# High-Performance Human Capital Management:
## Framing a Systematic Approach

Framework

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# Executive Summary

The High-Performance Human Capital Management (HCM) Framework, as defined by Brandon Hall Group, is a roadmap for organizations to think through their human capital — people, processes, and technology. It provides context for the decisions HR, talent, learning and business leaders must make to create the human capital infrastructure that supports their business.

Every organization needs a strong workforce and talent base to execute its vision and mission. Talent is a key differentiator and each organization's approach to the framework is unique.

Given the breadth of processes and touch points in the HCM lifecycle, organizations must think through the critical elements of the framework to define strategies that differentiate them. Understanding that no organization has the capacity or tolerance to address every aspect of the HCM Framework at once, this roadmap can serve as a guide for setting organizational priorities. By understanding the potential impact of the elements of human capital management, organizations can prioritize which items to focus on to support their business strategy.

The High-Performance HCM Framework consists of the internal and external environment in which HCM processes must exist, the main components that make up and connect workforce and talent management, and the critical success factors organizations must have to execute their plans. This report discusses these external factors, the high-level definition and connections between the elements of workforce and talent management with an overview of the critical success factors.

# The High-Performance HCM Framework

The High-Performance HCM framework, as illustrated below, consists of five major components:

**Figure 1: High-Performance Human Capital Management (HCM) Framework**



## CULTURE

### Workforce Management

- Policies/Process/Procedure
- Payroll
- Contingent Workforce Mgt
- Time & Labor Mgt
- Compliance
- Benefits/Wellness/Well-Being
- Compensation

**EMPLOYEE EXPERIENCE & BUSINESS RESULTS**

**WORKFORCE PLANNING & ANALYTICS**

### Talent Management

- Learning
- Leadership Development
- Performance Mgt
- Career Mgt
- Talent Aquisition & Onboarding
- Succession Mgt
- Competency Mgt
- Rewards & Recognition
- Assessments
- Diversity & Inclusion

**EMPLOYEE EXPERIENCE & BUSINESS RESULTS**

**TECHNOLOGY**

**GOVERNANCE**

## MEASUREMENT

**TALENT RESULTS & BUSINESS RESULTS**

| External Influencers | Strategic Alignment | Stakeholder Experience | Executive Engagement | Change Management | Scalable | Agile | Global | Social | Mobile |

**Success Levers**

- **Contextual frame.** The culture, governance structure, technology environment and measurement processes in which human capital processes exist.

- **Workforce management.** Critical HR execution capabilities, as well as processes for time and labor management, payroll, HR policies and compliance, compensation, benefits (including wellness and well-being), expense management and contingent labor management.

- **Talent management.** Processes that define the employee experience, including talent acquisition, performance management, learning, leadership development, career management, succession management, rewards and recognition, diversity and inclusion, assessments and competency management.

- **Workforce planning and analytics.** The connective tissue between employee experience elements in workforce management and talent management. Data and information must come together for organizations to effectively analyze their human capital data and come up with the workforce plan to support their business strategy.

- **Success levers.** The HCM framework does not operate in a vacuum. There are critical success factors organizations must consider as they develop their HCM strategy, including alignment, stakeholder involvement, change capacity and the organization's ambition to appropriately plan for scale, global reach and evolving technology.

# The Contextual Framework

The contextual framework consists of four major components: culture, governance, technology and measurement. An understanding of these components is a critical first step for organizations implementing the HCM framework, as they dictate the environment in which these processes and technologies will operate.

## Culture

There are multiple aspects to culture that organizations must consider. Externally, organizations should understand the marketplace and industry in which they operate. Businesses competing for highly skilled employees require the appropriate strategies and technologies to recruit and retain this critical talent. Organizations operating in high-turnover industries must focus on their speed of talent acquisition and training to maintain productivity. In certain geographies, organizations may face other challenges in compensation, retention or development requirements. Understanding the external culture in which your human capital processes operate drives your organization's priorities.

Organizations may benefit from — and fight against — their internal culture when implementing an HCM framework. Understanding the gap between existing processes and strategies and the desired state provides valuable insights into the change management required to implement the HCM framework. Your organization may simply be codifying its current policies, strategies and technology environment in the HCM framework. But, if your organization uses its review of the HCM framework as a lever for change, understanding the strengths and deficiencies of its organizational culture will help determine the effort and time required to implement it.

The needs of the employees must be equal to organizational needs in change management plans. In Brandon Hall Group's most recent HCM Technology study, 63% of organizations said their number one technology need was improved employee experience, but the number one change they would have made to the implementation process, cited by 40% of respondents, was allowing more time to evaluate providers. Understanding the internal and external culture, and planning to bridge the gaps between current state and future state, is an essential underpinning for the HCM framework.

## Governance

Governance refers to how the human capital management function within an organization establishes responsibility and accountability, sets priorities, communicates, makes decisions, and measures and delivers outcomes. It establishes a level of transparency within the function, the business, employees and other critical stakeholders. An effective HCM governance model moves beyond ensuring compliance and seeks to improve leadership and management of the functional area that touches every member of the organization — and often accounts for a significant portion of the overall corporate budget.

There are many options for a governance model, but the critical elements include:

- **Objectives.** A clear definition of the HCM function's desired outcomes.

- **Structure.** The organizational structure, including defined leadership roles.

- **Delivery.** Definition of the processes and programs that deliver HR services.

- **Systems.** Process and oversight of HCM systems and technology selection, and ongoing maintenance.

- **Alignment.** The rules of engagement for how the HR function will align with business priorities and set expectations with stakeholders.

