This book by Bill Howatt is a blueprint for any business or public institution that wants to fully utilize human resources to best deliver their mission and goals. Implementing proven processes, delineated in this book, will increase productivity significantly while reducing cost. There is no magic bullet to accomplish this feat without a total commitment by senior management. It should be required reading for all chief executive officers.

—Dr. James Sheerin, Senior Consultant for Sheerin Associates LLC

I have never seen a more comprehensive tool and approach to leading an effective organization than TalOp.

—Ron Robichaud, Former Executive Director, Acadia Centre for Social & Business Entrepreneurship

I strongly believe that the TalOp strategy can be a very powerful tool for any manager interested in having a better control over the operations he/she is responsible for. . . . Transparency and accountability are absolute must-haves to be in a position to effectively and efficiently manage any type/size of operations. Without that there is inevitably productivity lost, money wasted, and operational risks that will remain unidentified.

Ben Lord, CA
Director — Reinsurance Reporting & Analysis, Flagstone Management Services

If you wish to align your organization’s talent and operations and achieve results more effectively, this wise and practical book is for you. It’s rare to find such a holistic and comprehensive approach for operations and talent management and also presented in such a straightforward and easily understood manner. I love this approach of an integrated management model of talent and operations. Dr. Howatt once again takes something that seems daunting and overwhelming and provides us a map to achieve results effectively, transparently, and within an accountability framework.

Cheryl Flemming
Acting Regional Director General, Health Canada
Bill Howatt has developed a comprehensive and integrated approach to the challenge facing every organization. How do we ensure we are operating as optimally as possible? The heart of the matter is aligning your management and workforce with the company's strategy, hiring and developing the talent necessary to carry out their functional responsibilities, and engaging them in the future success of the organization. TalOp addresses the challenges inherent in these goals, in a systematic, rigorous, and modular fashion, and should be a key addition to any organization's change and performance improvement initiatives.

Mike Hussey,
Former VP Americas, Resource Solutions — Robert Walters Group
TalOp is a new strategy for aligning people and processes that any manager of an organization, a division, or a department could employ for many purposes, whether it be for validating a premise, developing talent, developing managers’ competencies, improving operational efficiency or quality, identifying organizational problems or risk factors, or succession planning.

TalOp can be extremely helpful to organizational managers, whether they be in the private or public sectors. I have employed the TalOp process a number of times to improve a department’s service or product output.

I first met Bill Howatt while at Bear Stearns Companies, Inc. One of the departments within the Investment Banking Division was experiencing product quality and delivery issues, as well as high turnover of graphic operators. By employing the TalOp process, we were able to significantly improve quality while reducing costs by identifying existing functions in the department and tasks associated with each of the functions. Once the identification process was completed, we were able to validate each function and task to determine those to be retained, added, deleted, or modified, as well as the required competencies for each.

Foreword
This enabled management to identify gaps and operational risks and to formulate more focused solutions.

This, in turn, enabled us to engage our employees more effectively, reduce employee turnover, realize significant operational efficiencies, and improve product quality and delivery, thus increasing client satisfaction. The icing on the cake was a reduction in operating costs by over 60%. This is just one example of the success I realized by utilizing the TalOp process. As I mentioned above, I have used it successfully in both public and private environments.

TalOp is a program that can be applied to most operations and can be useful in any business. I would certainly recommend TalOp to other business managers.

—George J. Raab III
CAO/CFO Guggenheim Securities
Former CFO and COO of Bear Stearns Companies Inc.
Investment Banking Division
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Cheryl Flemming, for her enthusiasm and support in helping frame the Five Levels of Transparency and Accountability used in the TalOp Operational Audit. I am especially grateful for her re-enforcement of the importance of ensuring TalOp has a position on employee health.

Kelly VanBuskirk, for his support and guidance on addressing potential employee law matters within the TalOp framework.

Kim Aselstine, for her support in developing function maps.

Dr. Jim Sheerin, for his coaching and direction on the roles of problem solving and decision making within TalOp.

Constance Robinson, for her excitement and recommendations for framing and positioning the benefits of TalOp as a viable option for government organizations to address fiscal realities.

Johnny MacDougall — for his encouragement and suggestion to take the Tony Case Study through the entire book.
All organizations experience ups and downs at one time or another. The causes may be external forces such as the economy, new government regulations, new commitments, or internal factors, including loss of a key employee, rapid expansion, or aging equipment. How effectively management anticipates or responds to an organization’s needs resulting from these forces will have a direct impact on success or failure.

In the next five years, most organizations will be faced with the management challenge of aligning people and processes to maximize results. Though fiscal accountability is critical, managers also need to be clear on how people and processes are really performing. Only when there is transparency can managers truly hold people accountable for their individual performance and accurately evaluate the efficiency of processes.

Accountability enables executives to make decisions and to enforce the actions required to enhance people effectiveness and engagement and process efficiency. Cutting a group of functions because of a need to reduce a budget may be a desired course; however, this is assuming that all functions are being done as effectively and efficiently as possible and that the only way to save money is to cut some of them. This may not
always be the case. Without transparency and accountability, it is difficult for executives to make decisions that are in the best interests of their organization and clients.

So how does one attain that transparency and accountability?

Welcome to TalOp — an acronym for talent (people) and operations (processes) management. TalOp is a disciplined, fact-finding approach for improving people effectiveness and engagement and process efficiency. It improves client satisfaction by enhancing organization-wide accountability and transparency. TalOp frames what is needed to improve, validate standards (i.e., benchmarks), and maintain an organization’s desired level of excellence for managing talent and operations.

TalOp is a structured strategy that has three applications:

- organizations that are looking to solve a problem
- organizations looking for a structured management process to facilitate internal benchmarks and talent and operational management best practices
- managers looking for an integrated strategy for managing people and processes

TalOp can be used by organizations as a structured, formal process. It can also be used by individual managers as an evidence-based approach to management. Regardless of the application, the core imperatives of this model are the same: to improve people and processes there must be accountability and transparency.

TalOp’s structured process can be used in organizations of any size to set standards, benchmarks, and controls for achieving desired results. To help the reader learn TalOp, I will use a case study of how TalOp principles can be applied to a small business: Tony’s Pizzeria. (See Tony’s story beginning on page 13.)
Organizational Benefits

Whether you’re the owner of Tony’s Pizzeria, the CEO of a multinational corporation, a business owner, or a senior or middle level government manager, there are benefits in being able to anticipate both opportunities and risks, as well as having a model for breaking down organizational risks and problems, decision making, and action planning and implementation.

TalOp provides organizations with a model to prevent, predict, and solve problems; make well-informed decisions; determine gaps in people and processes; design and develop action plans; and implement initiatives to obtain desired results.

