

AN INTEGRATED APPROACH TO HR

Becoming a Strategic Partner to the “C Level”

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Organizational and Leadership Development

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Purpose vs. Patchwork

AN INTEGRATED APPROACH TO ORGANIZATIONAL DEVELOPMENT

Using Metrics for Selection, Leadership Development & Employee Engagement Accord Management Systems is a behavioral consultancy that offers an integrated approach to managing the people side of business. Our experience guides us in selecting assessment tools perfect for your application. While each of our tools provides outstanding results on its own, it is oftentimes the complement of these tools that enhance results for all levels of human capital or talent management.

Possessing the business acumen, we are able to provide the strategic insights necessary to drive results. We work diligently to deliver solutions that are tactical and strategic, prescriptive and diagnostic, practical and far-reaching. Because we understand the greatest issues companies have today, we know that your toughest business decisions often involve your people.

Accord's analytic and interpretative findings provide insights that cause leaders to pause and think. Our goal is to help companies establish a framework in which to gain a clear view of the workplace and use a purpose driven vs. patchwork approach. Whether through Corporate Retreats, Executive Briefings, Workshops and Trainings, successful leaders are benefiting from our distinctive consultative approach.

We deliver the following:

- Ensure that both applicants and incumbents are behaviorally matched for their position.
- Provide a succession plan for future leadership development and promotion.
- Measure your level of organizational health.
- Guide the company's direction, customer focus, teamwork, management strategies, training techniques (and more) by improving the level of employee engagement.
- Provide your leadership with a personalized developmental action plan.
- Build a stronger leadership team.
- Positively impact your Bottom Line.

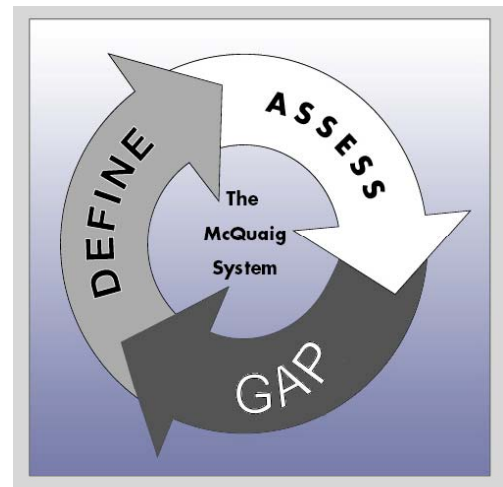
Assessments

Define the Job

- Create behavioral performance benchmarks for all positions
- Reach consensus about the job and compare it to benchmarks

Assess the Incumbent

- Measure the behavioral attributes of the incumbent
- What are my strengths?
- What are my Developmental Considerations?



Gap Analysis

- Measure the difference between who I am and the requirements of the position.
- Determine the actions that support these required changes/ behaviors.
- Predict the energy requirements or frustrations that are incumbent on making these changes.