- **Performance:** A definition of how performance will be measured and communicated, including a process for continuous performance improvement.
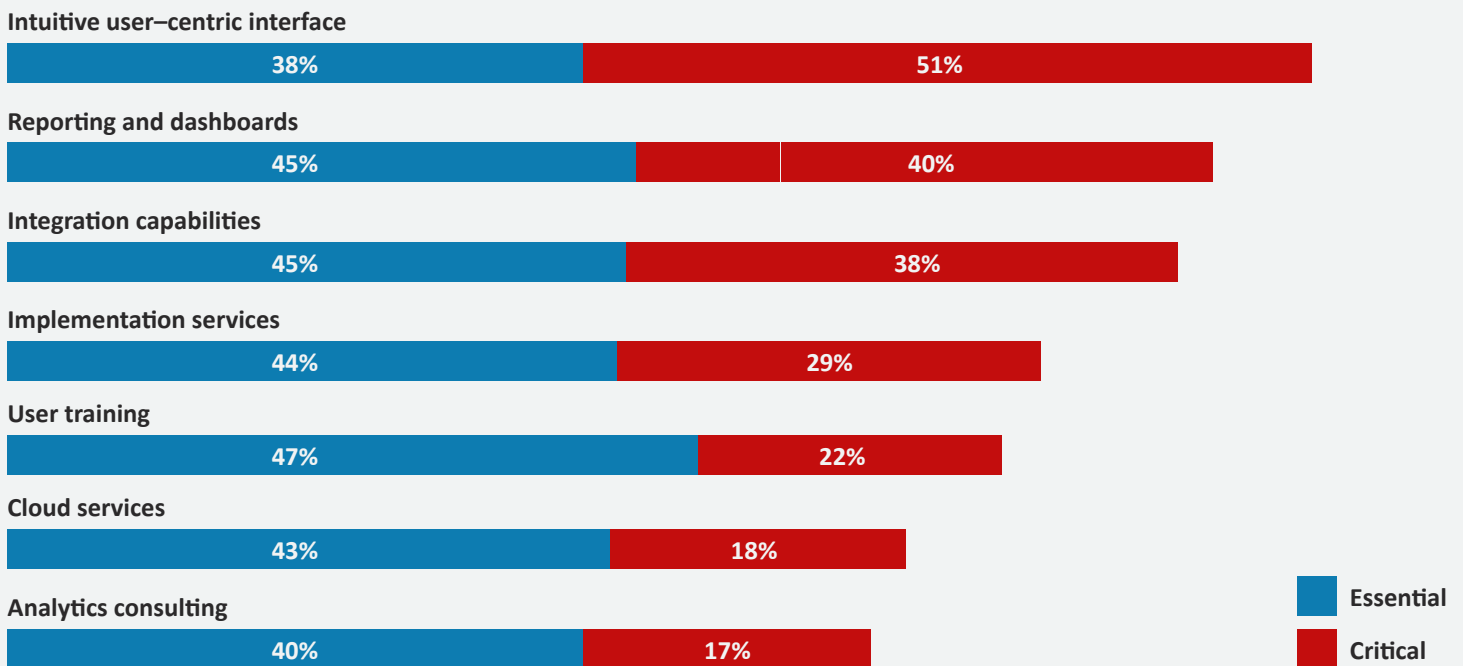
## Technology

Organizations must think about where they will invest in technology and the level of technology needed for each functional area within the human capital framework. Typically, technology investment should be guided by the business and HCM strategy. Technology investment should be applied to the areas that will have the most significant impact on those goals. For example, if your organization undertakes a fast-growth strategy, investment in tools and technologies for recruiting may be the focus. If your organization is changing strategic direction, requiring new skills and capabilities, a focus on learning and performance management may take priority. When faced with decisions about existing technology and new technology investment, organizations must ensure technology decisions are in line with strategic priorities and their IT operating environment. Technology decisions must never be made in a vacuum.

Just as the top priorities for HCM technology improve the user experience, the top solution provider competency provides an intuitive user experience when selecting a technology solution. The administrative side matters too, and that's why having key data and analytics in a dashboard with easy reporting functionality is also critical to most organizations.

**Figure 2: Most Critical/Essential Competencies of HCM Technology Providers**

| Competency | Essential | Critical |
|---|---|---|
| Intuitive user–centric interface | 38% | 51% |
| Reporting and dashboards | 45% | 40% |
| Integration capabilities | 45% | 38% |
| Implementation services | 44% | 29% |
| User training | 47% | 22% |
| Cloud services | 43% | 18% |
| Analytics consulting | 40% | 17% |

■ Essential
■ Critical

*Source: Brandon Hall Group HCM Technology Study.*

## Measurement

Most important of all, organizations must define how success is measured for the human capital management function. An effective measurement strategy defines success on multiple levels:

- Improvements in efficiency and accuracy when executing key human capital management functions (e.g. improving payroll data accuracy, scheduling accuracy, time to hire, cost to deliver learning etc.)

- Improvements in business results, which requires translating the impact of human capital management processes into measures that matter to the business: revenue, profitability, improved customer metrics, market share and overall business performance

- Improvements for employees, ensuring they understand the value of the human capital management processes focusing on delivering an employee experience that will not damage the employer brand or negatively influence turnover and employee engagement

These three lenses defining success must be measured at the HCM operating level within workforce and talent management, and at the process level for each element of workforce and talent management. Defining the measures of success and how they will be communicated helps keep the organization aligned in critical priorities, and helps manage expectations of business stakeholders.

