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> "You can either take action, or hang back and hope for a miracle. Miracles are great, but they are so unpredictable."
> —Peter Drucker

This issue is focused on change: Change in the workforce, managing complex change initiatives, a bank that won an award for the results of its efforts to change, and how to measure change and the return on investment it may produce — and Peter Drucker's insight about your own role in change.
—Editor

UNPREPARED FOR CHANGES?

IBM's Global Human Capital Survey for 2005, which included over 300 companies, estimated 60 percent of Human Resources executives at these companies could not accurately identify the skills and experience necessary to the company's mission! The same study concluded that "companies in the U.S. and Canada tend to do little succession planning beyond their top executives." Their conclusion: "start early in preparing for loss of experienced workers."

AGING WORKFORCE IMPACTS RECRUITING, HIRING, SUCCESSION PLANNING EFFORTS

As the workforce ages, impacts across the business landscape are powerful and pervasive. This is change — change unplanned and forced upon us by the relentless march of time and demographics. Business leaders need to determine where we are heading, and plan for these changes before they occur. If we do too little, or are too late, our businesses will pay a painful price as our knowledge workers retire, our leaders suddenly disappear from the scene and their replacements are few, far between and expensive.

Recruiting efforts are already beginning to change, as more companies realize they must learn to recruit and retain older workers to help fill growing shortages. Flexible time arrangements, benefits programs for part-timers, work-from-home arrangements and programs to show appreciation and respect for older and more experienced workers are all on the increase. Traditional methods of reaching potential employees may well need to change, too. While many older workers spend time on the internet, they spend their time in different places than young "gamers" and fresh college graduates.

Recruiters will need to change their communication efforts accordingly.

Hiring of new workers becomes more problematic as shortages develop. Workers can and will demand more—more compensation, benefits, flexibility and more respect, before they cast their lot with a prospective employer. Employers caught between rising costs and increasing cost competition from overseas may face a real dilemma if they are counting on traditional methods of accomplishing their hiring goals. Many employers have already discovered the cost savings associated with retaining the workers they already have and avoiding the pressures of recruiting a constantly revolving set of new hires. Systematic use of assessment tools to help place people in jobs where they fit can positively impact these efforts.

Succession planning becomes even more important, when the stream of replacement talent dries up. The consequences of failing to plan for the successor for the CEO may be obvious, and as most companies have recognized, they cannot afford to fail in this responsibility. Middle management levels, how-

ever, are often overlooked, with disastrous consequences. Look around your office. How many of the people doing middle management work are 50 or over? How long will they be with you? Who will replace them? How will you identify the replacements, and what will you need to do to develop and train them? An assessment and training program put in place now, may head off a real crisis in leadership five years down the road. Mentoring programs, using senior workers to help bring newer workers up to higher levels in skill and responsibility, are increasingly popular, but mentors must be carefully selected and trained in the art of mentoring.

Recognizing this complex set of challenges, some North American businesses have begun to systematically identify their "non-core competencies," looking for areas where they can profitably outsource some of their business needs, allowing them to focus on retention, skill development and succession planning in the areas which *are* their core competencies, those areas giving them their unique competitive advantage. One or more of these approaches may be right for your business. Change is coming, ready or not!

DRIVING COMPLEX CHANGE—AN E-BOOK BY PETER PAZMANY, MICHAEL VIGIL AND WARREN WHITE

…"Change is a constant in the workplace." Perhaps so, but that does not imply businesses do it well as a matter of course…

The authors say in the first paragraph of their book, "Change is a constant in the workplace." Perhaps so, but that does not imply businesses do it well as a matter of course, nor does it mean they have developed well-organized plans to accomplish it. In this well-written treatise, the process of change and change management is laid out in very clear terms. Threats to successful change efforts are identified, and a system is defined for identifying the process and tracking the progress of any organizational change effort. Using an effective combination of written descrip-

tions and graphics, the authors lead the reader through this complex landscape, never losing the way or leaving one with a sense of being alone in a blind alley.

In each stage of their process, they provide the reader with a set of questions designed to assess the status of their six essential underlying elements of change: direction, ability, incentive, resources, structure and action. In each case, they provide clear understanding of the costs if the necessary elements are not dealt with, and the payoffs of addressing each element as the change proc-
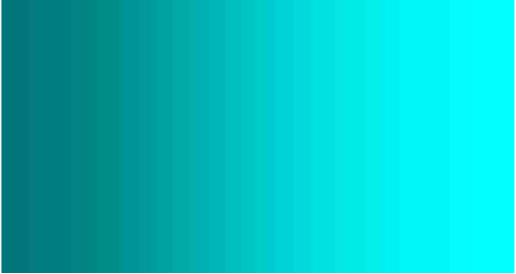
ess continues. While they refer frequently to the tools they have developed (and presumably, sell) to manage the process, any manager in any business can benefit from the thoughtful framework and specific processes they document here, without regard to eventual use of their software. The logical framework and the specific questions, alone, make the book a worthwhile read.