The four core objectives of TalOp when working with any organization are to:

- validate and improve talent and operational results
- provide executives with a strategy to identify organizational opportunities and risk factors
- give management a framework for defining standards for people effectiveness and engagement, and process efficiency for generating targeted performance results in products or services
- implement talent and operations management standards and best practices that increase the potential for long-term sustainability

To understand the TalOp structured process it is important for management and executives to become familiar with six commonly used terms: function, transparency, accountability, effectiveness, engagement, and efficiency. These will be discussed throughout the book. A glossary of terms can be found at the end of this chapter. This book explains how TalOp’s model provides a framework for aligning people and processes to maximize an organization’s potential with available resources.
How TalOp Works

The TalOp model has four parts. The first part involves discovering an organization’s opportunities, internal benchmarks, risks, potential problems, and organizational needs by looking at output capacity and capabilities through diagnostics. The second part of the process is assessment and analysis. All of the data collected in the first part provides information that shines a light on what the problems are and their likely root causes. Third, the priorities and most important future actions, corrections, additions, etc. are determined through a decision making process. The fourth and final part is development and implementation of an action plan.

The first part of TalOp involves diagnostic processes, utilizing multiple audits for examining output capacity and capabilities with respect to people and processes within a defined group of functions. The TalOp Fast Audit is the initial overview of an organization at a macro level. This overview quickly leads the manager to identify what people and processes are most likely solid and in place, as well as what may be at risk. The TalOp diagnostics then moves to the Operational Audit at a more granular level of data. The Operational Audit includes a Function Mapping process which acts as a lens that focuses on the organization’s areas of risk or concern in greater depth by analyzing a group of defined functions selected by management. The TalOp diagnostic process is rounded out with the TalOp Talent Management and Learning Effectiveness Audits. These talent audits examine the organization’s effectiveness in maintaining and developing its people. When used in concert, these TalOp diagnostic audits offer a multi-dimensional view of an organization from macro, operational, and talent perspectives.

A summary of the TalOp model is depicted in Figure 1-1, showing how all the pieces work together. While the TalOp methodology applies universally, TalOp is not a boiler plate analysis. A core tenet of TalOp is that each organization’s leadership is accountable to ultimately define
standards for its own people and processes. The data gathered, and the analysis conducted, are driven by the standards set by the leadership. It is important to obtain insight into how people and processes are operating, as well as clarity on internal benchmarks. Once this is done, looking to outside benchmarks helps leaders evaluate how effectively their organization is performing against its peers.

Building on the results from the diagnostics, the TalOp model uses assessment and analysis to focus on defining problems, their most likely root causes, and most obvious solutions. Drawing on managerial best practices, I/O psychology studies, and statistical analysis, TalOp ensures a deep understanding of what drives the numbers, data, and behaviours.

With this information, managers can move to the third part of TalOp through a structured decision making process, using current facts and priorities. The more facts and evidence a manager has, the better their opportunity to make good decisions. The TalOp model encourages managers to avoid assumptions and to get the facts needed to make good decisions.

The fourth and final step in the TalOp strategy is developing an action plan based on a deep understanding of the issues developed through the TalOp process. Once the plan is developed, the next stage is implementing it. Developing a plan and preparing the environment (i.e., change management) are two distinct steps. The plan determines what course of action will be taken and what kinds of talent and operational management strategies are required.

Where significant change and action may be perceived as difficult for some employees, an additional analysis is required to consider what change management protocols may help to ensure successful implementation. Regardless of the level of complexity or difficulty, TalOp action plans call for ongoing evaluation, monitoring, and measuring.
Part One — DIAGNOSTICS
Would you describe this as a people issue?
A process operations issue?
A governance issue?

IDENTIFYING THE TALOP LEVEL

Level One
STRATEGIC

Level Two
PEOPLE & PROCESSES

Level Three
CLIMATE & CULTURE

Level Four
LEADERSHIP EFFECTIVENESS

Level Five
EMPLOYEE HEALTH & PRODUCTIVITY

Part Two — NEEDS ASSESSMENT & FURTHER ANALYSIS

PROBLEM DEFINITION
Define presenting problems and risks.
Determine most likely root causes.
Calculate costs of doing nothing.

Part Three — DECISION MAKING
Priorities
Timeline

Part Four — IMPLEMENTATION
Outlines objective and actions for facilitating change

Figure 1-1. TalOp — A Four-Part Model
**TalOp Flexibility**

Though TalOp is a structured process, it is flexible for accommodating organizational requirements. It is common for larger organizations to have sophisticated talent management programs and operations management models with much more rigour than smaller organizations. Each organization defines people and processes expectations and results, which by definition define the level of detail and sophistication required to achieve maximum productivity and results.

An organization’s survival can be partially attributed to management's ability to make changes and adjustments on demand. In our current economic environment, organizations are being forced to be much more mindful of their budgets and expenses, as well as how they can do more with less. TalOp provides entire organizations or individual managers an opportunity to adopt a structure to manage; a strategy to figure out how to solve a problem like Tony's; and skills for managers to improve their effectiveness.

**TalOp Transparency**

Managers sometimes think they fully understand a problem and are willing to take action without following a process or obtaining a measurable benchmark. As a result, many end up with heartburn because they discover that after investing in what they thought was the problem was really just a symptom of a larger, systemic problem. I am not the only consultant who has seen cases where shotgun problem solving and decision making cost an organization more energy, time, and money than if leaders had taken the time to make decisions based on facts and understanding, rather than on assumptions and perceptions.

When consulting with managers who think they know the issue and the solution, I ask, “How did you discover this problem and decide on the kinds of action you will take?” This is not a challenge; it's only to discover how they came to their understanding. Once I hear their re-
sponse, I ask, “What does success look like?” My goal is to obtain insight into the manager’s solution process and their internal benchmarks. Managers can improve productivity and results by learning TalOp and incorporating its principles into their management strategy.

Kepner and Tregoe stated:

“An organization is intended to operate as one unit, with all its parts efficiently coordinated. But, too often, it does not. The parts operate at disparate levels of efficiency, or they overlap, or they work against one another’s best interests — therefore against the best interests of the organization as a whole” (pg. 1).

TalOp promotes the importance of removing assumption by getting facts before taking the action needed to get an organization or group working as one unit.

TalOp offers transparency at five levels of the organization so that executives can see just how effectively and efficiently people and processes are performing against defined benchmarks. For many organizations, the structured process of TalOp helps define and set their internal benchmarks. TalOp provides managers with the ability to obtain both people and processes measures. Where other business models view people and processes as two separate constructs, TalOp integrates operations and talent management by revealing the connection between key performance indicators (process) and key performance behaviours (people).

**Level 1 — Strategic**

*Defining Success* — Examines the organization’s mission, values, vision, strategic plan, people, and process necessary for achieving client satisfaction and organizational sustainability.

**Level 2 — People and Processes**

*Organizational Alignment* — Aligns people and processes to provide a framework for creating transparency and accountability.
Organizational Standards — Provide a quality control strategy for determining and/or validating internal standards and benchmarks (i.e., key performance indicators and key performance behaviours) for people and processes.

Level 3 — Climate and Culture

Positive Impact — Ensures all action plans are observable, measureable, and definable with respect to their impact on effectiveness, efficiency, and engagement.

Level 4 — Leadership Effectiveness

Accountability — Promotes key performance behaviours that drive key performance indicators and client value.

Level 5 — Employee Health and Productivity

Sustainability — Removes the mystique between people and processes by providing executives with facts to understand the root causes of risks or problems, as well as an approach to make informed decisions that are in the best interest of the organization.