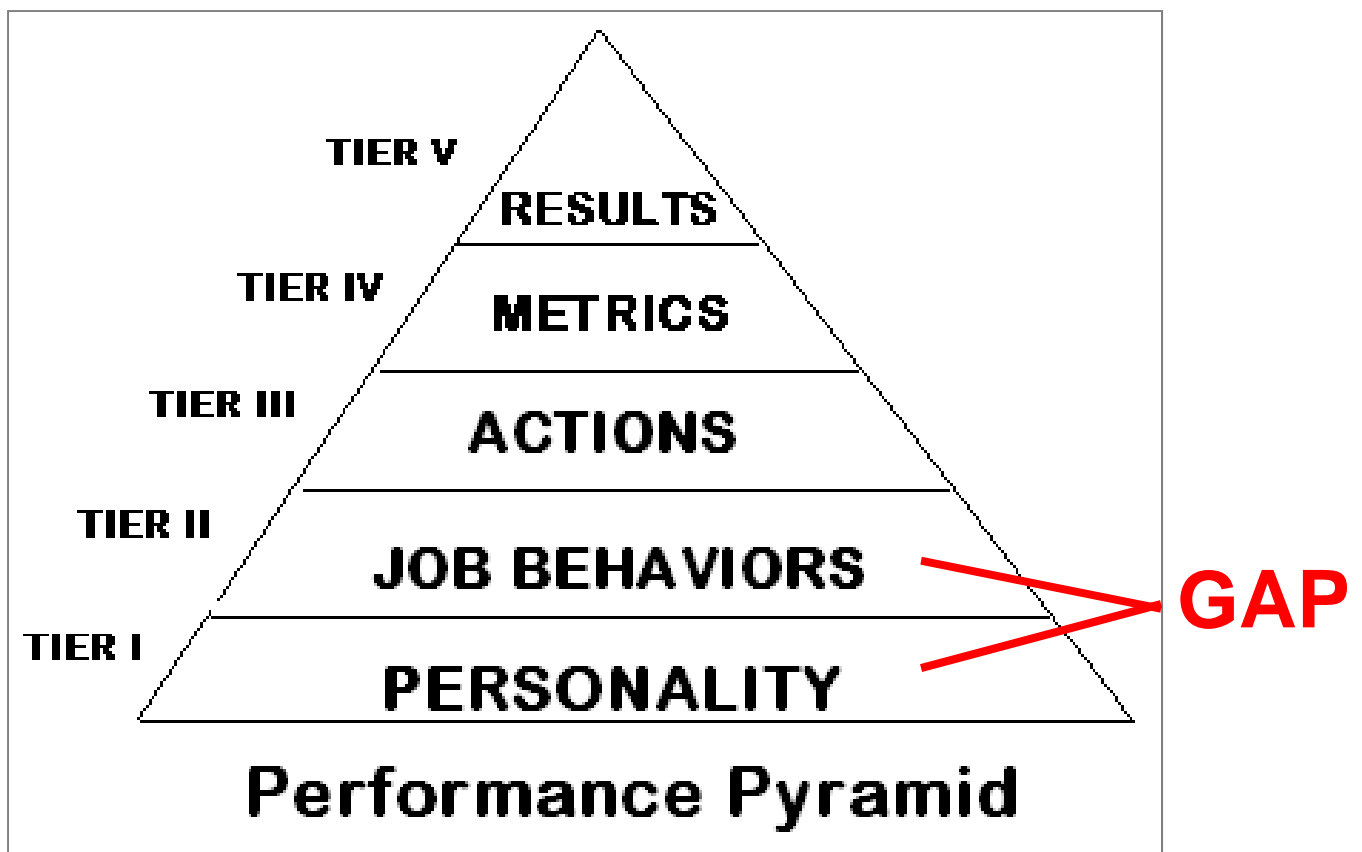
Bottom Line

When people perform at higher levels:

- Increase self-awareness
- Improve morale
- Improve Retention
- Enhance productivity

... profits surge!

Climbing the 5-Tier Performance Pyramid



“Executives spend more time on managing people and making people decisions than on anything else - and they should. No other decisions are so long lasting in their consequences or so difficult to unmake. And yet, by and large, executives make poor promoting and staffing decisions. By all accounts, their batting average is no better than .333: at most one-third of such decisions turn out right; one-third are minimally effective; and one-third are outright failures.

In no other area of management would we put up with such miserable performance.

Making the right people decisions is the ultimate means of controlling an organization well. Such decisions reveal how competent management is, what its values are, and whether it takes its job seriously.”

Peter F. Drucker
“How to Make People Decisions”
Harvard Business Review
July-August 1985

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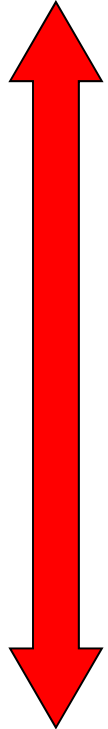
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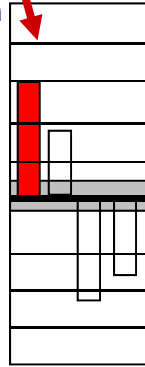
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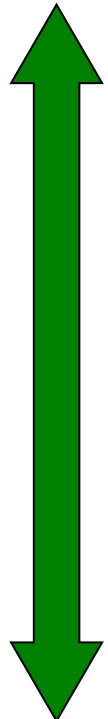
COMPETITIVE DOMINANT



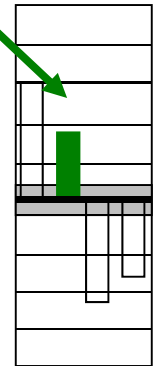
- i Goal Oriented
- i Likes taking risks
- i Seeks Challenge and Recognition
- i Self confident
- i Accommodating
- i Team Player
- i Avoids friction with others



SOCIABLE



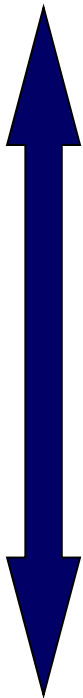
- SO**CIABLE
(style of communication)
- i People-Oriented
 - i Empathetic
 - i Relationship Builder
 - i warm, friendly
 - i Fact-Oriented
 - i Objective and Analytical
 - i Leans more towards logic than emotions
 - i matter of fact, strictly business
 - i tending to be terse or sparse



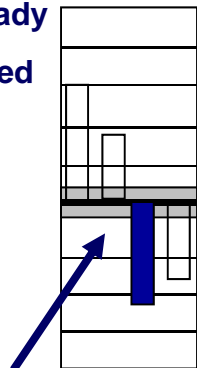
ACCEPTING

ANALYTICAL

RELAXED RELAXED



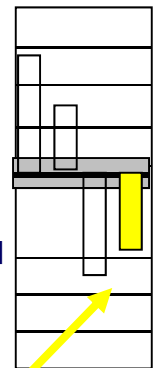
- i Easy going
- i Patient and Steady
- i Calm, even-paced
- i Restless and Impatient
- i High Sense of Urgency
- i Likes Change
- i Intense, driving



