

Internal Movement Playbook: Leveraging the Power of Workforce Measurement

Actionable strategies based on rigorous research



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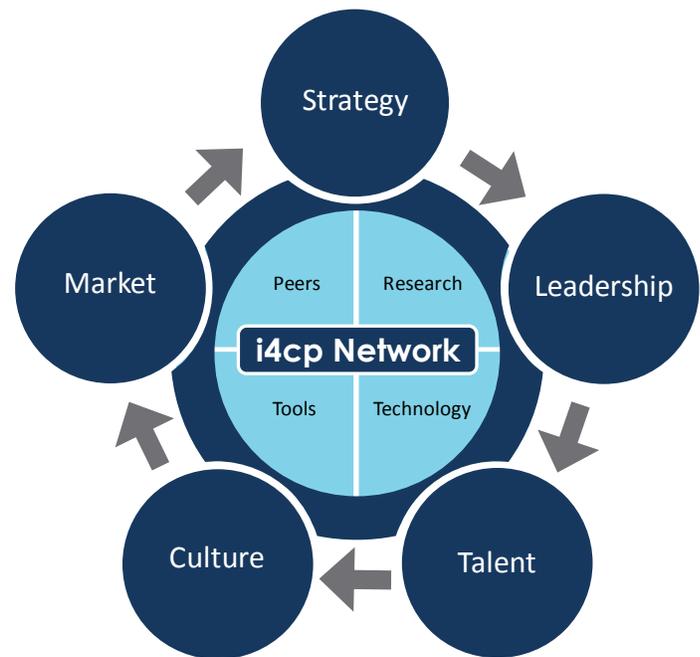
About i4cp

i4cp enables high-performance in the world's top companies.

i4cp is the fastest-growing and largest corporate network focused on the practices of high-performance organizations. Through a combination of peer networking, human capital research, tools and technology, we enable high-performance by:

- Revealing what high-performance organizations are doing differently
- Identifying best and next practices for all levels of management
- Providing the resources to show how workforce improvements have bottom-line impact

Over the past 40 years, i4cp research has revealed the five key human capital domains that companies leverage to drive performance. Our members – many of the largest and most respected companies in the world across a wide spectrum of industries – use this research, i4cp's expertise, tools, technology and vast peer network to improve productivity and drive business results.



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About the Survey

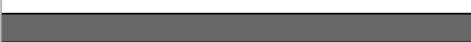
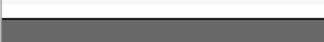
The *Talent Management Measurement Pulse Survey* was fielded in April 2010 for the purpose of identifying organizational practices in talent management measurement, specifically noting differences between higher- and lower-performing organizations.

A total of 426 professionals representing organizations across a variety of industries and company sizes participated in the survey.

About the Market Performance Index (MPI)

i4cp's Market Performance Index, or MPI, is based on self-reported ratings encompassing an organization's performance in four key areas: market share, revenue growth, profitability and customer satisfaction as compared to the levels achieved five years previously. The average of the four ratings determines MPI score. Scores are then separated into thirds to assign categories of higher-, mid-range, and lower-performers.

The following is a breakdown of respondents by MPI score.

Higher performers		31.7%
Mid-range performers		46.2%
Lower performers		22.1%

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Executive Summary

In the decade following the enactment of Sarbanes-Oxley and marked by continued concern over an unsteady global economy, scrutiny of business practices is more intense than at any other time in history. Organizations are under pressure from multiple sources to ensure that they have policies, procedures, and numbers to describe and quantify the various areas of their operations. Yet, use of metrics that capture the value and characteristics of organizational workforces lags behind, leaving companies lacking when it comes to measures of one of their most investment-intensive assets.

While the mandate to manage talent more effectively is clear and some organizations have made inroads in crafting structures needed to make that aspiration a reality, only about one in four takes a very extensive, systematic approach to talent management. Barely one in five has a disciplined strategy aimed at collecting and analyzing employee-related metrics. Among organizations that are higher-performers in the marketplace, the proportions are a bit higher, but even those top companies admit that they aren't where they should be.

Establishing a consistent program that captures human capital metrics can arm organizations with valuable information that supports or directly feeds multiple strategic considerations and objectives. And measures pertaining to internal movement, in particular, can be especially powerful components of workforce intelligence. For instance, effective talent management implies an organization's ability to deploy workers in ways that leverage their skills and encourage maximum return on investment. Monitoring internal movement speaks directly to ensuring that the right people are in the right places at the right times in order to carry out the company mission and achieve the desired business results. Among the organizational initiatives that are supported or facilitated by movement metrics:

- Strategic workforce planning
- Talent management
- Succession planning
- Development and advancement of high-potential talent and other targeted workforce segments
- Retention of specific talent groups
- Recruitment of top talent through demonstration of employee value proposition

If gaining a deeper understanding of the ways in which employees move internally and the quality of that movement can offer significant insights that contribute to so many organizational initiatives, why does the number of companies pursuing and leveraging those insights remain relatively minimal? This Playbook aims to explore five core challenges that

are among the most likely obstacles standing between organizations and the value they can reap from measuring internal movement.