Employee health and wellness are core imperatives in organizations that are incurring mounting financial costs due to increases in employee health related issues. I have conducted research that focused on why some employees are better able to cope with work related stress and after work are likely to engage in positive activities. I learned that a large percentage of employees blame their stress on their workplace. This includes lack of decision making, work demand, lack of structure, and poor management. Other research suggests that if many organizations do not get better at managing their workforces the costs will continue to mount and will cripple their ability to operate.

In Summary

TalOp was not developed just for corporations; it benefits all organizations, including government and non-profit organizations, to maximize
output and results. Whether executives are leading for-profit, government, or non-profit organizations, they are constantly being asked to solve complex problems such as cutting budgets while maintaining output levels of products and services, or being proactive and staying ahead of the competition. Whatever the driving forces, great leaders understand that keys to long-term sustainability include identifying risk factors before they become problems, and not avoiding big problems, as they will not go away on their own.

When managers have a defined set of benchmarks and are able to have transparency as to where they are against these standards, they are more likely to manage for success. This awareness puts them in a much better position to see opportunities, anticipate risks and problems, and understand what most likely have been the root causes of certain defined problems.

The remainder of this book will introduce the rigour and structure that go into the TalOp strategy. To illustrate TalOp's application, each chapter will explore how Tony used TalOp to address his concerns.
Glossary of Terms

Accountability — the responsibility given to an individual who has been assigned oversight for a function. As the owner of a function, they are responsible for facilitating activities and actions that drive effectiveness, engagement, and efficiency for the function.

Effectiveness — the knowledge and skills necessary to successfully perform a function. An organization needs to provide employees with opportunities to develop skills through programs such as employee development, performance reviews, training programs, mentoring, and knowledge transfer. Employees are responsible for practicing and mastering skills. Employee selection is critical for employee effectiveness, as it helps ensure a new hire comes with the core foundational knowledge, skills, and attributes necessary to be successful, and helps get the right person performing the right functions.

Efficiency — the processes, policies, standards, workflow, work methods, productivity expectations, measures of success, and quality of results that collectively influence how efficiently a function is performed. People success can be influenced through effectiveness and efficient strategies (i.e., talent management strategies), but process efficiency requires insight into the financial requirements, industry knowledge, equipment capabilities, safety standards, quality control standards, etc. that require operational management strategies.

Engagement — the action an organization takes to facilitate, motivate, and influence its workforce to use knowledge and skills to the best of their ability to achieve a desired result. Organizations can perform many activities to engage employees; however, all employ-
ees are responsible for determining whether they believe their current functions meet their personal needs.

*Function* — two or more tasks grouped logically together. For example, Employee Selection could be one function. Within each function there could be standalone tasks (single actions), tasks grouped into processes, and multiple processes. In the Employee Selection example, one process could be the steps used to screen a potential applicant’s resume; another could be the interview process used; and a single task could be tracking a particular statistic acceptance ratio. The different types of functions are discussed in more detail in chapter 3.

*Transparency* — the degree and ease of access that management has to observe, measure, and evaluate the output of any function within their organization. To enforce accountability, management must have transparency to determine how effectively accountability is being communicated, facilitated, and managed.
Tony’s Pizzeria — A Case Study

Tony started his small pizzeria business in 2005. The idea for this business venture grew out of feedback from family and friends, and he based his faith in success on his grandmother’s pizza sauce recipe. Tony’s pizzas were so popular with his family (his built-in customer base) that he was encouraged to start a pizzeria business. His entrepreneurial spirit believed that if his customers enjoyed his pizza as much as his family members did, he had a product that he could use to build a loyal customer base and a profitable business.

Tony started out like most small business owners. He had a vision and passion, and he was willing to take a risk and test his idea. Tony and one helper handled every function necessary to operate the business. His strategic business plan was simple: focus on a quality product and customer satisfaction. He had a routine he followed each day for making his pizza dough and sauces, preparing the vegetables and meats, and building each kind of pizza on the Tony’s Pizzeria menu. He also engaged every customer with a big smile and friendly conversation.

Tony’s customers loved his pizza and how they felt after talking with Tony. Tony’s early commitment to a quality product and customer satisfaction was the genesis for building the Tony’s Pizzeria brand. Within a few months, Tony was getting more business than he and his assistant could handle, so he had to hire more staff. Now he was in a position where, to grow his business, he had to let go and trust that his staff would care enough about his standards and commitment to excellence to follow his steps for each of the functions he defined as necessary to make a Tony’s pizza, while welcoming and engaging customers.

(Continued on page 14)
Tony knew his continued success would be positively or negatively impacted by how effectively and efficiently each task was performed, as well as how each customer felt about their experience. He believed all the steps to perform each task, including customer engagement, preparation, cleaning, cooking, and handling cash, were critical for ensuring quality pizzas and satisfied customers.

And he knew the only way to ensure his employees did what he wanted was to clearly define the process and teach them how to follow it. By the time he opened his fourth pizzeria he had become much savvier at marketing. That helped get the word out about his brand and started a small wave that attracted investors who wanted to put a Tony’s Pizzeria in their communities.

Five years later, Tony’s business had grown from one store to 30. On the surface, it looked like Tony was doing well. He was proud, and felt on top of the world. As he got busier meeting prospective investors, creating marketing ads, and spending time keeping investors informed, he was no longer in a position to be making pizzas himself. In fact, he had lost touch a bit with the day-to-day operations and was trusting that each store manager knew what needed to be done and was doing it.

However, as the budding entrepreneur was skimming over a set of financial reports one cold Sunday afternoon he discovered that sales had been going down in several of the newer stores in recent months. Tony’s Pizzerias growth depended on customers getting a quality product and having a positive experience, but with the increased size of his organization he could no longer micro manage every detail to ensure it was being handled to his exact quality stand-
ards. His company’s success was totally dependent on the successful completion of defined tasks by his employees and a commitment to engage each and every customer.

In the restaurant business, Tony knew he had control over only what his organization could do. Competition was stiff, but restaurants that provide a high quality product with good customer service succeed. Tony knew his product was good, so he refused to believe people were not coming because quality was poor, but it was impossible for him to physically observe all the moving parts in 30 different locations and make needed adjustments instantly. The experience of reviewing the financials triggered a line of thinking where Tony became aware that he had lost the ability to see what was really happening with his people and process on a daily basis. He knew that without transparency it would be impossible to hold people accountable.

Tony’s review of financials piqued his interest and need to discover first-hand why sales were going down in the newer locations. Perhaps some employees had decided to change or skip a step, thus affecting the quality of the pizza product. Or perhaps the customer service was not positive.

The reality for Tony was that with the increase in the size of his organization came added layers of complexity, and functions that made it difficult to anticipate or discover risks or problems before quarterly financial statements were received. Without transparency, Tony found that the more he thought about his business and what was happening on a daily basis, the more he felt blind. He realized he had no mechanism to tell him what was happening each day in each store.

(Continued on page 16)
It was at this moment that Tony had an epiphany: he realized he no longer was able to manage accountability. Without transparency or accountability, Tony understood he had no strategy for monitoring and measuring employee effectiveness, employee engagement, product quality, or customer satisfaction. He reflected on the early days when it was just himself and his assistant. Transparency and accountability were easy to manage then.