CONSCIENTIOUS COMPLIANT



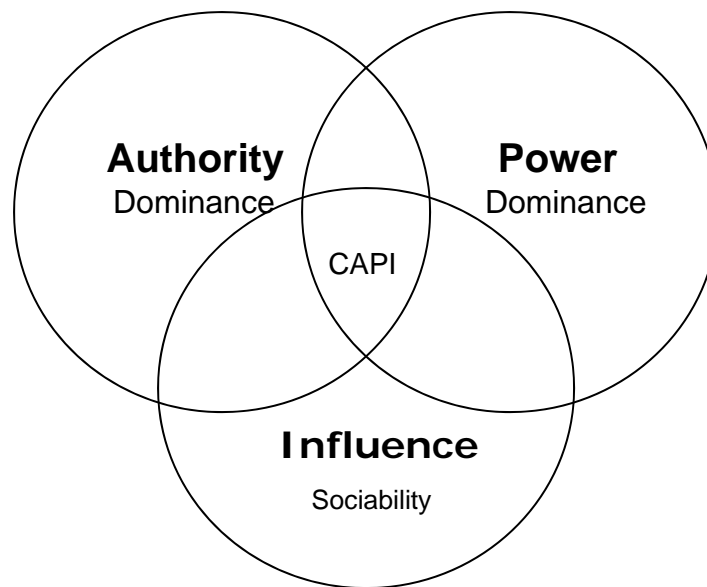
- i Detailed-oriented & thorough
- i Organized
- i Systems-oriented
- i By the Book
- i Persistent and Determined
- i Likes freedom of action
- i Dislikes working within a restrictive structure
- i Independent
- i Strong Willed



DRIVING

INDEPENDENT

CAPI: The coalescence of authority, power and influence

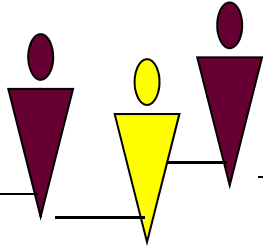


Authority: Legal right to make a decision to say yes or no

Power: The capability of granting or withholding rewards

Influence: The ability to convince others without having to use power or authority. Having a special knowledge to implement a specific task.

*Note: It is much easier reaching CAPI in younger more entrepreneurial companies because **self interest** is more aligned with **company interest**. It becomes more difficult creating CAPI when self interest is different from company interest.*



Three Levels of Appraisal

LEVEL I On the Surface

Appearance

Manners

Expressiveness

Interests

Goals

LEVEL II

Can Do

Knowledge

Acquired Skills

Training

Experience

Education

Credentials

LEVEL III

Will Do

Attitudes & Beliefs

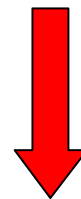
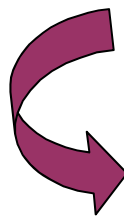
Self Motivation

Stability & Persistence

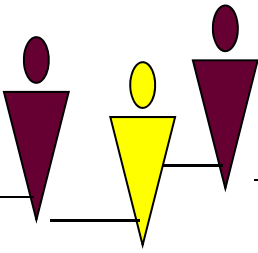
Maturity & Judgment

Aptitude/Capacity
To Learn

Temperament/Personality
Patterns



IMPACT ON PERFORMANCE



Three Levels of Appraisal

LEVEL I - Appearance and Presence

LEVEL II - Skills and Experience

LEVEL III - Attitude and Beliefs (Personality)

	Ease of Appraisal	Is Appraisal Objective or Subjective	Changeable or more Stable	Impact on Performance
LEVEL I <i>Appearance</i>				
LEVEL II <i>Skills</i>				
LEVEL III <i>Personality</i>				

EXHIBIT I Sales Performance According to Age

Measurement period after hiring	Performance Quartile			
	1 st	2 nd	3 rd	4 th
6 months				
Over 40	9%	38%	32%	7%
Under 40	10%	39%	30%	6%
14 months				
Over 40	7%	26%	25%	5%
Under 40	8%	25%	24%	4%

Note: Sample sizes -after 6 months, 1,679 in over -40 group and 3,928 in under-40 group; after 14 months, 1,058 in over -40 group and 2,397 in under40 group.

EXHIBIT II Sales Performance According to Sex

Measurement period after hiring	Performance Quartile			
	1 st	2 nd	3 rd	4 th
6 months				
Women	11%	36%	35%	5%
Men	9%	38%	32%	7%
14 months				
Women	8%	28%	21%	4%
Men	9%	26%	14%	7%

Note: Sample sizes -after 6 months, 1,069 women and 4,227 men; after 14 months, 652 women and 2,494 men.

EXHIBIT III Sales Performance According to Race

Measurement period after hiring	Performance Quartile			
	1 st	2 nd	3 rd	4 th
6 months				
People of Color	8%	39%	30%	11%
Caucasians	9%	37%	21%	10%
14 months				
People of Color	6%	25%	24%	7%
Caucasians	7%	24%	26%	6%

Note: Sample sizes-after 6 months, 271 african americans and 2,014 caucasians; after 14 months, 168 african americans and 1,269 caucasians.