The acumen and experiences shared by the participating companies comprising i4cp's Talent Management Measurement Accelerator have contributed significantly to the examination of internal movement and its applications in organizational initiatives. Their participation and expertise in developing strategies presented in this playbook to improve measurement and quality of internal employee movement is gratefully acknowledged.

Challenge #1	Solution #1
Few organizations have a workforce measurement strategy designed to gather and use employee-related metrics, including those that track and reflect quality of internal movement.	Assign responsibility and authority for measurement efforts and dedicate resources required to accomplish them.
Challenge #2	Solution #2
Within organizations, clear ideas are lacking about what comprises internal movement, how to measure it, and how to gauge its quality.	Establish a clear purpose for measuring internal movement and its quality; define what constitutes the various types of movement.
Challenge #3	Solution #3
Even when there is a clear understanding of what needs to be measured, accessing and collecting the necessary data is problematic.	Invest in the processes needed to access and collect organizational workforce data.
Challenge #4	Solution #4
The length of time needed to track employee transitions and the subsequent results complicates the measurement of movement and its quality.	Take steps to ensure that all available tools are leveraged to sustain commitment to quality of movement over time.
Challenge #5	Solution #5
The value of tracking quality of movement isn't fully realized because organizations fail to connect the measures with their strategic implications.	Use movement data to demonstrate how quality of movement affects the financial and other results that signal business success.

Know Your Challenges

Challenge One: Few organizations have a workforce measurement strategy designed to gather and use employee-related metrics, including those that track and reflect quality of internal movement.

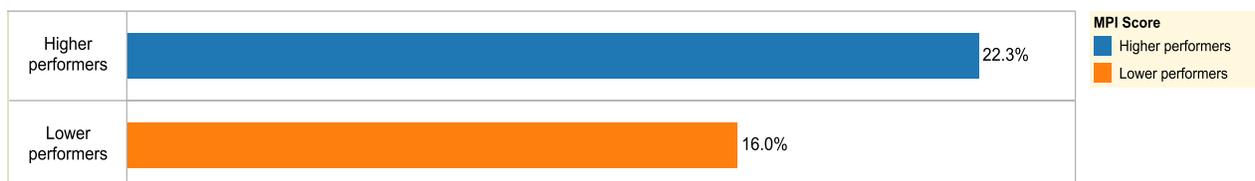
HR leaders and practitioners recognize that their discipline is a late-comer to capturing and strategically using metrics. Business thought leaders tout the need for HR to ratchet up their business acumen and be prepared to demonstrate the value of human capital, but strategies that enable HR leaders to collect and apply people-related metrics are lacking in many companies.

Overall, only one in five survey respondents credits their organization with having a workforce measurement strategy to a high or very high extent (the survey defined a workforce measurement strategy as referring to disciplined and cohesive efforts – versus ad hoc efforts – to gather and use employee-related metrics in the organization).

Higher-performing firms showed themselves to be more likely to have a measurement strategy than their lower-performing counterparts: 22% compared with 16%, respectively. Illustrating just one of the ways in which that failure to invest in workforce measurement processes might be reflected within an organization, respondents admitted that they were largely lacking the means to demonstrate whether or not their talent management efforts were successful. Forty-three percent of the high-performers said they could, but fewer than 30% of lower-performers could.

To what extent does your organization have a workforce measurement strategy?

Percentage of respondents answering “high” or “very high” extent



An overall workforce measurement strategy speaks to broad employee-related metrics. When the focus narrows to measures that pertain specifically to the movement of employees within the organization, use (to a high or very high extent) of measures that reflect internal placement rates and promotion rates is under 30%, even for higher-performing organizations. However, the higher-performers' use of those two measures of internal movement was a significant 10 percentage points higher than the lower-performing

respondents. When asked if their firms *should* be measuring internal placement and promotions, both groups of participants strongly agreed, though should-do responses about internal placement rates reflected a large gap between the higher- (67%) and lower-performers (52%), suggesting that the top firms may have a greater appreciation for the promise that lies in paying closer attention to internal movement.

Top firms may have a greater appreciation for the promise that lies in paying closer attention to internal movement.

Solution: Assign responsibility and authority for measurement efforts and dedicate resources required to accomplish them.