Tony determined he had to find out why sales were going down in a few of the newer stores and why he was not able to identify potential risks that could negatively impact sales much earlier than reviewing quarterly financial statements.

Tony knew his sales were down but he didn’t know why. He could have made some assumptions based on a few conversations, but he elected to avoid any knee-jerk reactions that could cost his organization money, time, and employee goodwill. He hired a consultant trained in TalOp to help him uncover the root of the problem and put him in position to make good decisions to improve sales.

At the core of the TalOp model is the importance of getting the facts right before making any decision on action. For example, the first steps in the TalOp model include the executive leadership actively participating in the completion of three TalOp diagnostics. In Tony’s case, each of these diagnostics provided the facts as to how effectively people and processes were working across his organization. Having 30 different locations, Tony was faced with the challenge of seeing what was happening in the pizzerias where sales were down compared to the others. To ascertain what he could facilitate to help solve a business threat he needed a more robust way to monitor his organization’s success than just financial indicators.
Tony had some documented processes but he had not put in place a set of benchmarks nor defined what key performance indicators he would use to ensure the operation’s outputs were on track to achieve the desired goals. The daily use of these types of benchmarks in Tony’s Pizzerias would help them monitor performance results, which would give managers insight into what is working well and what areas may require adjustments.

On the surface, low sales appeared to be the problem at Tony’s Pizzerias. However, without the facts as to what the real drivers were, Tony would be guessing, and a few wrong guesses could be critical and expensive. Tony was a smart leader. He knew it is OK to not know everything. The best leaders in the world know this too.

With his work ethic and commitment to quality, Tony knew that not dealing with the issue of low sales head-on would quickly put his pizzerias franchise at risk. He believed that if a couple of his stores failed this would have a negative impact not only on the business growth but also on longevity. Tony believed his most pressing problem was that his new stores were on the road to failure if they continued to do what they were doing.
CHAPTER 2

TalOp Organizational Audit:
Five Levels of Analysis

First comes thought; then organization of that thought, into ideas and plans; then transformation of those plans into reality. The beginning, as you will observe, is in your imagination. — Napoleon Hill

All organizations are created to generate a defined output: a service or product. An organization’s output value is ultimately decided by its clients or customers, who determine whether the output is of value and meets a defined need. If it does not meet the clients' need, then the organization’s ability to achieve its full potential is at risk. Client satisfaction in the corporate environment impacts an organization’s market share and revenue potential. In public or non-profit organizations, client satisfaction influences goodwill. TalOp’s Organizational Audit is the starting place to analyze client satisfaction. The organization must determine who the most important clients are and their current level of satisfaction.

Organizations can have the best intentions and well-defined plans; however, success can only be achieved through people; people must perform a defined set of functions to a set performance standard. It is only through this collective effort that success is achieved. How effective, engaged, and efficient any one employee or group of employees is in performing functions is determined by an organization’s maturity and its ability to achieve its full potential. Despite this, a significant percentage
of ineffective performance occurs because of a lack of defined accountability, duplication, poor management decisions, and wasted resources. Often, these behaviours are ignored, accepted, or not recognized by management. Thus, few organizations are proactive. Many do not consider change or improvement until a crisis arises. Then, in the midst of the crisis, most organizations default to reaction without having all the facts.

The TalOp Organizational Audit focuses attention on where real risks reside in the organization and the potential costs associated with doing nothing. It enables managers to quickly assess their organization’s performance at each of the organization’s five levels. These five levels are depicted in the Overview of TalOp’s Organizational Audit (Table 2-1). The Organizational Audit is designed to indicate potential risks and gaps, and engage management in questions as to what may or may not be working. It documents actual structures, benchmarks, and the levels of transparency, accountability, effectiveness, engagement, and efficiency that are perceived to be in place by the senior managers who are leading the organization. It is not unusual for additional, more refined audits to be used to focus more intently on the high potential risks and priority gaps identified by the Organizational Audit in order to fully understand the cause and extent of these issues.

Client satisfaction will be influenced by tangible and intangible constructs facilitated by senior executives. Tangible constructs include hiring the right people, putting in place the right operational processes, and ensuring an organization has the resources and equipment needed to produce the defined product or service outputs. Intangible constructs are important too; they lay the tracks for an organization’s direction, such as values, vision, mission, and strategic objectives that define success. Executive leadership is the conduit that oversees and is accountable for ensuring all pieces are lined up correctly to meet clients’ needs. The TalOp Organizational Audit provides a means for achieving this alignment at the organizational level. However, the Audit can also be used by
Managers on their own to have a positive influence on client satisfaction when they understand how the audit of the five levels of the organization collectively influence results.

### A Top-Down Model

As noted at the outset of this chapter, the most important objective of an organization is to achieve client satisfaction through loyalty, brand, trust, and respect. The two core drivers for any organization’s success are its people and processes. These drivers require executives to define and set internal expectations that will set the standards for defining productivity targets and organizational success. These areas are critical for leaders to manage, and whenever the results in one are not at the defined level of expectation and are not addressed proactively and

<table>
<thead>
<tr>
<th>Level 1: STRATEGIC</th>
<th>Organizational Vision and Strategic Plan</th>
<th>Defined Employee’s Expectations and Accountability</th>
<th>=</th>
<th>Performance Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 2: PEOPLE and PROCESSES</td>
<td>Defined Need for People and Processes to Achieve desired Output Results</td>
<td>Actual Workforce Core Competencies and Defined Processes</td>
<td>=</td>
<td>Workforce’s Potential Output Capability</td>
</tr>
<tr>
<td>Level 3: CLIMATE &amp; CULTURE</td>
<td>Desired Culture and Employee Engagement</td>
<td>Employees’ Perception of Culture and Motivation</td>
<td>=</td>
<td>Employee Loyalty, Commitment Level, and Motivation</td>
</tr>
<tr>
<td>Level 4: LEADERSHIP EFFECTIVENESS</td>
<td>Defined Leadership Requirements</td>
<td>Actual Skill of Leadership</td>
<td>=</td>
<td>Leadership’s Ability to Balance Organizational and Employee Needs</td>
</tr>
<tr>
<td>Level 5: EMPLOYEE HEALTH &amp; PRODUCTIVITY</td>
<td>Employee Perception of Fairness and Control</td>
<td>Employees’ Coping Skills</td>
<td>=</td>
<td>The Number of Employees who are at Health Risk, Disengaged, etc.</td>
</tr>
</tbody>
</table>

Table 2-1. Overview of TalOp’s Organizational Audit
thoughtfully, the organization’s sustainability can be seriously affected. The targets set by executives are based on what is needed to keep the organization viable and profitable, in a for-profit business, or on budget for government or non-profit organizations.

Most organizations use a traditional model (Figure 2-1) for defining their current level of success in three areas: Defined Outputs Results of Services/Products, Client Satisfaction, and Performance Results. These three performance metrics collectively tell executives how effectively the organization is performing. In contrast, the TalOp Organizational Audit takes a top-down model view that moves through the five levels of an organization, from customer to employees. The TalOp model recognizes and integrates the concept that fiscal, operational, talent, and occupational health and safety imperatives are not independent of each other; they are interdependent.