EXHIBIT IV Sales Performance According to Experience

Measurement period after hiring	Performance Quartile			
	1 st	2 nd	3 rd	4 th
6 months				
Inexperienced	10%	33%	36%	6%
Experienced	11%	37%	33%	5%
14 months				
Inexperienced	9%	25%	20%	5%
Experienced	10%	27%	18%	5%

Note: Sample sizes-after 6 months, 3,721 inexperienced and 6,934 experienced; after 14 months, 2,195 inexperienced and 4,161 experienced.

EXHIBIT V Sales Performance According to Education

Measurement period after hiring	Performance Quartile			
	1 st	2 nd	3 rd	4 th
6 months				
High School diploma or less	7%	38%	31%	8%
College diploma or more	8%	38%	30%	9%
14 months				
High School diploma or less	10%	23%	22%	5%
College diploma or more	11%	24%	21%	6%

Note: Sample sizes-after 6 months, 2,694 w/ high school diploma or less & 7,348 w/ college degree or more; after 14 months, 1,616 w/ high school diploma or less & 4,556 w/ college degree or more.

Source: Greenberg, Herbert M. and Jeanne, "Job Matching for Better Sales Performance", Harvard Business Review, September-October 1980

JOB MATCHING = BETTER SALES PERFORMANCE

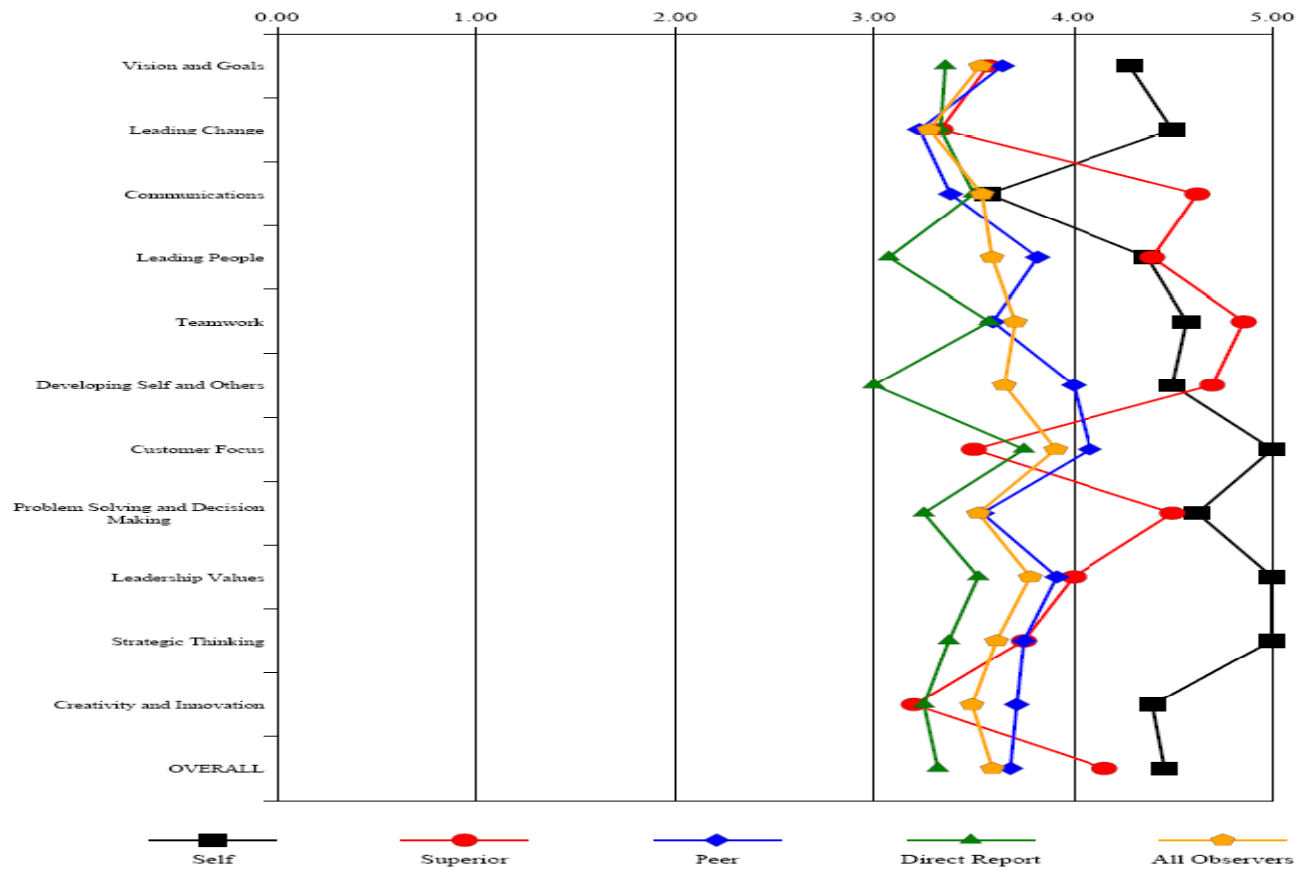
A benchmark study published in the Harvard Business Review dispelled the myth that factors such as [age](#), [race](#), [education](#), [gender](#), or [prior experience](#) were critical to job success. Use of assessments to match the behavioral characteristics of an individual to the behavioral characteristics of the job correlates with better performance, higher productivity and lower turnover.