Establishing an organizational strategy to address workforce measurement must begin with an owner who takes on responsibility for producing results. This responsible leader may or may not be the individual who actually collects and analyzes workforce data. But what he or she must be

accountable for and have the authority to accomplish is determining what it is that the organization will measure and how. A disciplined approach is necessary because consistency and accuracy are musts if employee-related data ultimately is to be transformed into meaningful intelligence and action.

When it comes to the actual work of capturing data about the organization's workforce and performing the calculations aimed at providing insight, the HR analytics team or HR leader is most likely to assume that responsibility, according to overall responses to the survey. However, differences become apparent in the approaches companies take when comparisons are made between higher- and lower-performers.

For both groups, the HR analytics team emerged as the party most likely to be responsible for workforce metrics, though there is a gap between higher- and lower-performers. Top companies' second choice for metrics responsibility is the HR reporting team. In contrast, the lower-performers opt for placing responsibility within the business. Across the half-dozen possible choices of responsible parties offered by the survey question, gaps were revealed for each and showed that higher-performing companies are more likely to keep workforce metrics responsibility firmly within the purview of HR.

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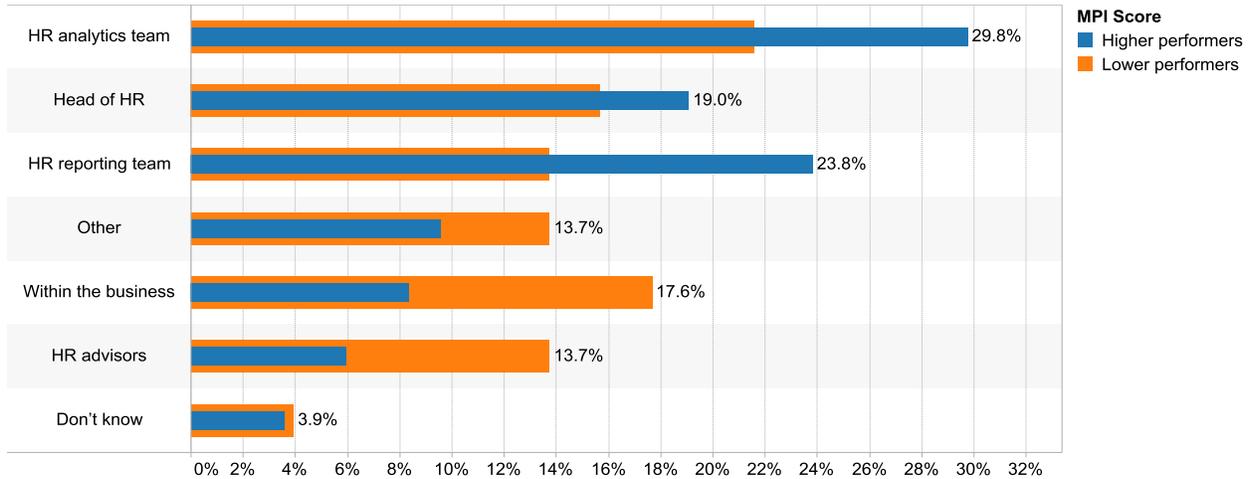
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Who is primarily responsible for calculating “talent management measurements” or workforce metrics in your organization?

The question went only to the 70% of respondents who identified themselves as HR professionals.



The other necessity for instituting workforce measurement that can include tracking of internal movement is dedication of the resources needed to accomplish the tasks. This may include financial resources, but it also requires the time and effort of employees. The combination of responsible parties and dedicated resources provides the infrastructure that means an organization is going to commit not only to putting a measurement strategy in place, but also to following through with it.

Strategy in Action:

AIG – American International Group, Inc.



i4cp member company AIG – American International Group, Inc. – is an international insurance organization with a presence in more than 130 countries. Through its global property casualty network, the firm’s companies serve commercial, institutional and individual customers.

In his 13-month tenure as AIG’s director of HR metrics and measurement, Vikas Malhotra has made strides in implementing the company’s workforce measurement strategy, an effort based on AIG’s desire to collect and report workforce information from an enterprise-wide, global perspective. Malhotra and his team (which has grown from three to eight analysts) provide monthly workforce analytics and 10-15 key metrics to stakeholders that include the company’s CEO and senior leaders. The reports deliver information to support strategic decision-making. In addition, he notes, the team is also focused on providing leadership with analytical studies and reports that offer insight into key strategic initiatives.

Under Malhotra’s leadership, the workforce measurement strategy has gained significant traction. He credits several factors. “Historically, we’ve been a decentralized organization without great emphasis on HR technology,” Malhotra observes. “While much of the international information is still collected manually across 153 disparate data sources, we are creating an HRIS system network outside the U.S., and our data collection is becoming more automated. We now report from a global perspective, which helps us gain key insights into our global workforce.”