Figure 2-1 — Three Traditional Metrics

Most organizations focus on these three steps. The TalOp Organizational Audit focuses on the variables that generate these three steps.

Questions for Reader:

- How does your organization measure and define success in each of these three areas?
- What happens when the organization is not performing at the standards set by executive leadership?
Transparency and Accountability Drivers at Five Levels

The TalOp model goes beyond the traditional model by recognizing that the determinants of success are transparency and accountability at each of the five levels of an organization: Strategic, People and Processes, Climate and Culture, Leadership Effectiveness, and Employee Health and Productivity. The TalOp Organizational Audit provides a macro overview of the transparency and accountability required with respect to the interconnection of people and processes at each of an organization’s five levels to achieve the ultimate goal of client satisfaction.

As can be seen in Figure 2-2, at each of the five levels there are three elements. To the left and right of the figure are the elements required for employee and organizational success, respectively. The centre column is the resulting output of that level. The success of the organization at each level is dependent on how the employee and organizational elements are aligned. Successful, sustainable organizations require that all levels and elements in each level are working together and are aligned to support client satisfaction. The TalOp Organizational Audit identifies what success drivers for the employee and/or organization appear to be in place, which ones are working well, and where there may be gaps and risks.

Failure to attend to the alignment of employee and organizational elements of a level increases the likelihood of negative consequences, such as having a toxic workplace culture, poor communications, and ineffective managers in critical roles and putting the organization at risk for failure. The TalOp Organizational Audit determines what success drivers and levels are in need of further attention over the short term.

Details of the Five Levels

Level 1 — Strategic. Success at Level 1 is dependent on how effectively the executive leadership defines an organization’s direction, priorities, purpose, and results. In great organizations, executives understand both
Figure 2-2 — Transparency and Accountability Drivers at TalOp’s Five Levels

- **Level 1**: Accountability
  - Defined Outputs (Services/Products) Results
  - Performance Results
  - Organization Success Drivers

- **Level 2**: Employee Core Competency
  - Defined Performance Standards and Metrics
  - Defined Leadership Maturity Strategy
  - Defined Global Leadership Core Competency Profile: % Leadership skills, % Tech skills, % Interpersonal skills, % Intrapersonal Skills

- **Level 3**: Employee Engagement
  - Leadership Effectiveness Success Drivers
  - Defined Outputs (Services/Products) Results
  - Performance Results
  - Organization Success Drivers

- **Level 4**: Addressing Employee Issues
  - Strategic
  - Defined Outputs (Services/Products) Results
  - Performance Results
  - Organization Success Drivers

- **Level 5**: Employee Health and Productivity
  - E.g., Unproductive/Demotivated Employees
  - Defined Outputs (Services/Products) Results
  - Performance Results
  - Organization Success Drivers

---

Employee Health and Productivity
- E.g., Unproductive/Demotivated Employees

Organization’s Culture

Defined Leadership Maturity Strategy

Client Satisfaction

Defined Outputs (Services/Products) Results

Performance Results

Organization Success Drivers

Organizational Strategy

Organizational Capabilities

Leadership Effectiveness Success Drivers

Defined Performance Standards and Metrics

Defined Global Leadership Core Competency Profile: % Leadership skills, % Tech skills, % Interpersonal skills, % Intrapersonal Skills

Employee Success Drivers

Level 1

Level 2

Level 3

Level 4

Level 5
employer and organization success drivers; their workforces are clear on the organization’s values, vision, mission, strategic objectives, and outputs results for defined services and products. Executives need to be clear on what defines success, how it will be measured, strategic priorities, and business objectives. They must have a view on their talent and operations management framework, and maintain a communications strategy that educates and receives feedback from employees, stakeholders, and clients.

Whether executives lead a public or private organization, they face common challenges, such as:

- achieving defined strategic objectives
- getting buy-in into vision, values, and mission
- identifying the ultimate clients
- ensuring clients’ needs are being met
- anticipating and predicting success or failure
- aligning people and processes to achieve maximum performance
- validating if the organization is operating to its full potential

*Employee Success Driver: Accountability* — Regardless of how effective an organization’s strategy is, there needs to be clarity on who is accountable for each particular action and result. Employees must be clear on who is in charge of a function, who is responsible, and their own role. Assumptions are unacceptable.

**Did you know?**

- Less than a quarter of American workers are fully engaged in their work, costing the U.S. economy $300 billion. Twenty-eight percent of American workers are engaged, 54% are not engaged, and 18% are actively disengaged, suggesting a large percentage of employees are not satisfied with their jobs — more evidence of the risk and large amounts of psychological duress in organizations (end notes of 2002 Gallup, etc.).
- The cost of disengaged workers to the United States economy is estimated between $254 billion and $363 billion annually. One of the signs of disengagement is absenteeism and in the United States it is estimated to be costing employers $40 billion per year (end notes).
Organization Success Driver: Organizational Strategy — Without an organizational strategy (i.e., purpose and direction) that's clearly defined, it is difficult for an executive to hold employees accountable for success or failure. A common pain in many organizations is a lack of clarity in regard to who owns a particular function output. Employees need to know who is accountable for a function (owner), and who the owner has entrusted as the employee responsible for the function's output. There can be no room for assumptions in organizations if executives want to hold people accountable for their results. When employees do not know what they are accountable for, there are opportunities for gaps, inefficiencies, demotivated employees, and lost opportunities.

Level 2 — People and Processes. An organization’s knowledge and skills refer to the core competencies and processes needed to successfully implement each and every one of its defined functions. It is important to be clear on what knowledge and skills are required for an employee to achieve their full potential in an organization’s culture. Traditionally, executives evaluate performance, whether it be people performance or operational process performance, by comparing current results to previous years or even external benchmarks such as competitor data or industry best practices.

The practice of measuring and evaluating performance results is a major criterion for evaluating performance and defining gaps that can be addressed by quality control, continuous improvement, and organizational learning initiatives. These can assist in ensuring a workforce is

A Word of Caution

Benchmarks based in fiction and assumptions over time will erode an organization's potential. The people doing the work know what is real and right; managers who are lost in a quest for power and money can be dangerous, because their desire to be right can blind them to what is needed.
developing the right knowledge and skills and that each function is performing to its defined standards. However, an organization must also consider its potential performance — its capacity to improve. Regardless of what a leader learns from internal or external benchmarking, in the end, an organization’s potential is dependent on its people and processes execution. An audit of Level 2 can engage a consideration of the questions that would bring to light areas for potential opportunity and risk.

For example, the effectiveness of the employee selection process is a key performance indicator that is commonly missed. Whether or not the hiring process is selecting the right type of person for each defined function is valuable information to reduce the risk of wasting money on mis-hires. A mis-hire can be expensive. Studies indicate that the cost can range between 30% and 70% of a year’s salary, and for many senior jobs there is a multiplier factor. Not having the best person in the right functions inhibits an organization’s ability to grow to its full potential. Organizational success is dependent on having the right people in the right positions. It is necessary to be clear of the kinds of knowledge and skills that are needed for each function and the mechanisms that are being used to develop and monitor them. A TalOp Organizational Audit would bring these issues to the attention of executives.