# Workforce Management

**Figure 3: 7 Elements of Workforce Management**



Workforce management is the operational core of HCM, addressing critical HR execution capabilities and the transactions required to keep the business running. It includes many of the elements needed for day-to-day operations: payroll, timekeeping, scheduling, absence and leave management, ensuring compliance, dictating policies and procedures, managing expenses and the contingent workforce or temporary labor. But its role as the administrative arm of HCM has evolved considerably. The strategic importance of workforce management is the element of HCM where the workforce is deployed and the impact of talent strategies is measured through the data gathered in these systems. Each element of the workforce management wheel plays a role in strategy execution and in providing data for the organization to manage its workforce and improve productivity and performance.
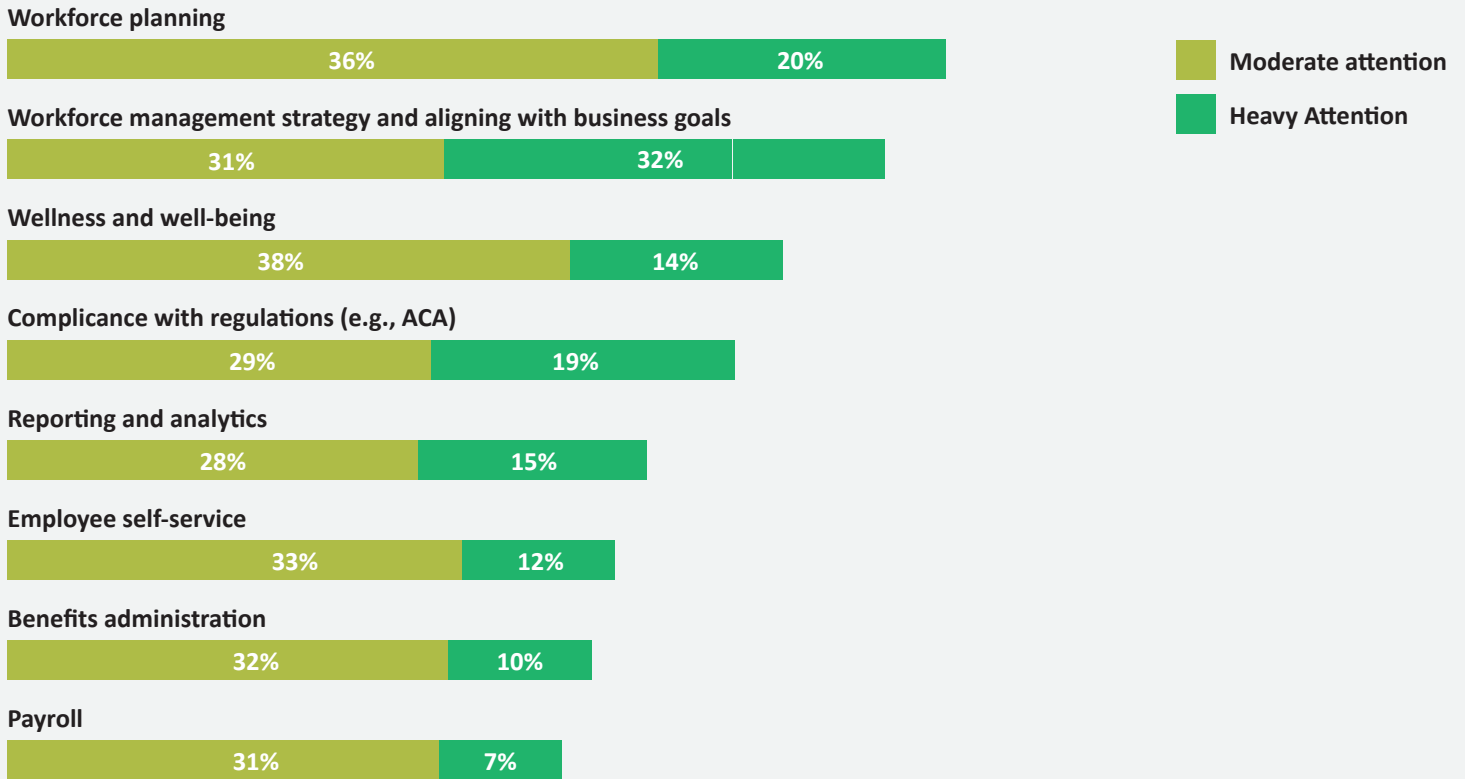
## Time and Labor Management

Time and labor management consists of several key elements, including:

- Time and attendance
- Scheduling
- Absence and leave management
- Fatigue management

These elements ensure organizational compliance with federal, local and union requirements – as well as data accuracy to feed into payroll and benefits systems. Having efficient and accurate solutions is vital for these critical areas. So is unlocking the strategic value of this data and information. For example, by integrating time and attendance data with performance data, organizations can have a better view on the individuals and teams with the greatest impact on quality, revenue and performance.

Having the workforce management processes aligned with business goals is a top priority, as illustrated in the figure below. Having the right person in the right place at the right time is the business manager's job.

**Figure 4: Top Workforce Management Priorities**

**Workforce planning**

| 36% | 20% |

**Workforce management strategy and aligning with business goals**

| 31% | 32% |

**Wellness and well-being**

| 38% | 14% |

**Complicance with regulations (e.g., ACA)**

| 29% | 19% |

**Reporting and analytics**

| 28% | 15% |

**Employee self-service**

| 33% | 12% |

**Benefits administration**

| 32% | 10% |

**Payroll**

| 31% | 7% |

■ Moderate attention

■ Heavy Attention

Time and labor are key integration points between HCM and the business, as well as HCM and other key systems like finance, feeding payroll data and other labor cost information critical to these systems. This technology intersection furthers the case for automation of critical workforce management tasks, laying the foundation for integration.

## Benefits and Wellness/Well-Being

Ten years ago, there were simply "benefits" paired with cash as part of the employee's compensation package, and used for improving hiring and retention rates. Now "benefits" contain subsets that include wellness and well-being, and are used for improving everything from employer value perception to bottom-line productivity. Yet, there are still many organizations that do not offer employee wellness and well-being programs.

## Impact of Wellness/Well-Being on the Business

These programs are still evolving, but there are signs that wellness/well-being can have a strong impact on year-over-year business metrics. For example: Organizations that have wellness/well-being programs are 28% more likely to see employee engagement increase year over year.

Organizations with more than 40% employee participation in the programs are:

- More than twice as likely (63%-30%) to see customer satisfaction increase
- More than twice as likely (53%-26%) to see increased customer retention
- More than twice as likely (63%-30%) to see increased market penetration
- 61% more likely (63%-39%) to see an increase in year over year organizational revenue.
- 40% more likely (49%-35%) to see increased employee engagement.

Although 70% of organizations have a dedicated wellness/well-being program, that still means nearly one in three organizations do not, yet those companies that do are 31% more likely than organizations without such offerings to see increases in employee engagement, retention, customer satisfaction and retention. In short, successful companies have embraced well-being and others will be left behind.