AIG’s approach has been strengthened by the championship of not one, but two company leaders. Senior VP of HR, Jeffery Hurd, and VP of operations and systems, Robert Bleimiester, consistently provide support, increased visibility and reinforce the value that workforce measurement provides. The leaders enhance the analytics team’s visibility and increase awareness by describing their work in town hall meetings.

(Continued on the next page)

Malhotra's establishment of an HR Data Council that brings together representatives from different Centers of Excellence (COE) and Business Units worldwide is another factor underlying AIG's workforce measurement initiative. "This group is a governing body that sets consistent definitions of metrics and gets global agreement on them," Malhotra explains. "We have a virtual meeting every three weeks to make decisions on data governance, metrics governance, definitions, and the like. It's been a great advantage to us, especially in getting buy-in from the various business units." Malhotra, who leads the global group of about 25 members, says it is involved in some decisions about what will be measured, though such determinations typically are based on AIG business initiatives.

For organizations on the threshold of establishing a workforce measurement strategy, Malhotra suggests beginning the journey with clear objectives and goals. "A key facet is getting to know your audience and your business stakeholders and being able to clearly articulate the types of business questions they would like to answer. Defining a strategy that aligns with the initiatives and business needs is key." He also advises creating a council to help with data governance, and cautions that "it is necessary to have people who are able to accurately interpret the data you gather so that you are able to provide the correct insights to executives."

What skills do workforce measurement leaders need?

AIG's Vikas Malhotra brought a background in mathematics and business to his position as director of HR metrics and measurement. He combines experience in the business side of organizations with hands-on knowledge of reporting and data warehousing. He also made a point of studying analytics for executives before he joined AIG. "Learning what kinds of things executives want to measure, how they want to see the information, and providing tools that they can use to gain more insight is huge," he says. It is important to combine the knowledge with strong leadership skills to operationalize and make analytic reporting self-service to the business.

Challenge Two: Within organizations, clear ideas are lacking about what comprises internal movement, how to measure it and how to gauge its quality.

Most often, internal movement brings to mind an employee's progression up the organization by means of promotion. Increasingly, though, companies recognize that other transitions might afford positive outcomes for employees and the company, alike. The flattening of organizations has helped usher in the age of what co-authors of *The Corporate Lattice: Achieving High Performance in the Changing World of Work*, call the "corporate lattice, in which ideas, development and recognition flow where they need to ... [creating] career paths that move laterally, diagonally and down, as well as up" (Benko & Anderson, 2011).

For organizations seeking to understand internal movement and to track and evaluate its quality, the lattice structure opens much wider territory to cover. Ideas about what constitutes a promotion may need to be redefined to include the various permutations that careers now take. The key is that terminology used to describe movement must encompass the reality within any given organization. The Talent Management Measurement Accelerator group honed its focus to three metrics describing movement and providing measurement for it: internal placement rates, promotion rates and internal movement rates.

Gauging the quality of internal movement involves casting a wider net. Those charged with collecting data must include information that describes not just internal moves, but the outcomes produced by those moves. Quality must be assessed by looking at factors such as:

- How long did individuals remain in the positions into which they were promoted or placed?
- What was the level of performance achieved by those employees?
- How long did it take those employees to reach full productivity in new positions?

Those charged with collecting data must include information that describes not just internal moves, but the outcomes produced by those moves.

Solution: Establish a clear purpose for measuring internal movement and its quality; define what constitutes the various types of movement.

Because it opens the possibility of many types of internal movement, the corporate lattice concept underscores why it's so important for the leader or group responsible for defining measurement to precisely specify the activities that will be monitored. If the individual or group begins by developing an understanding of the organization's objectives in measuring, then that insight should significantly aid the effort to determine what types of movement must be monitored in order to achieve the desired ends.

For instance, an organization interested in looking at internal movement only as a means of gauging its effectiveness in developing high-potential talent could narrow its data collection to moves related only to that segment of its employees. If monitoring internal movement is judged to be useful in assessing its advancement of minorities or its development of leadership talent, then data about those groups must be captured, too. In fact, some organizations do choose to begin their explorations of internal movement measurement by selecting a specific employee segment and starting a pilot program to track related movement. The pilot approach makes for manageable amounts of data and a comfortably limited program scope to provide a learning curve.

With the why and whom of movement measurement established, organizations can move on to the how. As noted, gauging quality of movement is two-fold: metrics must capture the volume of internal movement before quality can be assessed. The Accelerator group's three metrics – internal placement rates, promotion rates and internal movement rates – yield the volume-of-movement data.