**Employee Success Driver: Employee Core Competencies** — All employees are required to have the relevant knowledge and skills to complete their assigned functions. Generally, employees are hired based on their work experience, education and training, and core competencies. However, complex functions require on-boarding and patience to allow for a learning curve to be mastered. Employee readiness and preparation are critical steps for many organizations to ensure new and old hires are getting the information and training required to be successful.

**Organization Success Driver: Organizational Capabilities** — Organizations have many options available to facilitate knowledge and skills, such as:
• validating that the right tasks are getting done the right way
• clearly defining the tasks required for a function
• aligning core competencies and functions
• providing employees with the required training and development
• implementing logical on-boarding protocols
• facilitating the transfer of organizational intelligence through knowledge transfer strategies (e.g., structured mentoring)
• utilizing job aids that support function performance (e.g., standard operating procedures)
• ensuring all operating procedures and policies facilitate results and do not create barriers that inhibit people and processes

Level 3 — Climate and Culture. Most executives understand the impact of culture on employees' motivation. One study reported a direct relationship between employee engagement and employee health. Engaged employees had a better sense of well-being, took less sick time, and were more committed to putting forward the effort required to help their organization achieve its objectives (Human Resources). Employee engagement helps executives determine how the average employee perceives the culture. How motivated, committed, and engaged every employee comes to work each day has an impact on overall employee loyalty. While executives may appreciate the impact of culture, they are often at a loss as to how to positively influence a negative culture. The TalOp Organizational Audit at Level 3 would bring to light these concerns.

A large percentage of workforces are not engaged. When a culture is toxic and stressful, there is risk that a large percentage of employees come to work each day, not because they want to, but because they believe they need to (i.e., to get a paycheque). Such employees perceive the work they are doing is not meeting their needs internally. No matter
what the employer does, those employees will not become fully engaged.

Some executives do not understand that they cannot define employee satisfaction; this is done at an individual level. Leaders can only facilitate a philosophy that supports employee engagement. Managers can influence employees' performance through the quality of their communications, feedback, and day-to-day behaviour. Counter intuitively, compensation and benefits have been found to not be particularly effective motivators on employees' performance results. But money can be a demotivator when employees do not think they are being treated fairly.

For example, a key factor in employee engagement is perception of workplace fairness. Employees will measure and evaluate if they believe their employer is treating them fairly. If they do not believe they are being treated fairly, they tend to become upset, disengaged, and feel negative towards their employer. Employees who believe they have not been treated fairly are at more risk for lost time or even taking legal action against an employer. In his doctoral research, Kelly VanBuskirk, a lawyer with the New Brunswick firm of Lawson Creamer and an expert in employee law, found that the primary reason an employee may bring a lawsuit against an employer is the employee’s perception of unfair treatment. His research further indicated that many times the lawsuit could have been prevented with proactive and collaborative communications.

*Employee Success Driver: Employee Engagement* — Most employees relate to the three personal satisfaction metrics that influence their perception of whether a job is meeting their needs:

- it is not complex enough or is too complex
- it is not challenging or is too challenging
- it does not have the right level of autonomy

How an employee responds to these three metrics can help an organization predict the level of job satisfaction that relates to motivation. This is
why many organizations have adopted employee engagement surveys to evaluate workforce motivation levels.

*Organization Success Driver: Organization’s Culture* — An organization’s culture can impact both people and process results. Culture may appear to be intangible, but it is measureable, and it influences employee engagement and satisfaction. When fear or abusive managers are tolerated or where there is no follow-through on promises, employee loyalty and engagement are undermined. Culture defines the employee value proposition as to why employees would want to work for an organization in the first place, and why they would choose to stay.

A culture of fear is a significant barrier to employee motivation. Fear is not a motivator; at best, it can only achieve temporary compliance, not competency. (See Appendix A for a discussion on the impact of fear in an organization.)

Figure 2-3 provides a visual overview of the first three Levels of the organization. Notice how the three columns all work together; the success of these drivers ultimately defines client satisfaction and performance results. Each of the three traditional metrics is dependent on the employee and organizational success drivers. These define how effectively an organization is able to achieve its defined strategy, capabilities, and culture. However, moving beyond the traditional model, Tal-
Op also looks to two other Levels of the organization that are necessary to support success: Leadership Effectiveness and Employee Health and Productivity.

**Level 4 — Leadership Effectiveness.** The leadership cadre of the organization acts as the transmission, converting the power of the workforce into a force that aligns with its strategic direction. Leadership effectiveness is critical to an organization’s success. This level focuses on the effectiveness of managers who are accountable to lead assigned functions as defined by strategic planning, people and processes, culture,
and climate (Levels 1-3). Leadership effectiveness is impacted by a leader's experience, training, personality, and skill in the core competencies required to manage an assigned group of functions. The organization defines the standards and metrics the manager is expected to use to evaluate results.

Every organization has employees assigned to managers that collectively define its leadership structure. The role of leaders, at the most basic level, is to support, engage, and influence employees to perform their assigned functions to their full potential. Reichheld found that employee engagement was dependent on believing executive leadership was really interested and committed to an employee's well-being, and when this happened it developed more job satisfaction and loyalty that were positively correlated to productivity, employee health, and retention.

Gallup Research indicates that organizations require a higher number of engaged than disengaged employees to achieve desired performance results. Leaders are more accepted by employees when employees see their leaders learning what is important to them and understanding what they can do to earn trust and respect. A leader's success requires having the capacity to motivate, coach, and teach employees, to ensure they have the information, knowledge, and skills for success. Leaders must also measure results and hold employees accountable to the expectations set out by the organization. Leaders who fail to do this well are at risk for their employees becoming disengaged from organizational goals. Sometimes, leaders only have a defined set of performance standards and metrics. These act as a road map for making day-to-day decisions as to what performance is effective and what is not. Leaders often use reports, metrics, observation, and output results to determine whether their employees are on the right track to achieve targeted output results. Leaders need these standards to hold employees accountable for their behaviour. However, regardless of how an organization assigns functions to leaders or measures their success, a leader's results are de-
The manager’s maturity as a leader will influence how effective they are at engaging the workforce. Employee acceptance of command and control managers in North America is gone, but many leaders still operate that way. Perhaps this is one reason why each year more and more employees become demotivated; with demotivation comes increased risk for lost time and productivity. Research suggests that seven out of 10 managers will fail. This dismal statistic is further evidence of the challenges and risks of the manager’s function in many organizations (Dotlick & Cairo). In response, some organizations employ a defined leadership maturity strategy such as coaching, mentoring, an effective performance review system, or applied leadership development to develop and mature their managers. However, this implies that leaders are monitored and provided feedback.

Billions of dollars are spent every year in North America on leadership development. One study reported that $58.5 billion US was spent on training and that only 21% of training program dollars was spent on leadership development and management/ supervisory training. This suggests that something is missing. Each day in Canada, for example, nearly 10% of the workforce is on sick leave, and there is evidence to
suggest that one's relationship with their supervisor is an important element for motivating and keeping an employee productive. Many researchers have reported that the number one reason employees quit their job is not because of money but because they cannot handle working for their manager any longer.