## Compensation

Organizations need to carefully consider their benefits partners and technology solutions to make sure that they are balancing cost, customer experience and compliance. Compensation and an organization's compensation strategy play a critical role in helping to attract and retain top talent. Compensation and benefits are the cornerstone of the "package" that organizations use to attract talent in the marketplace.

Deciding how much to pay for vital skills in critical roles needs to be a business decision, fueled by information supplied by HR. By providing an understanding of external compensation data benchmarks, as well as feedback from candidates — whether or not they end up accepting an offer with your organization — HR must work with the business to come up with a compensation strategy that delivers the most for their labor budget and helps them address critical needs.

Compensation and benefits were traditionally closely held by HR, and the business often felt they were simply handed an offer with the standard compensation and benefits package. But more and more organizations realized the need to customize and tailor the relationships with employees to secure the talent they need.

## Compliance

Compliance is about managing the financial and legal risks associated with noncompliance of union rules, contractual obligations, national, state and local laws, and other regulations. While compliance is a mandated function of HCM, it often has significant strategic importance. Workforce management tools help organizations maintain compliance in many ways. Time and attendance systems track when people work to confirm attendance and their qualification for benefits or government-mandated programs. Scheduling systems ensure compliance rules and laws are followed. Leave and absence management

solutions help organizations determine appropriate leave types and track proper documentation.

To effectively address compliance risk, organizations should look for solutions to help them manage the process, store and access the required documentation and automate the rules engine immediately, so changes to compliance regulations do not cause the organization to suddenly react, as 14% of organizations now have to do.

## Contingent Workforce Management

Organizations also need the ability to quickly train, develop and onboard contingent labor. Because contingent labor typically comes and goes on a short-term basis, increasing organizational capabilities to assess skills, bridge skill gaps and help them understand your organization's brand, customers and priorities is a critical differentiator.

As organizations manage multiple employee types, they must ensure they have the right visibility into contingent labor data. But certain types of contingent labor data cannot be stored by the organization. Working with solution providers to maintain the requisite visibility level, as well as the right level of security, is essential.

## Policies/Process/Procedures

As the operational engine for HCM, Workforce Management is tasked with establishing and managing many corporate policies and procedures. But policies and

procedures needn't be about restrictions and punitive actions. They also can be used to enable transparency and support conversations between managers and employees. At their best, policies reflect organizational culture, establishing operational rules and norms expected of individuals for behaviors, processes and operational functions. It is important, however, that policies and procedures aren't the sole driving force within the HCM function.

## Payroll

Payroll is probably the most important non-negotiable function within HR. It can have many complexities. Payroll taxes and other regulatory deductions must be deducted and remitted. Hours have to be accurately recorded and calculated. Individuals may work multiple shifts or jobs that have different pay rates. Often, several people must validate timecards or other tracking mechanisms before pay can be approved. It's not surprising that 93% of organizations in Brandon Hall Group's research indicated that their payroll is critical or essential to their business. With a variety of solutions available to organizations, including cloud-based, SaaS and outsourced providers, almost everyone recognizes that utilizing tools and technology to streamline and improve the accuracy of payroll is important.

Integration is also an important factor driving automation of payroll. Being able to integrate payroll data and other

financial information with the rest of HR, is very important. Organizations must have the total picture of their labor costs and understand the intersection of pay and performance. Organizations are turning to providers to help them ensure compliance by navigating the complexities of operating in today's legal environment. Given the rise of telecommuting and virtual companies, even small organizations may be operating in multiple geographies, increasing the complexity. Having partners that address this issue allows organizations to seek talent wherever it may reside, enabling them to have more effective talent strategies. This automation also improves the employee experience by giving people visibility into their paychecks, increasing their understanding of payroll policies and rules, and how they are applied.

# Talent Management Framework

The talent management framework establishes the processes that make up the employee lifecycle. From the time employees are hired until they leave the organization, they participate in multiple talent management processes. It's important to remember that these processes are not just linear. While you are only hired once, many of these processes are used throughout employees' careers, such as performance management, learning, succession and recognition.

The talent management framework is made up of 10 key processes:

- Talent Acquisition & Onboarding
- Performance Management
- Learning
- Leadership Development
- Career Management

**Figure 5: Talent Management Functions**



- Succession Management
- Rewards and Recognition
- Diversity & Inclusion
- Assessments
- Competency management

## Talent Acquisition and Onboarding

Talent acquisition is a key inflection point for the organization. By ensuring you get the right people into your organization from the beginning, organizations can impact engagement, retention and overall business performance. But most organizations still say they are not very good at hiring. In Brandon Hall Group's talent acquisition research survey, 43% of organizations consider their talent-acquisition practice to be only somewhat effective, with just 37% indicating they are highly or extremely effective.

Great performance in talent acquisition is difficult because it incorporates many different processes. Organizations should consider their employer brand, recruitment marketing and candidate sourcing, managing the actual hiring process from screening to interviewing to final selection, and onboarding hired candidates and the organization from both a tactical administrative and cultural perspective.

These elements require a variety of skills. Organizations often struggle to understand who owns each part of the process. To improve talent-acquisition effectiveness, organizations must develop a comprehensive talent-acquisition strategy that addresses all these components.

Today, 26% of organizations characterize their talent sourcing efforts as reactive and 22% say the same about their onboarding. Organizations must ensure their strategy is closely tied to the overall business strategy and takes business-driven workforce plans into account for the volume of talent required, and the skills and capabilities needed to execute business strategy. Talent-acquisition leaders must be in lockstep with business leaders in setting these priorities.

## Focusing on Candidate Experience

Talent acquisition isn't just about your organization. It's also about your potential employees and your customers. In a competitive talent market, your organization should be known for providing a great experience even if a candidate isn't offered the job. Your right-fit candidates are out there looking for information from others who have been through the hiring process. If you are a consumer-driven business, today's rejected candidate could be tomorrow's dissatisfied customer. At least half of organizations fail to capitalize on this important interaction, which could affect their ability to attract great talent.