- **Internal placement rate** reflects the occurrence of an existing employee's selection for a role that has been posted on an external job board. The conscious decision of an employer to choose an internal candidate over an external one is the defining characteristic.

$$\frac{\text{Number of internal hires during specified period}}{\text{Total number of hires during specified period}} = \text{Internal placement rate}$$

- **Promotion rate** expresses the employee advancements that occur. To qualify as a promotion, a transition must involve a change in job code and a salary increase with both documented in the HRIS system of record. Promotion rates can include employee transitions that also are reflected in the internal placement rate.

$$\frac{\text{Number of promotions during specified period}}{\text{Average headcount during specified period}} = \text{Promotion rate}$$

- **Internal movement rate** provides an overall view of employee movement during a specific period of time. It could include progression promotions, lateral moves, internal hires and other changes. An internal move requires a job code change in the HRIS system of record.

$$\frac{\text{Number of employee moves during specified period}}{\text{Average headcount during specified period}} = \text{Internal movement rate}$$

Once the actual movements are identified and tallied, retention rates can be computed for the employees who have moved. Further information about quality can be gleaned from ratings assigned to those employees in the performance appraisal process. Other indicators of quality of specific moves may be available, depending on their individual characteristics.

Strategy in Action: i4cp's Quality of Movement Scorecard™

Input from member companies led to the development of i4cp's Quality of Movement Scorecard™ as a mechanism for illustrating how to define types of internal movement and capture data to reflect its occurrence.

In the example scorecard pictured below, movement of high-performing employees within the organization can be followed month-by-month, along with overall internal placement, movement and promotion rates. Companies interested in tracking movement of other groups can adapt the tool to reflect data related to those employee segments. Similarly, changes can be made to the definitions of the scorecard components, if needed, to further customize the tool. The [Quality of Movement Scorecard™](#) may be accessed on the i4cp website.

What month does your fiscal year begin? January

Click on a month to update it:

January	February	March
April	May	June
July	August	September
October	November	December

Internal Placement Rate	
Upper Goal	70%
Lower Goal	40%

Internal Movement Rate	
Upper Goal	11.9%
Lower Goal	8.0%

High Performer Rate	
Upper Goal	75%
Lower Goal	50%

Promotion Rate	
Upper Goal	7.9%
Lower Goal	5.0%

- Internal Placement Chart
- Promotion Chart
- Internal Movement Chart
- High Performer Chart
- Quality of Movement

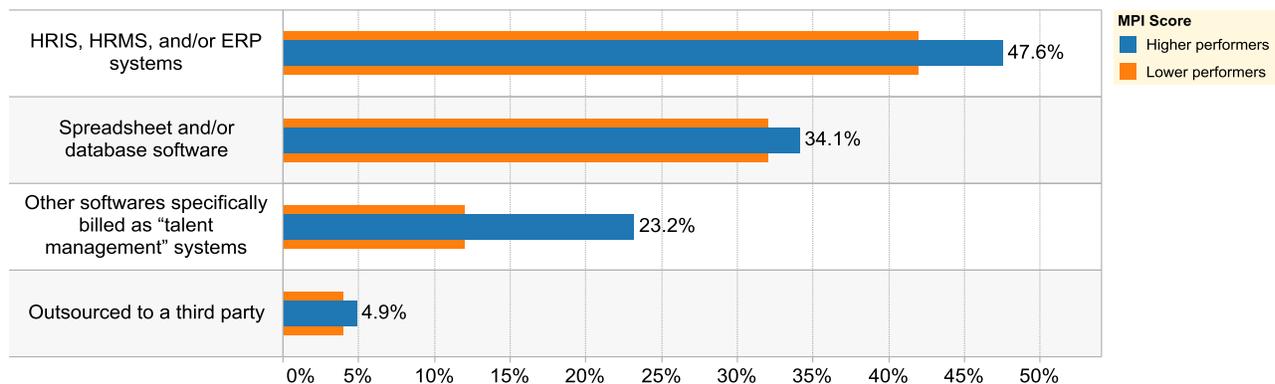
Challenge Three: Even when there is a clear understanding of what needs to be measured, accessing and collecting the necessary data is problematic.

Although (or perhaps partly because) technological advances and software updates flow into the marketplace continuously, most organizations admit that they lack the proper infrastructure or technology to measure talent management outcomes. Only 21% of survey participants declared their firms to have the necessary elements in place to do so, and there was no discernable difference between higher- and lower-performers.

The largest percentage (41%) of the HR professionals surveyed confirmed that, to a high or very high extent, their organizations use HRIS, HRMS and/or ERP systems to capture and calculate workforce measures. Spreadsheet and/or database software was the choice of 35%. About half that proportion indicated use of other talent management systems, with only 4% resorting to outsourcing. Although the percentages were higher among high-performing organizations, the response pattern remained unvaried. Inquiries about satisfaction with those tools revealed a somewhat lukewarm response, and with outsourced third parties receiving the highest rating.

To what extent does your organization use the following tools/technologies to capture and calculate workforce measures?