The leader's role is critical, as it is the conduit between executive expectations and employee performance results. Leaders can positively or negatively influence employee productivity based on how effective they are at influencing, engaging, coaching, leading, directing, teaching, supporting, encouraging, and holding employees accountable for results. Gates, Akabas, and Kantrowitz reported the importance of the direct supervisor in supporting and facilitating an employee in need of assistance through displaying an interest and willingness to help them become healthy, satisfied, and successful in the workplace and their job.

Many different expectations are happening at one time in an organization, and the complexity can be mind boggling. An emerging legal obligation and operational imperative is that employees be able to work in a safe environment without conflict and stress. In an organization of 200 people, each person could have a relationship with 199 others, which theoretically could mean in this group of 200 there could be over 40,000 possible interpersonal relationships. Conflict, stress, tension, and crisis due to personality differences alone would be inevitable. Now consider how difficult it would be for someone who is not comfortable with people to be a leader of 40 employees. This leader most
likely would ignore knowledge, skills, and motivation and just focus on expectations. This behaviour could have a detrimental impact on an organization’s ability to grow to its full potential, which is dependent on each leader’s ability to motivate, influence, teach, and follow through on defined standards, all of which influence employee performance and define overall performance results.

TalOp talent management strategies promote the best practice for obtaining a validated, defined leadership core competency profile that defines the skills required to be a successful leader. This step is critical, as it helps in selection, leadership development, and succession planning. A successful manager is often the glue that can pull the pieces together to meet the needs of clients, the organization, and employees. A manager’s role is not an easy one, as there often can be many conflicting agendas that take skills to navigate (See Figure 2-4).

**Level 5 — Employee Health and Productivity.** To be clear, no organization wants to have its employees enter this level. This is a by-product of employees who perceive that something is not working for them in the first four levels. Figure 2-5 shows that employees are heading in the opposite direction of the organization’s defined outcomes; if not addressed, the behaviours of these employees will become a financial burden.

The facts associated with the growing costs of disability management suggest that managers are challenged by the task of reducing the number of employees who enter Level 5, as well as finding creative
ways to move employees out of this level. If, as a result of working with TalOp, it becomes clear that an organization has a problem in Level 5, a benchmark tool called Quality of Work Life Benchmarking can offer insight into the root causes of employees’ core competency gaps. It also benchmarks the risk for counter-productive behaviours, and can suggest opportunities for employer intervention to put the workforce back on track upwards in support of organizational objectives.

Employees who become unproductive or demotivated enter Level 5 for different reasons, such as not feeling engaged or not being able to cope with workplace stressors. The number of employees losing their motivation or health is an important consideration for all organizations; mounting benefits costs when employees go on leave, or worse, stay in the workplace unmotivated, under-performing, and negatively influencing other employees is a serious drag on organizational performance. Each unproductive, demotivated, or psychologically stressed employee left to their own devices can, over time, cost a great deal of time, effort, and money.

Why do employees become demotivated? When employees perceive their work is not meeting their expectations and they see no option to improve the situation, they move to a state of demotivation, defined as presenteeism (at work in body, not mind and soul, and doing the least amount of work possible), or they experience symptoms of stress. If such employees do not get some relief from the strain, they may become psychologically distressed and at risk for lost time and workplace accidents.¹

Most leaders find it difficult to acknowledge or address this level because they have not had the tools or capacity to do so. Organizations that understand this risk and the costs associated with unproductive or

¹ For more information and discussion on the negative impact and risk to an organization when employees become demotivated, please see Appendix A. It provides more context and discussion on the consequences of employees coming to work daily feeling demotivated.
demotivated employees know that if they do not address this issue pro-
anctively the organization’s ability to mature to its full potential will be
negatively impacted.

When a leader does not have the skill set to deal with an employee
who is demotivated, the risks for future consequences are real: the greater
the number of employees that are demotivated, the greater the risk to
an organization. The Conference Board of Canada reported the cost of
casual absences for organizations in Canada is approximately 1.2% of
the total annual payroll. Considering the estimated wages paid in 2009
totalled $612.9 billion, this equals a direct $7.4-billion loss to the Cana-
dian economy. One study of 46,000 workers reported health care costs
of workers self-reporting high stress levels were, on average, 50% greater
than their peers who reported lower levels of stress. As a result, these
higher stressed employees cost companies on average $1,700 more a
year (Goetzel, et al.).

There are tangible costs and risks for having an employee who is
unproductive or demotivated, in addition to the obvious negative im-
 pact on an organization’s ability to mature to its full potential. Organi-
zations benefit by having as many employees as possible out of Level 5,
supporting the strategy, people and processes, culture, and leadership.
There will always be those who will be at risk for Level 5 behaviours,
regardless of what an organization does. The number of employees that
get on and stay on this track will be impacted by what the organization
does or does not do. The issue of demotivated employees is important
for organizations to start addressing, because without a motivated work-
force ultimate success cannot be achieved.

**TalOp’s Organizational Audit Components**

TalOp’s Organizational Audit comprises three component audits. Using
these TalOp audits, the manager has a snapshot as to how well they per-
ceive their organization is performing in each of the five TalOp levels.
The first component is the TalOp Fast Audit.
The TalOp Fast Audit has three main sections:

- **Orientation to Executives’ Current Frame of Reference** — This is a free-flow discussion where the executives introduce the types of products and services being completed within their group, how client satisfaction is measured, what the executives see as their priorities over the next 12-24 months, and what is driving those priorities.

- **Executives’ Global View of the Organization** — This section is about obtaining the executives’ perceptions of how effectively their organization is performing in client satisfaction, implementing organizational success drivers, current capabilities, culture, leadership effectiveness, risk for unproductive/demotivated employees, transparency, and managing accountability.

- **TalOp Key Performance Indicators (KPIs)** — The TalOp Fast Audit includes work and discussion about KPIs. These provide a target of the executives’ perceptions of how well their group is performing financially as well as in the areas of client satisfaction (internal and external), the organization’s strategic plan, operational accountability (people and process), organizational culture, leadership effectiveness, demotivated employees and employee health, and the current balance scorecard. The purpose of the KPI section is to set desired targets that will be measured in the subsequent Operations Audit. This exercise helps to define the gap between actual performance and executives’ perceptions. It also sets the benchmark, allowing an opportunity to repeat the same set of KPIs at the end of the TalOp strategy implementation to determine where improvements have been made.

During the TalOp Fast Audit, executives are asked to define what standard they have for a number of different behaviours that impact people and process output. For example, what percentage of time do
they want the average employee to utilize in planned, ad hoc, and project work? This is the standard as defined by the executive. The actual numbers are found through the audit process and the difference between the two is reported as the gap.

The TalOp Fast Audit results identify the kinds of factual information available and potential gaps in knowledge with respect to talent and operations management. This Fast Audit provided Tony a frame of reference to start to think about what other questions he needed to be asking, and what may be the root cause of some of his problems (see Tony's story, page 41).

**Options After The Fast Audit**

The results of the TalOp Fast Audit often provide enough data for management to act on. However, there may be times when the complexity of the issue demands more detail in a particular area, such as employee relations or knowledge management. The TalOp Organizational Audit can draw on two audits that can be used in such cases:

- the TalOp Knowledge Management Audit
- the TalOp Employee Liability-Risk Audit

*TalOp Knowledge Management Audit* — The TalOp Knowledge Management Audit provides a framework for evaluating how an organization is managing organizational intelligence and transferring both tacit and explicit knowledge. Tacit knowledge is what is in employees' heads. Most organizations have 80% of their knowledge walking out the door every day, and they hope it comes back the next morning.