## Performance Management

At its core, performance management links the activities of the individual to the goals and priorities of the organization. When done correctly, great performance management not only strengthens this alignment, it helps ensure individuals feel challenged by their work, that they receive feedback on the work they do and have clear goals for what they should be focused on next. These are all critical factors to engage and retain talent.

Preliminary results of Brandon Hall Group's 2018 Performance Management Study show that most organizations (73%) are focused on improving performance management. Most frequent changes cited for the next 12-18 months are:

- Supplementing annual performance appraisal with frequent performance conversations and coaching (56%)
- Focusing performance appraisals more on the future goals of the employee (47%)

## Learning
Learning is at the core of an organization's ongoing success. It bridges the gaps between current and desired performance and helps individuals develop skills and abilities to meet ongoing challenges. Learning and development strategies that have the greatest impact on business performance must be tightly aligned to business priorities. However, in Brandon Hall Group's latest Learning Strategy Study the data suggests that organizations struggle to align learning with their business objectives:

- Only 27% of companies say their L&D strategy is effective or very effective in helping achieve business goals.

- Only 18% of companies say they are "ready to take action" when it comes to aligning learning with the business.

- A little more than one-third of companies say they are effective at linking business performance as an outcome of learning.

This is an area where business alignment is critical to execution. Leaders and managers must understand the importance of project-based and peer-to-peer learning because they assign projects and put teams together. Learning and development professionals cannot possibly hope to have visibility into every employee experience and project within the business, so managers must be educated on the importance of these experiences and trained to look for opportunities for team members.

## Learning Measurement
While business alignment is cited as a critical challenge for learning and development, most organizations do not measure learning using a business yardstick. Instead, they focus on individual performance, engagement and satisfaction. But the most effective learning happens within the business, so business leaders must become learning leaders. Improving individual performance will improve overall performance. To overcome the number one challenge of bringing stakeholders together, learning leaders must communicate in meaningful ways. Business stakeholders care about business metrics so learning leaders must frame their results in this manner rather than in participation rates and learning retention metrics.

# Leadership Development

Many organizations struggle to develop employees quickly and effectively, especially leaders. Building organizational capacity to deliver critical skills and leadership capability quickly may be one of the critical success factors for tomorrow's enterprise organizations. In fact, 68% of organizations surveyed in Brandon Hall Group's Leadership Development survey consider leadership development essential or critical to their business strategies. A troubling statistic from that same survey is that only 20% believe their LD program has a significant positive impact on business results, which shows a growing need for a formal leadership-development strategy.

One in five organizations rate themselves as "lagging" in leadership development, meaning they are operating without a set strategy and may differ in approach among executive leadership, business unit leadership and even departmental strategy. Alignment is key in all areas of HR, but in leadership development it is a critical component of success.

With the flattening of many organizations in recent decades, traditional "moving up the ladder" was replaced by new ways of thinking about leadership development. For many organizations, it's more about experiences across the organization, coaching and direct relationships with other senior managers.

**Figure 6: Most Effective Modalities for Leadership Development (Effective/Highly Effective).**

| Modality | Percentage |
|---|---|
| On-the-job training | 78% |
| Instructor-led training | 73% |
| Coaching/mentoring | 69% |
| Assessment | 65% |
| Action learning projects | 64% |
| Stretch assignments | 64% |

Organizations know they must provide on-the-job training and stretch assignments to build leadership experience. They may not involve directly managing individuals, but offering opportunities outside their position within the organizational hierarchy to gain leadership experience is incredibly important for developing a rich source of future leaders.

## Career Management

Career management is all about the employee side of development. While organizations tend to hire individuals with a particular job and progression path in mind, individuals have their own goals and aspirations. But a focus on career management isn't just about making employees feel good or empowering them. An effective career management process, as well as career management tools, can help organizations uncover hidden skills and potential future leaders.

Career management is an often-overlooked tool that helps connect individuals with opportunities and provides the organization with visibility into the skills, talents and needs of its staff. Just over half of organizations in Brandon Hall Group's 2018 HCM Outlook study said they plan to give moderate to heavy attention to career management, which leads directly to the next subject: succession management.

## Succession Management

Succession management is a process to ensure organizational stability and develop a talent flow for critical roles. While many organizations think succession management is only for senior leadership roles, more organizations realize succession extends further into the organization. Wherever there is a critical role – from customer service rep to technician to financial analyst – organizations must have succession plans in place. This is one of

**Figure 7: Impact of Career Development Framework on Business Results**

Please indicate the impact your career development framework has on business results

| 65% | 65% | 57% | 45% | 31% |
|---|---|---|---|---|
| Talent retention | Higher employee engagement | Stronger employee value proposition | Internal mobility | Reduced recruitment cost to fill open positions |

*Note: Percentages reflect organizations indicating career development framework impacting these talent metrics.*

the reasons succession management was number five on the list of areas of talent that would receive the most attention in Brandon Hall Group's 2018 HCM Outlook study.

Despite its importance, however, 44% of organizations do not have any succession management strategy in place. Organizations are realizing they may not be able to simply look externally to secure the leadership talent they need through hiring. There's a critical leadership shortage throughout many industries and geographies. Organizations must do a better job developing from within. Succession should be an ongoing conversation. An individual's priorities and situations change over time, as do the needs of the business. Organizational leaders must make succession an ongoing process and work with each other to calibrate what the ideal succession candidates look like for each role. These efforts also require organizations to treat talent as a global resource and be willing to share talent across the organization for development efforts and to move individuals into new roles.

## Rewards and Recognition

"Total Rewards" is an element of the talent management framework that refers to everything employers provide to employees to reward them for their contributions. The ultimate goal of any Total Rewards program is to develop, engage and retain talent to drive business outcomes.

Brandon Hall Group identifies five components of a Total Rewards Strategy:

- **Compensation.** Monetary rewards provided to an employee by an employer.
- **Recognition.** Acknowledging an employee's contributions, talents and skills on a consistent basis.
- **Wellness.** Strategies organizations implement to improve the health and well-being of their workforce.
- **Career Development.** Tools, resources and insights employers provide employees to help them develop their careers.
- **Benefits.** The total amount of iIndirect, non-monetary assistance provided to employees by their employer.