Job matching based on behavior, personality, temperament and attitude is the deciding factor. When hiring or promoting, ask yourself: "Does the candidate have a reasonable behavioral match to the expectations of the job? If so, successful performance can be predicted and maintained over time."

- Use of behavioral assessments for job matching in your hiring process reduces turnover by as much as 50%.
- According to the same Harvard Business Review Study, 61% of employees hired with the right personality became top performers (top 2 quartiles) within 14 months on the job. Only 7% of those without the right personality became top performers.
- Conclusion: Having the right personality makes success more predictable.

This study supports the premise that job matching is the critical factor in lowering turnover and increasing productivity, not age, race, education, gender or experience.

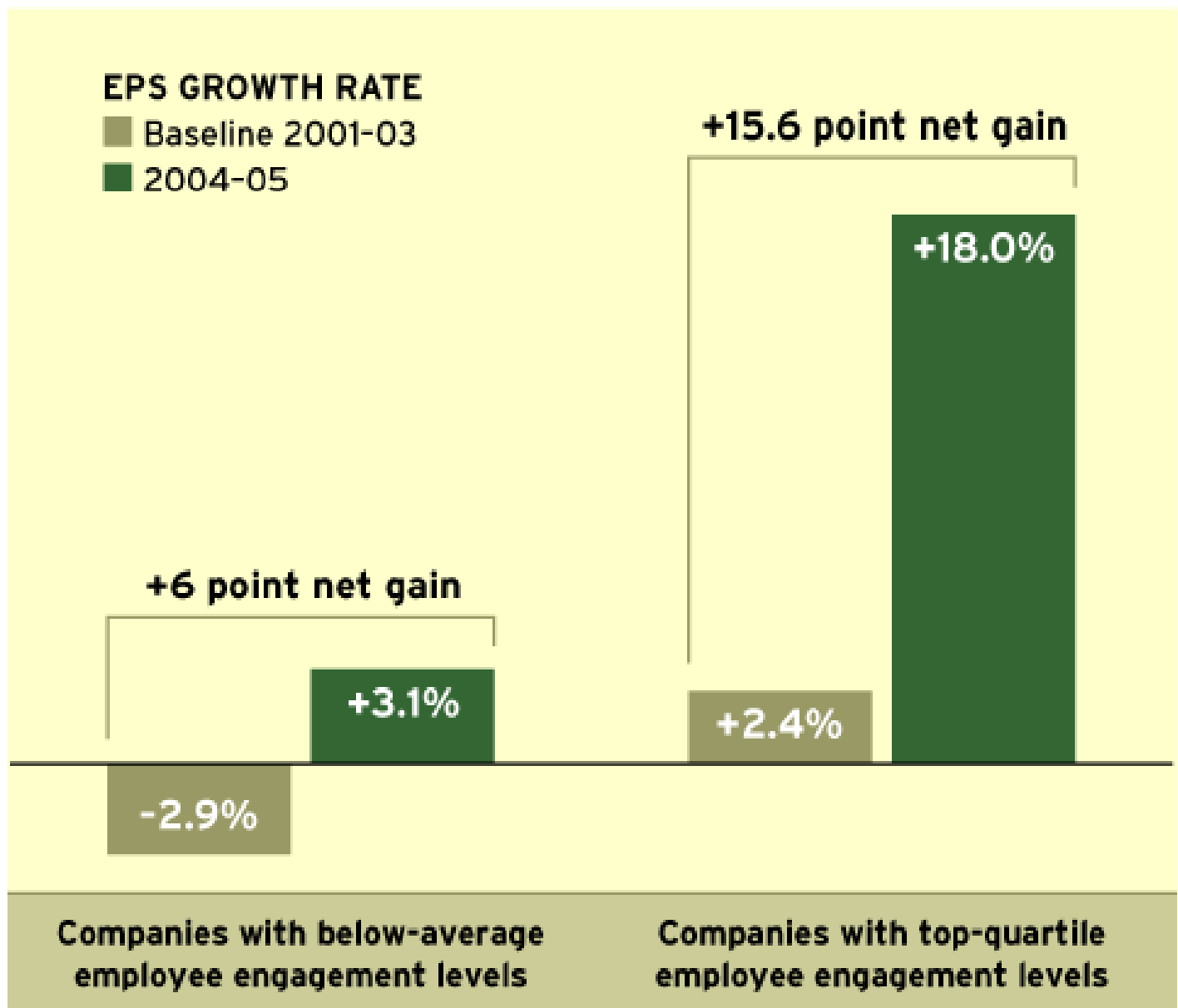
AMOUNT OF TIME AFTER HIRING	PERFORMANCE QUARTILE				QUIT OR FIRED
	1 st	2 nd	3 rd	4 ^t	
6-month/job fit	11%	26%	23%	14%	24%
6-month/ <u>not</u> job fit	2%	10%	18%	24%	48%
14-month/job fit	19%	42%	7%	4%	28%
14-month/ <u>not</u> job fit	1%	6%	14%	22%	57%