The question went only to the 70% of respondents identifying themselves as HR professionals



The day when workforce metrics are completely and universally automated remains elusive. Overall, not even 6% of respondents could confirm that 80% or more of their workforce metrics were fully automated. High-performing companies greatly outdistanced their lower-performing counterparts in saying they have completely automated about half of their workforce measures. But among companies with 80% or more automated, the lower-performers fared better.

Solution: Invest in the processes needed to access and collect organizational workforce data.

It makes sense that automation would be the preferred means by which companies collect talent-related information, but it is clear that many stumbling blocks remain. Even among organizations participating in i4cp's Accelerator work group, data collection poses challenges. Organizational processes may hamper the effort, and data may be scattered across various systems that don't facilitate efficient sharing of information.

In their discussion of internal movement metrics, group members acknowledged that their ability to capture internal placement rates in their organizations remains spotty. "The hardest part is getting to the source of a hire within our talent system in order to differentiate between an internal versus external hire," said one participant. "We can't automate the process," admitted another, adding that "we still have data issues."

One way to address the issue of data that resides in siloed systems is the formation of a workforce metrics team that draws its members from a variety of internal sources. An interdisciplinary group that represents HR, recruiting, finance, learning, IT and other relevant functions offers a pathway to help gain access to employee-related information. Further, the interplay of such a group can facilitate buy-in of the value that workforce metrics can contribute across the organization.

Even if talent-related measures must be collected manually, those pertaining to internal movement may be among the easier options to manage. The likelihood is that most organizations will focus their efforts on calculating promotion rates and internal placement rates for very specific groups of employees. Often, these will be limited to high-potential talent, upper levels of leadership or candidates for those positions, specific minority groups, key or crucial roles, and the like. Because these talent segments tend to be limited in size, manual data collection may not prove impractical for some organizations – at least during pilot or initial stages of the effort.

Simply initiating the collection, analysis and reporting of workforce data and internal movement information stands to benefit an organization. Although fewer than half of the survey participants said they receive such reports – and exactly half of high-performers – more than nine of 10 of those called the workforce insights they received actionable. With

An interdisciplinary group that represents HR, recruiting, finance, learning, IT and other relevant functions offers a pathway to help gain access to employee-related information.

relatively few organizations able to effectively leverage workforce data, those who can do so – even on a limited basis – could find that capability a route to competitive advantage, at least in the area of talent management.

Strategy in Action: Toyota Financial Services



Toyota Financial Services offers financing plans and insurance products to Toyota and Lexus dealers and their customers nationwide. The i4cp member-company provides an excellent example of the positive changes that a proactive approach to collecting and reporting workforce-related data can produce.

Michael LeBrun, Toyota Financial Services' manager of workforce planning & analysis explains that his HR department is working on building a data mart that will eventually gather together a wide range of human capital metrics and reports that factor into strategic decision-making. HR began the task as a participant in the first wave of four departments across the company to launch data marts.

A particular strength of Toyota Financial Services' approach rests on the careful foundation LeBrun and his department implemented. "Our first step was setting some standards for data and reporting," he explains. "We communicated throughout HR that only formal sources of data were to be used – headcount reporting from spreadsheets or other informal sources for data was no longer acceptable." Those formal sources include PeopleSoft, systems used by the company's finance department, and other verifiable means. HR also went through extensive validation of the data within those sources and reconciliation efforts with business partners such as the finance department. Identified formal sources of data were emphasized as the official basis for all human capital information commonly referred to across the company's businesses.

HR leverages its evolving data mart to construct reports that go out to the business on a regular basis: a monthly workforce report and a quarterly workforce update. Audiences for the data include all HR staff and all senior management levels across

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the company. “The message is tailored at the organization level and goes out to senior leaders,” explains LeBrun. “When we set the standards for our data, we also mandated clarity for the information these reports contain. If explanations of content are needed, we include notes that make clear what the numbers are referring to so all end users are on the same page.”

Although HR has further to go in building out its data mart and is involved in the next phase of expanding the data to be included, the reports HR provides already are making a difference. LeBrun notes that the company’s businesses are looking for constructive ways to manage Toyota Financial Services’ workforce. “There is more of a pull for our data now,” he says. “Our reports have become the authority on human capital numbers such as headcount, and they give leaders visibility into each other’s businesses. In this era of having to do more with less, we’re challenged to shift workforce to support critical areas. Now we can identify areas of the business from which we can move resources and shift them to other areas where they’re urgently needed. It’s enabled our senior leadership to take a truly organizational view of the workforce and make more cohesive and strategic decisions about internal movement and other issues that provide support for positive business results.”

Challenge Four: The length of time needed to track employee transitions and the subsequent results complicates the measurement of movement and its quality.