Each component is critical to creating a total reward strategy, but recognition often has the greatest impact on engagement and retention. Although companies understand the value of recognition, few have a successful strategy for appreciating and motivating their employees.

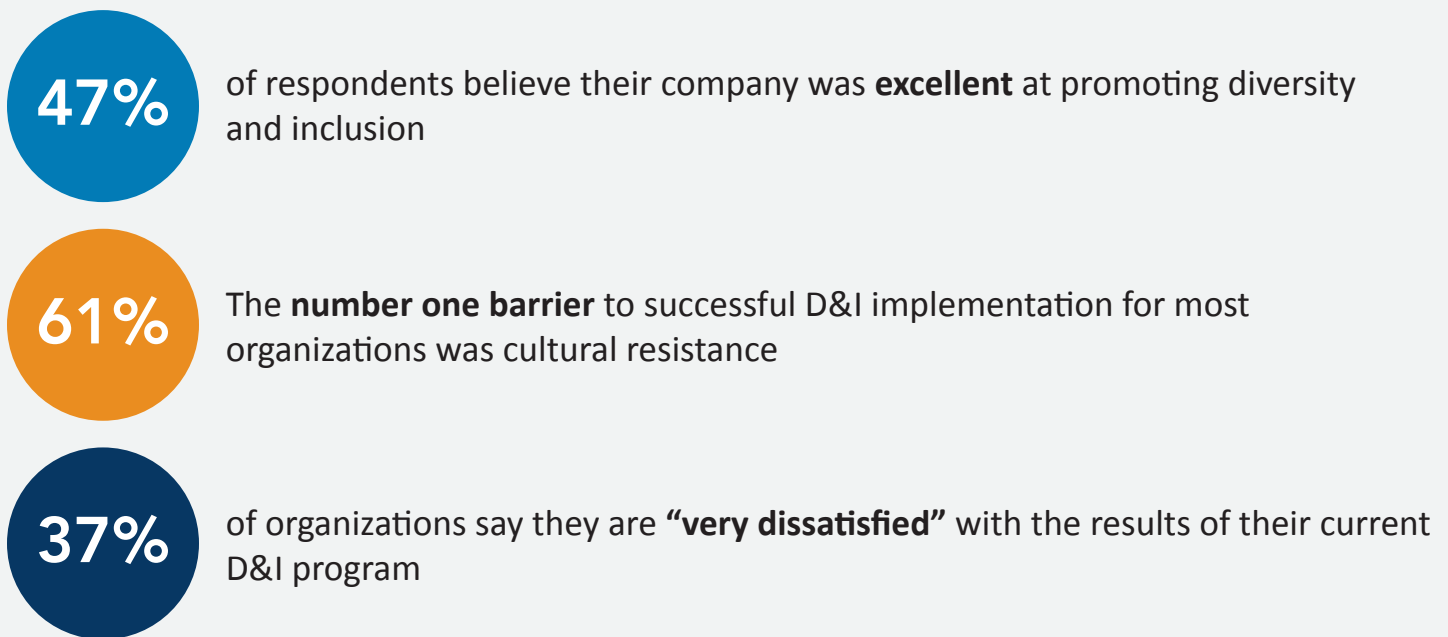Recognition also helps align behaviors and performance. A retail organization may tell its associates that they are responsible for delivering great customer service. But when they see a co-worker recognized for going out of their way to help a customer find a product or see someone rewarded for establishing a customer relationship that turned into repeat business, they have a clear example to emulate.

## Diversity and Inclusion

Diversity and inclusion (D&I) is a challenge for most organizations. But the good news is that a large percentage of companies (49%) are taking steps to actively create a formal D&I program to address some of these issues.

For any organization looking to improve (or create) their own D&I program, the first step is properly assessing the current D&I situation, then addressing the gap between where they are and where they need to be.

**Figure 8: Diversity & Inclusion**

**47%** of respondents believe their company was **excellent** at promoting diversity and inclusion

**61%** The **number one barrier** to successful D&I implementation for most organizations was cultural resistance

**37%** of organizations say they are **"very dissatisfied"** with the results of their current D&I program

*Brandon Hall Group  2017 Diversity and Inclusion Study*
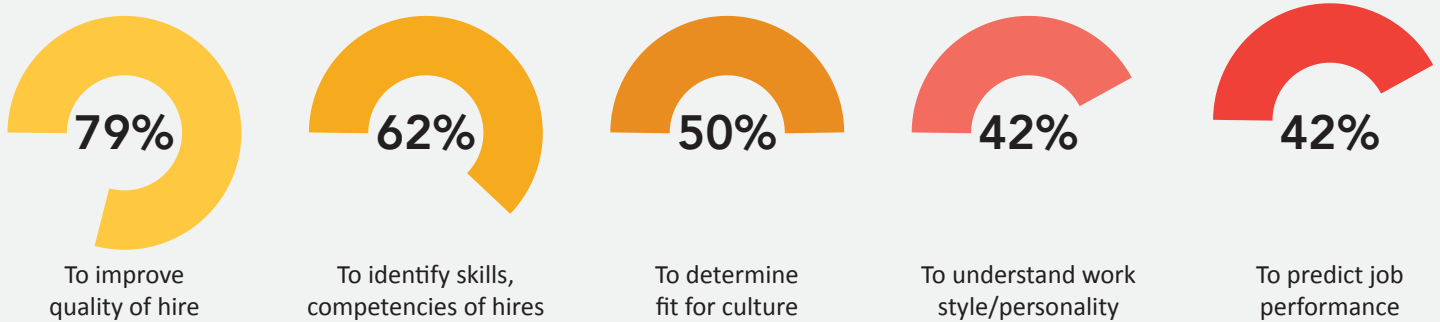
## Assessments

- Organizations using pre-hire assessments are more likely to see year-over-year improvement in quality of hire (44% vs. 32%) and employee retention (32% vs. 23%) than those that do not.
- Organizations using post-hire assessments are more likely to see year-over-year improvement in employee engagement (50% vs. 40%), customer satisfaction (51% vs. 40%) and customer retention (45% vs. 35%) than those that do not.