Question	Self Rating	All Observers Rating	Difference
11. Articulates the benefits and rationale for change.	5.00	3.09	1.91
54. Focuses on future opportunities rather than past problems.	5.00	3.18	1.82
09. Listens to peoples' concerns about change.	5.00	3.20	1.80
13. Puts systems in place to measure benefits of change.	5.00	3.27	1.73
67. Thinks strategically and communicates strategy to others.	5.00	3.36	1.64
74. Encourages counter-intuitive thinking.	5.00	3.40	1.60
26. Tells me when I do a good job.	5.00	3.44	1.56
53. Seeks external innovations to internal problems.	5.00	3.45	1.55
29. Holds people accountable for their decisions.	5.00	3.45	1.55
55. Can solve problems across a wide range of business areas.	5.00	3.45	1.55

ENGAGEMENT AND EARNINGS PER SHARE

Gallup recently researched the impact of employee engagement on the most important measure of a company's stockholder value: earnings per share (EPS). Gallup compared engagement at the company level with EPS for publicly traded companies in its engagement database. From this comparison, Gallup found EPS grew 2.6 times more among publicly traded companies with top-quartile employee engagement levels than among publicly traded businesses with below-average engagement



Note: Percentages based on median values in each group

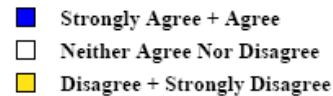
Source: Gallup

Graphic by Tommy McCall

Accord Management Systems Employee Engagement Survey Item Results

Supervisor Effectiveness 58%

ITEMS	Strongly Agree	Agree	Neither Agree Nor Disagree	Disagree	Strongly Disagree	N Size	Percentage of People Responding				
							0%	20	40	60	80
1. I have a very clear understanding of my job responsibilities.(B)											
Operations-03	14%	44%	24%	16%	2%	619					
Cust Svc & Corp Rel-03	32%	54%	10%	3%	2%	345					
NStar Info Svc-03	36%	53%	7%	3%	0%	58					
Fin & Acctg-03	50%	37%	8%	1%	4%	155					
Strat, Law, Policy-03	38%	59%	3%	0%	0%	34					
HR-03	41%	49%	4%	3%	4%	76					
Accord Mgmt Sys-03	26%	47%	16%	9%	2%	1305					
External Benchmark											
2. My supervisor effectively communicates organizational goals and objectives.(I)											
Operations-03	5%	25%	31%	34%	6%	624					
Cust Svc & Corp Rel-03	12%	49%	24%	10%	5%	343					
NStar Info Svc-03	14%	45%	36%	2%	3%	58					
Fin & Acctg-03	17%	53%	19%	7%	4%	155					
Strat, Law, Policy-03	9%	58%	18%	12%	3%	33					
HR-03	19%	37%	38%	3%	3%	78					
Accord Mgmt Sys-03	9%	37%	28%	21%	5%	1309					
External Benchmark											
3. My supervisor does a good job of coaching/guiding me.(B)											
Operations-03	11%	41%	23%	21%	4%	618					
Cust Svc & Corp Rel-03	23%	51%	18%	6%	2%	341					
NStar Info Svc-03	24%	47%	17%	5%	7%	58					
Fin & Acctg-03	34%	49%	9%	4%	4%	155					
Strat, Law, Policy-03	18%	65%	12%	3%	3%	34					
HR-03	36%	53%	9%	0%	3%	76					
Accord Mgmt Sys-03	19%	46%	19%	12%	3%	1301					
External Benchmark											
4. My supervisor holds me accountable for the quality of my work.(B)											
Operations-03	17%	52%	19%	11%	1%	617					
Cust Svc & Corp Rel-03	25%	52%	15%	4%	3%	343					
NStar Info Svc-03	31%	59%	5%	3%	2%	58					
Fin & Acctg-03	39%	48%	6%	4%	2%	156					
Strat, Law, Policy-03	21%	70%	6%	0%	3%	33					
HR-03	41%	50%	6%	1%	1%	78					
Accord Mgmt Sys-03	24%	52%	15%	7%	2%	1304					
External Benchmark											



Level Key:
 (B)=Basic
 (I)=Intermediate
 (A)=Advanced

TURNOVER COSTS SUMMARY

JOB TYPE/ CATEGORY	TURNOVER COST RANGE AS A % OF ANNUAL WAGE/ SALARY
Entry Level – Hourly , Non Skilled (e.g. Fast Food Worker)	30 – 50%
Service/ Production Workers – Hourly (e.g. Courier)	40 – 70%
Skilled Hourly (e.g. Machinist)	75 – 100%
Clerical/ Administrative (e.g. Scheduler)	50 - 80%
Professional (e.g. Sales Representative, Nurse, Accountant)	75 – 125%
Technical (e.g. Computer Technician)	100 – 150%
Engineers (e.g. Chemical Engineer)	200 – 300%
Specialists (e.g. Computer Software Designer)	200 – 400%
Supervisors / Team Leaders (e.g. Section Supervisor)	100 – 150%
Middle Managers (e.g. Department Managers)	125 – 200%