When it comes to assessing the quality of internal movement, organizations must be prepared to exercise patience and take a long-term perspective. Although actual employee transitions can be counted as they occur and tracked cumulatively, the quality of those moves will only become apparent after the fact – sometimes, long afterward.

Among the easiest post-move metrics to examine is retention. A look at the retention rates of internal placements and promoted employees can shed light on the effectiveness of the moves they've made. An organization can track those retention rates at specified intervals, often beginning at least a year after the transition occurred.

Another long-term gauge of quality of movement may be afforded by ratings from performance appraisals.

The existing performance management system can yield such data, as can the practice of using 360-degree or other assessments in the wake of internal placements or promotions. The information that comes from these sources can add a commentary on the practices surrounding internal movement, as well – in particular, the organization's capabilities in adequately preparing employees to take on new roles and succeed in them. Again, the effective use of such methods of performance assessment requires the perspective that can only be gained with the passage of time.

A look at the retention rates of internal placements and promoted employees can shed light on the effectiveness of the moves they've made.

Solution: Take steps to ensure that all available tools are leveraged to sustain commitment to quality of movement over time.

In a business world that is increasingly characterized by rapid-fire change and correspondingly fast reactions, how does an organization ensure that workforce metrics, especially those related to internal movement, remain on the organizational radar over time? Gradually, the measures will demonstrate their value through contributions to various company initiatives and objectives, but a clear understanding must be established from the outset that such value is a long-term investment.

In some cases, organizational communication systems can be leveraged to provide visibility to internal movement. Stories of the advancement of current employees help to reinforcement engagement and retention efforts, while also providing proof that organizations that tout career opportunities among their corporate values are operating with integrity. In fact, internal movement figures serve as an acid test for companies that compete for talent on the basis of promoting from within and providing robust development options for employees.

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Discussions among the members of the i4cp working group provided an additional strategy for ensuring that the organizational commitment to measuring and achieving quality of movement remains constant over time. The method involves tying measures related to quality of internal movement to the long-term compensation of executive team members. Particularly in organizations in which senior leaders are held accountable for development of successors and other segments of talent, such an addition to their performance measures can help to strengthen the long-term investment of resources and effort in achieving quality of internal movement.

Strategy in Action:

Laying the foundation for internal movement measurement

i4cp's *Talent Management Measurement Survey* confirmed that many organizations remain in the early stages of collecting, validating, and leveraging workforce data to make better decisions and to manage talent more effectively. Tackling the challenge of the long-term view required to accurately assess internal movement and its quality may be especially demanding. Accelerator participants offer several suggestions for laying a foundation:

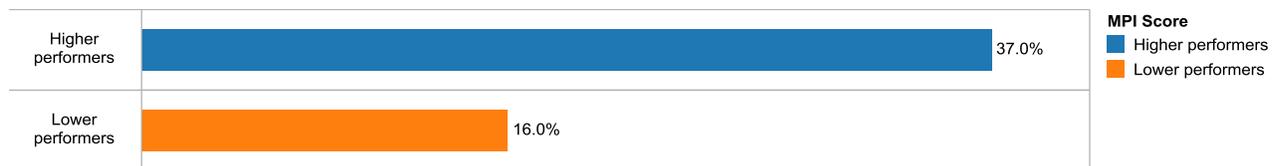
- **Make it clear to all stakeholders that a long-range commitment will be required** to track and evaluate internal movement. Ensure that these expectations are established when procedures for measuring internal movement are defined.
- In all reports referencing internal movement metrics, take a cue from the manner in which Toyota Financial Services constructs its monthly and quarterly reports on workforce data. Make it a point to **fully explain all internal movement numbers referenced in workforce-related reports**, adding notes that remind users of the long-term perspective required to gauge the true results of moves.
- **When employees move internally, include assessments of the quality of those moves** in their subsequent performance reviews. Also include conversations about the quality of the move and any issues surrounding it in formal and informal discussions with employees about their performance.
- **Implement re-boarding initiatives** that are designed to provide employees who move internally with training, coaching or other support needed to help ensure their successful transition into new positions. Re-boarding can help improve the quality of internal moves and speed employees' time to full productivity in their new positions.

Challenge Five: The value of tracking quality of movement isn't fully realized because organizations fail to connect the measures with their strategic implications.

Even if an organization has made a commitment to develop a strategy for workforce measurement, and it has devised a system that provides for consistency and capture of meaningful information, HR leaders still face the challenge of demonstrating how quality of movement and other measures resonate on a strategic level. In effect, this is the quintessential quandary that evidence-based HR addresses – validating the true contributions attributable to human capital.