How organizations make decisions about talent (throughout the employee lifecycle) has a quantifiable impact on the business as a whole. Because of this, most organizations use some sort of assessments to guide those talent decisions.

Most assessments — pre- and post-hire — are used to evaluate quality, skills, culture and other elements relating to organizational suitability, fit and job performance. However, those are not the only ways assessments can be leveraged.

A low percentage of respondents use assessments for evaluating leadership potential (27%), in new hires and identifying high-potentials (34%), career pathing (33%), reducing turnover (26%), improving readiness for internal mobility (21%) and identifying successors (20%) in post-hire assessments. Given high turnover and the challenge of finding skilled managers and organizational leaders faced by many businesses, more areas of the organization can benefit from using assessments.

**Figure 9: Main Drivers for Use of Pre-Hire Assessments**

| 79% | 62% | 50% | 42% | 42% |
|---|---|---|---|---|
| To improve quality of hire | To identify skills, competencies of hires | To determine fit for culture | To understand work style/personality | To predict job performance |

*Source: Brandon Hall Group Assessment Practice Survey*

## Competency Management

The Brandon Hall Group definition of competency management is about creating a language to talk about talent and establish a consistent framework throughout the talent lifecycle that defines the skills, capabilities, knowledge and behaviors individuals must have to be successful within your organization. There is one major stumbling block  beyond budgetary concerns: competencies must be aligned to overall business objectives.

When there is a set of competencies establishing the characteristics of high performers tied directly to business goals, organizations can ensure that they are hiring, developing and rewarding for the right things, and improve the performance of their talent strategies and their business.

**Figure 10: Biggest Barriers to Planning and Managing Competencies**

**Budget**

48%

**Difficulty in aligning competencies with business goals**

41%

**Lack of internal knowledge of how to develop competencies and competency models**

38%

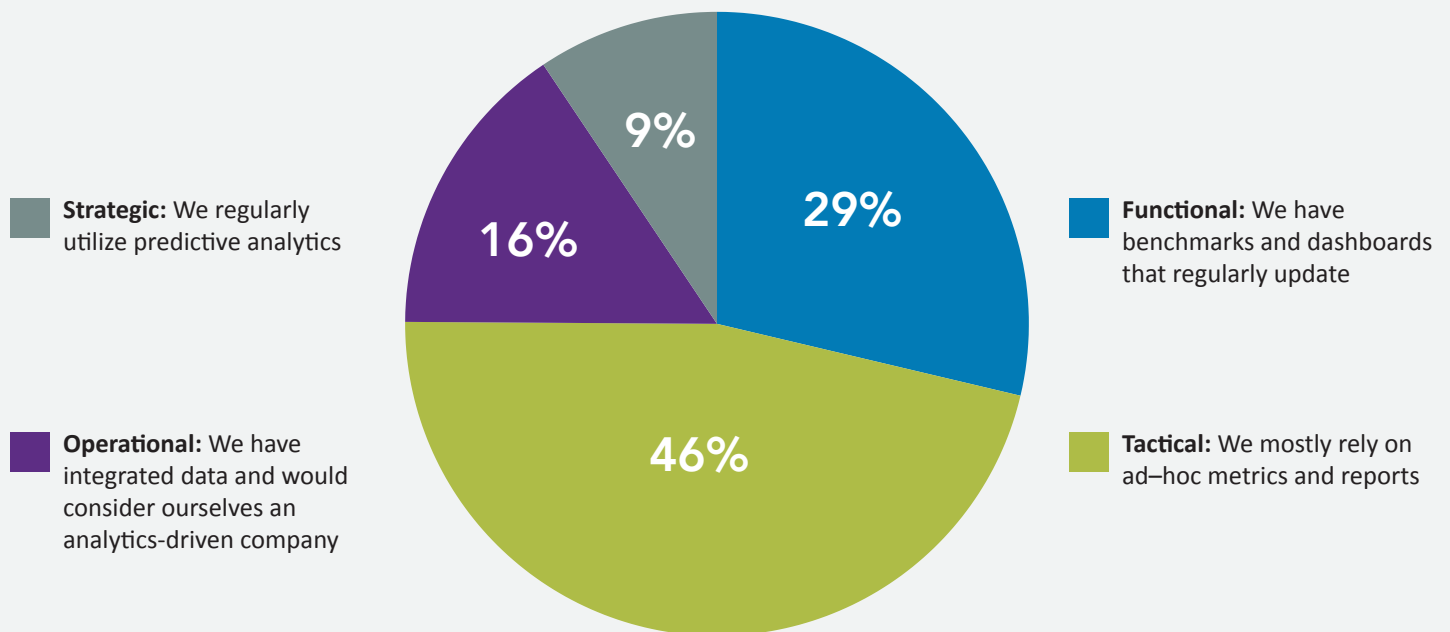**Lack of coaching and mentoring within the organization**

38%

# Workforce Planning and Analytics

Workforce planning and analytics are the connective tissue between workforce and talent management. A comprehensive workforce plan addresses short-term and long-term needs, as well as the quantity, quality, skills and characteristics of the talent your organization needs to achieve its business goals. This plan should drive your workforce management and connect to the business goals of the organization.

It's not surprising that planning and analytics are critical HCM drivers. This does not mean that data and analytics are cure-alls, however. In fact, the top three analytics concerns from Brandon Hall Group's 2017 WFM Measurement and Analytics study were security (52%), privacy (43%) and the dehumanization of the workforce (20%). These may stem from an over-reliance by some companies on data for decision-making, a worry that employees are increasingly voicing. This can be partly addressed by transparency and openness about how data and analytics are used in your organization and more importantly, how they will not be used.