To some extent, change is like other inevitabilities in life…you're either just done with a change, or changing now, or about to change…or all three!

BUC$ FEDERAL BANK: PROFILES ASSESSMENT USER WINS SHRM AWARD AS MARYLAND EMPLOYER OF DISTINCTION, 2005!

In Volume 2, #8 of this newsletter and again in Volume 3, #4, we reported on a bank which used a wide range of Profiles' assessments to improve every aspect of their business.

The bank was BUC$ Federal Bank in Maryland. On Friday December 2nd, BUC$ received the **TOPS!** *Maryland Employer of Distinction for 2005* award for the category of less than 500 employees. The award was presented at the Maryland Society for Human Resource Management state conference, an "…annual recognition honoring employers in the State of Maryland for their achievement and practices by Human Resources in the development of their organizations."

Susan Meisinger, President and CEO of the na-

tional organization was on hand to present the award to Herb Moltzan, President of BUC$. Herb accepted, saying, *"Two years ago we didn't even have an HR department. We are proud to be recognized by SHRM for building a state-of-the-art human resources operation with the help of [Profiles Strategic Partner] Workforce Metrics."*

The award covered achievements in seven specific HR categories including recruitment, training and development, compensation and health and safety. SHRM has over 190,000 members and is considered to be the leading professional organization for the advancement of human resources "best practices."

**Effects of Strategic Hiring System--
Turnover Reduction in a Bank**

Bar chart — Annual Turnover Rate: 2003 (~30%), Calendar 2004 (~7%)

"DOES OUR ASSESSMENT PROGRAM WORK?"—PROVIDING EVIDENCE

When a business has implemented an assessment program in hiring, promotion, team construction, or management development, the natural expectation is one of eventual payoff. Whatever resources have been devoted to the program we expect a return on our investment larger than the original investment. Unfortunately, calculation of return is often poorly planned, delayed, or simply lost in the press of daily business. In such cases, the assessment initiative is often abandoned in the next budgetary crunch, a victim of lack of documentation or proof of return. To avoid this wasteful and unproductive cycle, the process of calculating effect and payoff should be part of the assessment program plan, and data collection to support the analysis should begin with the start of the program, to avoid lost data and overwhelming "catch-up" pressures as the program continues.

What should the process look like? What data should be collected? How much detail should be included? How long must we wait, before we can see a return?

While the answers to these questions are as varied as the business problems addressed with assessments and the businesses using them, there are several basic data types most businesses can reasonably track and a few principles to guide the process, whatever the setting.

What to track?

Most businesses do not

embark on a new process unless they are feeling pain from something happening in the business. Common examples of these pains are: high turnover or absenteeism, theft, substance abuse, poor productivity, low employee engagement, or cumbersome hiring processes. Identify the pains leading to your decision to use assessments; they will be the key to the data you need to collect. Most businesses can easily collect data on hire failures (i.e., if we hire someone today, what is the probability he/she will still work here at some specified time in the future?); turnover (what percentage of our total workforce has been replaced during this year?); absenteeism, workplace injuries and similar concrete, identifiable behaviors. More difficult for some businesses are measures of productivity, employee attitudes, or negative behaviors occurring secretly (like theft and substance abuse).

Rest assured: If you can't count it, you can't compute a return on investment for it!

Calculate your costs.

To produce a credible ROI figure, you must know what the cost of the status quo has been, and what the costs of your program are, and the savings from the program over time. Break the costs down into smaller increments, and involve the entire stakeholder group in determining the costs, to increase accuracy and buy-in.

Establish a baseline.

Once a decision has been

made on what to track, data should be collected on the baseline level of whatever you've decided to change. What was the hire failure rate on the last 50 hires made before the new program began? What was last year's turnover, absenteeism, or inventory shrinkage?

Track it forward.

Using the same measurements established to set your baseline, track the progress of your program over time. Eventually, you will compare the costs of the original problem over some interval of time, against the costs experienced in a similar interval of time using the program, with the difference divided by the cost of the program. This will produce a Return on Investment (ROI) figure, usually expressed as a ratio or percentage.

How long will it take to show results?

This will depend on the magnitude of the original challenge, the magnitude of the change effected, the number of data points available in a period of time and the accuracy of your measurement techniques. If the measure is concrete and substantial (like, 90-day hire failure exceeding 50 percent in a company making 30 hires a month), effects may be measurable in just a few months. If the effect is more elusive, or the data points are few, it may take much longer. To avoid unrealistic expectations, initial planning for the program should include a projection of when measurable results will be available and ROI expected.

Rest assured: If you can't count it, you can't compute a return on investment for it!