Confirmation that companies aren't yet making the powerful connection between tracking talent metrics and applying the intelligence they yield on a strategic level comes from the survey's inquiry about systematic "talent management" practices. The instrument defined talent management as "an organizational approach to leading people by building culture, engagement, capability and capacity through integrated talent acquisition, development and deployment processes that are aligned to business." An "organizational approach" that is "aligned to business" makes the strategic connection. But only 26% of respondents, overall, affirmed that their organizations do this to a high or very high extent. Higher-performers make that linkage more than twice as much as lower-performers do.

To what extent does your organization have systematic "talent management" practices?



In something of a seeming contradiction to those results, the 133 survey participants who say they receive reports about their organizations' workforces claim that the data they get is aligned to their business and talent strategy. That said, only half (and 55% of high-performers) acknowledge that their leaders have goals and objectives that are specific to their workforces.

Solution: Use movement data to demonstrate how quality of movement affects the financial and other results that signal business success.

Conveying the value offered by metrics that describe internal movement and the level of quality achieved through those moves necessitates first developing an understanding of the strategic objectives set by senior executives. In his webinar, *Evidence-based HR: The Next Generation of Analytics*, i4cp vice president and general manager of research John Gibbons describes this process as identifying the organization's key performance indicators. These are the factors that figure into senior leaders' performance evaluations.

If the key performance indicators that senior leaders are expected to move provide the basis for demonstrating organizational success, then tying the outcomes of internal movement to those indicators becomes the challenge for HR. How might a potential scenario play out?

If a leader's performance plan includes the goal of raising market share 10% in a specified locale, then support for achieving that goal might be demonstrated by showing that internal placements and promotions deployed to that area includes a team of managers and workers with excellent skills in marketing, outreach, sales, and other relevant skills or capabilities. Further examination of their performance after the moves can speak to the quality of those deployments, as can the overall accomplishment of the 10% increase.

Strategy in Action:

Building the foundation for evidence-based human resources (EBHR)

An organization's ability to highlight the effects of talent management practices – such as internal movement – on both financial and non-financial measures that reflect business success is at the core of an evidence-based approach to HR (EBHR).

Expanding HR's capacity to draw evidence-based links between the organization's talent management practices and its business results is an empowering capability, but one that requires commitment, learning initiatives designed to ramp up HR's business acumen, and willingness to make changes.

- **Identifying key performance indicators (KPIs) and introducing them into HR vocabulary and discussions is an easy starting point toward building EBHR capabilities.**
 - Company-level dashboards or scorecards can serve as a valuable source of information about KPIs.
 - The organization's annual report should speak to the components of executive compensation that are tied to business results.
- **Enhancing general business acumen within HR can help support the development of EBHR capacity.**
 - When hiring for HR, look for employees who can bring diverse educational backgrounds and work experience to the team to expand perspectives.
 - Initiate job rotations that afford opportunities for employees from other disciplines to work in HR and for HR staff to experience roles in other business units.
 - When formulating development objectives for HR team members, include business acumen.
- **Encouraging HR team members to gradually incorporate an evidence-based perspective into their daily work.**
 - When issues are examined or solutions considered, urge team members to ask for evidence to support arguments or positions.
 - Look for ways to introduce EBHR principles into existing initiatives by applying causal testing as an “exercise.”

Conclusion

Survey responses and participation in seminars, workshops, webinars and working groups on the topic evidence the degree of interest on the part of most organizations in better understanding and applying workforce measurement toward improved talent management and support of other strategic initiatives. Interest in and examination of workforce measurement strategies is a solid first step toward establishing and/or expanding the use of talent-related metrics.

The *Talent Management Measurement Pulse Survey* results clearly confirm that a relatively small proportion of companies have formal workforce measurement strategies in place, but that very fact speaks to the wealth of competitive opportunities that enterprising organizations might leverage if they take action now to join the ranks of those using workforce metrics. Higher-performing organizations already are more likely to have talent-related measures in place, but even those top firms express the belief that they could be doing much more when it comes to workforce metrics.

Measuring the various types of internal movement and the quality of those moves holds additional promise for organizations that seek to maximize their investments in talent. Monitoring employee transitions can provide valuable insights into the development opportunities companies extend to the segments of talent they deem important, such as high-potential workers, emerging leaders, pivotal employees, and others they seek to retain. The fact that internal movement can be shown to take place bears eloquent witness to the integrity of organizations that compete for talent on the basis of offering career growth opportunities. Perhaps most importantly, measuring internal movement and its quality are key means of ensuring that the organization is armed for success by having the right people in the right place at the right time.

The fact that internal movement can be shown to take place bears eloquent witness to the integrity of organizations that compete for talent on the basis of offering career growth opportunities.

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Several i4cp staff members provided background research and other support for this Playbook. **John Gibbons** advised the research team, **Eric Davis** provided graphic design and proofing, and **Joe Jamrog** provided research support and created the graphs.

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