**Figure 11: How Organizations Rate their Reporting and Analytics Capabilities**



**Strategic:** We regularly utilize predictive analytics

**Operational:** We have integrated data and would consider ourselves an analytics-driven company

**Functional:** We have benchmarks and dashboards that regularly update

**Tactical:** We mostly rely on ad–hoc metrics and reports

*Source: Brandon Hall Group Workforce Management Measurement and Analytics*

## Data Versus Analytics

Data is a point of information. It doesn't have context or relative meaning. It is a quantification of reality. Data is the number of new hires that leave the organization within 90 days or the number of people absent in a given month. This information can be useful, but it's not analytics.

Analytics requires you to combine information to understand why things are happening. If you combine information on new-hire turnover with data on training completion rates, new-hire engagement scores or assessment of critical skills and capabilities, you begin to gain insight. While you may not always be able to draw direct causation, you can at least begin to see correlation. This is the type of insight that

allows organizations to start diagnosing critical issues and put strategies in place to address them.

Predictive analytics takes things to a whole new level, requiring a depth of data analysis that truly allows you to understand causation and use that information to model what is likely to happen under given circumstances in the future. The analytical horsepower required for this level of detail takes real work and is something many organizations and solution providers struggle to deliver. It doesn't mean it's impossible, but it is a different way of thinking about your HCM data and not something every provider can do out-of-the-box.

| External Influencers | Strategic Alignment | Stakeholder Experience | Executive Engagement | Assessments | Change Management | Scalable | Agile | Global | Social | Mobile |

**Success Levers**

## Critical Success Levers

Even after you define each aspect of your workforce and talent management strategy, including the contextual frame, your organization must still consider external success levers. The following list contains many of the critical success factors, but not all of them. The culture and operating environment may dictate others, so it is important to have a strategic conversation about influencers with an impact on your

success.

- **External Influencers.** These may be shareholders, board members, regulatory agencies — even your competitors. All of them can have significant impact on your organizational success. Leveraging or mitigating their impact is essential for your HCM framework to be successful.

- **Strategic Alignment.** Within the framework, the need to align business, workforce and talent strategy comes up time and again. Developing organizational skills within the HCM function to influence the business and build the relationship to ensure strategic alignment is a key enabler of the framework.

- **Stakeholder Experience.** The business, your customers and employees, as well as the individuals working within your HR function are stakeholders in the HCM framework. Their interactions with the policies, strategies and tools you select ensure compliance with the framework.

- **Executive and Business Unit Engagement.** Executive support can make or break your HCM efforts. In some organizations, the executive team understands how critical talent is, but if yours is not among them, build your case in business terms to ensure the vital engagement and support from the business.

- **Change Management.** Presumably, your organization is examining its HCM framework because it wants to improve results. The outcome of those conversations will require some degree of change. Understanding who the key influencers are within your organization and knowing who can drive or derail change — and creating plans to get them on board — is a critical element of your organization's success in its human capital management endeavors.

- **Scalability.** If your organization is in growth mode, choosing tools and strategies that can scale to meet growth needs is of utmost importance. Failure to invest in scalable technologies can limit the effectiveness and erode faith in the human capital management function, a costly and far-reaching miscalculation.

- **Agility.** Change is the only constant in business, and human capital management is no exception. The ability to understand the makeup of your workforce, re-skill and redeploy talent, and ensure a steady supply of leaders will keep your organization agile and responsive to the ever-changing business environment.

- **Globalization.** Even small organizations can operate globally. But the rules and expectations on hiring, developing and managing talent, along with the applicable laws by which you pay, schedule and track time vary widely. When selecting solution providers, understanding their global reach and your organization's global ambitions is mission-critical.

- **Social Technology.** We live in a social world. Social technology enhances transparency, but this requires our policies, practices and data to be rock solid. Organizations must deliver great candidate and employee experiences, because these individuals have an unprecedented reach due to social technology. If your organization isn't living its values or executing on its strategic goals, it can be public knowl-

edge in a flash. Social technology creates great opportunities for learning, knowledge sharing and recruitment, but it also poses great challenges.

- **Mobile Technology.** The mainstreaming of technology won't end anytime soon. Managers, employees and executives expect to interact with processes and view information on multiple devices, anytime, anywhere. Organizations must design their employee experience to keep pace with this and choose technology partners wisely.

## Conclusion

The creation and adoption of a High-Performance HCM Framework is an ongoing process. No organization has the luxury of defining and implementing every element at once, nor the ability to simultaneously focus on all the pieces. When organizations begin the process with their business strategy and business priorities, those filters determine which aspects of the HCM framework are most important. The strategies and technologies discussed here should serve as a guide for creating talent and workforce plans to support business goals. No matter how large or small your organization is, or how sophisticated or rudimentary your human capital processes and systems are, all organizations will benefit from a deeper understanding of what constitutes a high-performing HCM framework and beginning the conversation about what that framework means for them.

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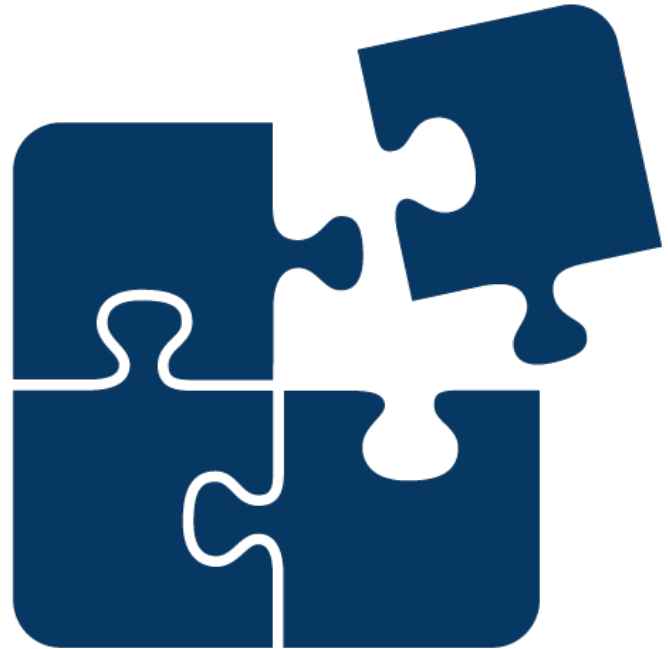- Maturity Model
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