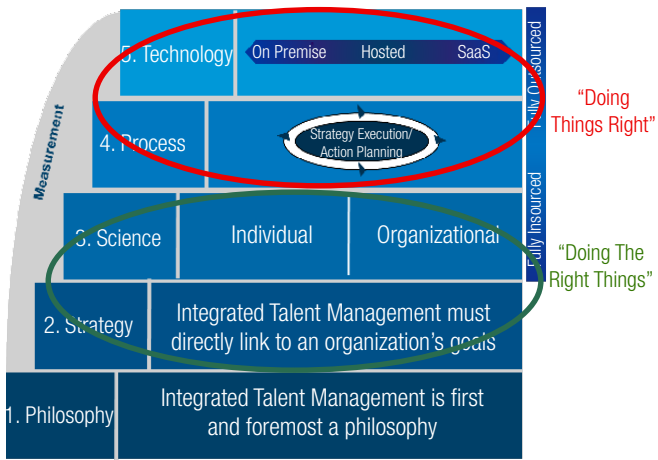
It is also important to note that technology often needs to be delivered across a continuum, ranging from on-premise to full Software as a Service (SaaS). However, while SaaS is the current rage amongst financial and industry analysts, it is not universally accepted in all geographies. Thus, it is important for a solution provider to give customers a choice in this matter, so that they may deploy technology in the way that works best for them.

Conclusion

Successfully implementing Integrated Talent Management requires a holistic approach that includes embracing ITM as a philosophy, developing a cohesive strategy, applying individual and organizational science, breaking down process barriers and deploying technology across the enterprise. Kenexa believes that these areas work together to maximize the contribution of the workforce (see Figure 6)—technology enablement and process improvements help the organization to “do things right,” while strategy development and science guide the

organization to “do the right things.” ITM implementations cannot be completely successful without both aspects, and only Kenexa delivers solutions that help organizations achieve both of these objectives through its unique combination of science, content, services and technology. Organizations that utilize Kenexa’s ITM Framework will increase their chances of successfully navigating the tough economic conditions, while positioning their workforces to become a long-term source of competitive advantage.

Figure 6: The “Yin” and the “Yang” of ITM



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866.391.9557