NOTE:

- Percents are rounded to reflect the general range of costs from studies
- Costs are fully loaded to include all of the costs of replacing an employee and bringing him/her to the level of productivity and efficiency of the former employee.
- The turnover included in studies is usually unexpected and unwanted. The following costs categories are usually included:
 - Exit cost of previous employee
 - Recruiting cost
 - Employee cost
 - Orientation cost
 - Training cost
 - Wages and salaries while training
 - Lost productivity
 - Quality problems
 - Customer dissatisfaction
 - Loss of expertise/ knowledge
 - Supervisor's time for turnover
 - Temporary replacement costs
- Turnover costs are usually calculated when excessive turnover is an issue and turnover costs are high. The actual costs of turnover for a specific job in an organization may vary considerably. The above ranges are intended to reflect what has been generally reported in the literature when turnover costs are analyzed.

Sources of Data:

- Industry and trade magazines have reported the cost of turnover for a specific job within an industry.
- The Saratoga Institute
- Independent studies have been conducted by various organizations and compiled by the Jack Phillips Center for Research. The Jack Phillips Center for Research is a Division of Franklin Covey.

ACTUAL BUSINESS RESULTS FROM TRAINING & DEVELOPMENT

SETTING	TARGET GROUP	DESCRIPTION	METHOD	RESULTS
Coca Cola	First level Supervisors	8 ½ day workshops covering supv. roles setting goals, dev. the team, etc.	Action planning Follow-up session Performance Monitoring	1447% ROI Benefit/cost Ratio 15:1 Variety of measures
HMO	All Managers and employees	Organization Development Program (team building, Group Meetings, Customer service training)	Performance Monitoring Management Estimation	20,700 New HMO Members 1270% ROI BCR 13.7:1
Direct Sales	All employees in the Financial Services Division	20 hr. program spread over 60 days focusing on total quality mgmt.	Action Planning	Payback of Program Investment in One year
Yellow Freight Systems	Managers	Redesigned Performance appraisal with training on interpersonal skills	Follow-up Interviews, Performance Monitoring	1115% ROI BCR 12:1
Federal Government	New Supervisors	5-day intro to supv. Course covering eight key competencies	Follow-up questionnaire	150% ROI Benefit Cost Ratio 12:1
Bakery Multi-Marques, Inc.	Supv./ Admin	15 hr. Supv. Skills Training Including the role of training	Action Planning (Work process analysis), Performance Monitoring	215% ROI BCR 3.2:1
Oil Company	Dispatchers	Skills Training Program incl. customer interaction, skills, problem solving and teamwork	Follow-up Observations Performance Monitoring	383% ROI Benefit Cost Ratio 4.8:1

Important Employment Practices Statistics

Dealing in Discrimination

The U.S. Equal Employment Opportunity Commission released the number of discrimination charges, by type of discrimination, that it received in FY 2005, along with the monetary benefits recovered for charging parties and other aggrieved individuals during the term (which does not include monetary benefits obtained through litigation).

Race Discrimination
26,740 charges filed
\$76.5 million recovered

Sex-Based Discrimination
23,094 charges filed
\$91.3 million recovered

Retaliation Discrimination
22,740 charges filed (2004)
\$90 million recovered

Age Discrimination
16,585 charges filed
\$77.7 million recovered

Disability Discrimination
14,893 charges filed
\$44.8 million recovered

Sexual Harassment
12,679 charges filed
\$47.9 million recovered

National Origin Discrimination
8,035 charges filed
\$19.4 million recovered

Pregnancy-Based Discrimination
4,449 charges filed
\$11.8 million recovered

Religious Discrimination
2,340 charges filed
\$6.1 million recovered

Compensation Discrimination
970 charges
\$3.1 million recovered

Source: U.S. EEOC

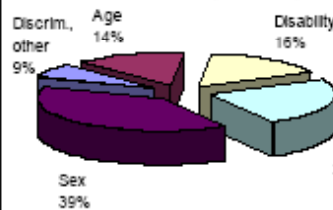
Compensatory Award Medians, by Year



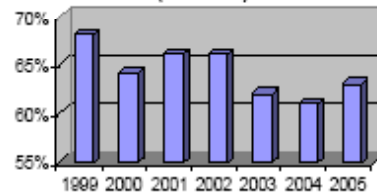
Distribution of Awards (1999-2005)

Award Range	Percentage
To - \$4,999	3%
5,000 - 9,999	3%
10,000 - 24,999	7%
25,000 - 49,999	10%
50,000 - 74,999	8%
75,000 - 99,999	6%
100,000 - 249,999	21%
250,000 - 499,999	17%
500,000 - 749,999	8%
750,000 - 999,999	4%
1,000,000 - 1,999,999	8%
2,000,000 - 4,999,999	4%
5,000,000 +	2%

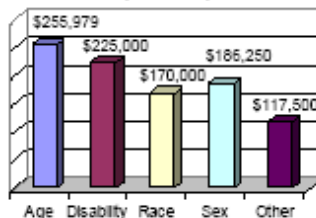
Commonly Claimed Types of Discrimination (1999-2005)



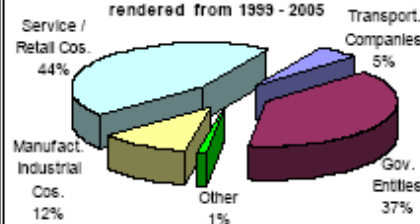
Plaintiff Recovery Propability for Employment Practice Liability (1999-2005)



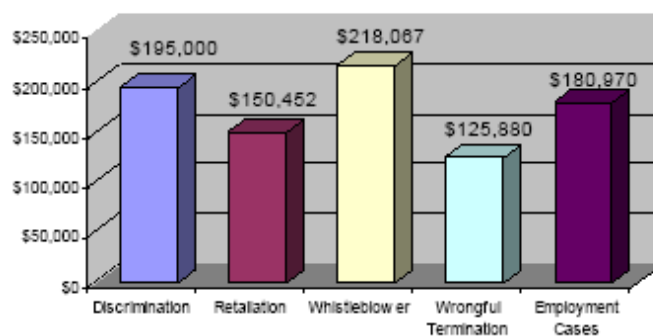
Discrimination, Median Awards (1999-2005)



Industry breakdown of defendant types based on plaintiff and defense verdicts rendered from 1999 - 2005



Employment Practice Liability Award Median (1999-2005)



Source: Jury Verdict Research Employment database

SAMPLE - At Risk Assessment

Employee Engagement

60			8		
# Employees			# Direct Reports		
% of Other	Good	Awesome	# of Keepers		
50%	30%	20%	5		
# of Other	Good	Awesome	# non of Keepers		
30	18	12	3		

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Salary information

2007 Salaries paid \$2,400,000
 Average Salary per employee \$40,000
 Average Salary per Executive \$90,000

Turnover

of Employees lost last year 12
 X Average Salary per employee \$40,000
 X 1.1 (turnover multiplier) \$528,000

Item C

# of (other) employees <u>30</u> X Ave employee salary <u>\$40,000</u> =	\$1,200,000
	<u>X .5</u>
A. Employee dis-engagement Dollars at Risk	\$ 600,000 Item A
# of Exec Non-keepers <u>3</u> X Ave executive salary <u>\$90,000</u> =	\$ 270,000
	<u>X .5</u>
B. Executive dis-engagement Dollars at Risk	\$ 135,000 Item B
C. Turnover cost – Dollars at Risk	\$ 528,000 Item C
Add Items A, B and C = Total At Risk Dollars	\$ 1,260,000

Note: We use a multiplier of .5 to create a more conservative analysis.

Resources:

Investing in People, Casio and Bourdreau, 2008, by Pearson Education, Inc.

How to Measure Human Resources Management, Fitz-Entz, 2002, McGraw Hill

The Hr Value Proposition, Ulrich and Brockbank, 2005, Harvard Business School Press

The Workforce Scorecard, Huselid, 2005, Harvard Business School Press

At Risk Assessment

Employee Engagement

# Employees			# Direct Reports
% of Other	Good	Awesome	# of Keepers
# of Other	Good	Awesome	# of non Keepers

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Salary information

2007 Salaries paid _____
 Average Salary per employee _____
 Average Salary per Executive _____

Turnover

of Employees lost last year _____
 X Average Salary per employee _____
 X 1.1 (turnover multiplier) _____

Item C

of (other) employees _____ X Ave employee salary _____ = _____

X .5

A. Employee dis-engagement Dollars at Risk \$ _____ Item A

of Exec Non-keepers _____ X Ave executive salary _____ = _____

X .5

B. Executive dis-engagement Dollars at Risk \$ _____ Item B

C. Turnover cost – Dollars at Risk \$ _____ Item C

Add Items A, B and C = Total At Risk Dollars \$ _____

Note: We use a multiplier of .5 to create a more conservative analysis.

Resources:

Investing in People, Casio and Bourdreau, 2008, by Pearson Education, Inc.

How to Measure Human Resources Management, Fitz-Entz, 2002, McGraw Hill

The Hr Value Proposition, Ulrich and Brockbank, 2005, Harvard Business School Press

The Workforce Scorecard, Huselid, 2005, Harvard Business School Press

NEXT STEPS & IMPLEMENTATION

Our programs are completely customized and affordable. We coordinate your desired outcomes and always exceed the client's expectation by providing succinct, sustainable take home value.

PROGRAMS & OFFERINGS INCLUDE:

One on One's

Corporate Retreats

Strategic Talent Triage

Organizational Development

Selection of new employees

360° Leadership Surveys

Employee Engagement or Climate Surveys



ACCORD MANAGEMENT SYSTEMS, INC.

Getting the People Side of Business Right

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