In the current competitive landscape, there is value in having clarity around how knowledge is managed in order to get top talent and to develop skills sets that have a defined learning curve. Explicit knowledge
is the institutional knowledge that is documented and is accessible, such as in standard operating procedures.

This audit is often particularly applicable for larger organizations where there are many functions and a lot of information to manage. The audit provides a manager with insight and a new level of awareness with respect to how effectively their organization is preserving and managing its organizational intelligence, sharing information, and transferring information to employees.

_TalOp Employee Liability-Risk Audit_ — The TalOp Employee Liability-Risk Audit evaluates potential employee relationship issues. This audit is particularly apt where an organization is involved in highly regulated or safety-sensitive activities. Developed in consultation with Lawson Creamer and Macleod, Robinson and MacLean, the Employee Liability-Risk audit is a screening tool for evaluating potential risk for human rights complaints, accommodations, management style, employee-employer relationships, conflict resolution, union agreements, discrimination, harassment complaints investigation, grievances, and workers’ compensation violations. While it by no means serves as legal advice, the audit facilitates the consideration of potential risk. TalOp consultants will direct a client to get independent legal advice for any issues raised.

_In Summary_

The purpose of this chapter is to introduce the reader to the concept of the TalOp Organizational Audit and its application to the five levels of an organization. How an organization operates with respect to expectations, knowledge and skills, motivation, and leadership effectiveness has a direct influence on the number of employees who become demotivated, unproductive, or even at risk for physical and psychological health issues. The purpose of the TalOp Operational Audit is to provide executives with insight on what may or may not be working the way they would like in each of the five levels. Organizational performance is de-
dependent on executives knowing where they want an organization to go and why, as well as engaging employees to perform to their full potential. Fiscal results are achieved through people and processes, which serve as the foundation that determines an organization’s long-term sustainability and success. As the old adage says, the devil is really in the details. The next chapter provides a review that will get into the details as we move from macro organizational concepts down to the function level.
Tony’s Three Audits

The TalOp Knowledge Management Audit confirmed Tony’s concern about how accurately information, like his organizational standards for success, was being communicated. Through the TalOp Employee Liability-Risk Audit he realized he did not have harassment policies or any form of harassment training in place. After a discussion on the benefits for having a harassment policy and for training employees, he understood why this was important and of value.

Armed with the new information, Tony started to examine all the pieces that individually or collectively might be contributing to low sales in his new pizzerias. He also realized that if he did not resolve the issues in the new stores, his old stores could one day be at risk also. He was now looking at the big picture, and not trying to react to fix just one issue.

Employing the TalOp Fast Audit helped to engage Tony in critical thinking about the kinds of issues that might be contributing to why sales were going down and why he did not have transparency in his business. He realized that while several new stores had been added over the past year there did not appear to be a quality control standard in place to ensure consistency of information and training from his central office team.

Tony’s organization was adding new franchises, but policies, procedures, and training were only quasi-standardized; not all stores were getting the same information or receiving the same training. It appeared that, when engaging a new franchise, implementation success was more dependent on a central office staff member’s style than on approved standards. The level of detail and training were
dependent on how detailed and effectively the central staff member did their job. This, by definition, was a risk, because staff members could potentially add or skip steps, resulting in different end products. Tony began to consider that the franchise model he was selling and promoting was perhaps lacking standardization and consistent quality controls.

Tony and Tanya, his head of operations, completed all three audits (Fast Audit, about 1 hour; Knowledge Management and Employment Liability-Risk audits, 30 minutes each). At the end of these exercises, Tony was starting to consider questions and gaps. He also saw that the root causes most likely responsible for the decrease in sales were systemic and required attention; all the pieces of his organization are connected and interdependent. He commented on how interesting it was to look at his organization through a people and process filter with respect to how the two constructs come together to drive profitability. He agreed that talking about revenue losses without understanding the root cause and having the facts is risky, as it may result in poor reactive decision making.

Tony knew that before he started to make decrees for action he needed to get all his facts lined up, and this first step helped to get him thinking differently about his organization. He made the shift from focusing on just the few stores at risk to looking at his entire organization. If the talent and operations management pieces were all in place and aligned, Tony believed this would be the most effective way to ensure his organization was doing all it could to be competitive and influence customers to buy his pizzas.

In a short period of time, Tony framed some of the problems that were negatively influencing some of his stores’ potential to achieve their financial goals. In his case, the TalOp Organizational Audit provided a macro snapshot of his operations.
The achievements of an organization are the results of the combined effort of each individual.” — Vince Lombardi

The TalOp Operational Audit looks at an organization from a micro perspective. Its objective is to better understand the alignment of people and processes at the function level (Level 2). Central to the TalOp Operational Audit is the function mapping process, which is the focus of this chapter. While clients have used function mapping as an independent audit, it has also been adopted by managers to improve accountability and transparency.

Function mapping enables managers to observe and evaluate the performance of a group or an entire organization, in relation to people and processes. The level of detail of the mapping process is defined by what the managers want to know about functions, using a checklist to select the data they want to track. Most function maps include the number of employees supporting each function, the frequency that the function is performed, supporting documentation, output metrics, and how the function is managed. The resulting function map is a visual tool that allows managers to focus on potential opportunities, risks, and problems that, if addressed, can improve output performance.

The function mapping process allows organizations to benchmark performance. Once a benchmark is set, the status of accountability and
transparency becomes evident. Function mapping informs decision makers as to whether the desired structure is in place for the organization to achieve objectives (client satisfaction, alignment with executive strategic direction, employee engagement, defined accountability, performance, employee readiness, organization culture, employee productivity, process quality, balance scorecard contribution, and employee health).

Function mapping offers more than benchmarks. It provides management with detailed information that can be used to identify what they do not yet know about a function, and to engage in a fact-based analysis of the activities studied. Function mapping raises questions such as:

- Are all the functions needed?
- Are functions being performed in the most effective manner?
- Is there redundancy?
- Is there a lack of accountability at a function?
- Are functions really being managed?

The function mapping process engages managers and front-line subject matter experts within the organization in collecting all the information the organization deems to be important about a function. Having identified the work unit and functions to be analyzed, the manager is asked to write out the core functions within the group they manage. They need only a few words for each.

Functions are then grouped into clusters called domains. The TalOp consultant will assist the manager in organizing the functions to align with the organization’s accountability structure. The TalOp hierarchy starts with Domain 0 (e.g., board of directors); moving down to Domain 1 (e.g., CEO’s office), which reports into Domain 0; Domain 2 (e.g., VP of Human Resources) reporting into Domain 1; etc. Table 3.1 shows a Talent Management Group with two domains, each of which
Figure 3-1 — Sample Function Map
has three or more functions. The result of this step is a list of all the domains and functions in the group. With the functions identified and placed in the organizational structure, the function mapping process then requires input from Subject Matter Experts.

**Subject Matter Experts**

Subject Matter Experts (SMEs) are employees whom a manager believes are the most skilled for each function, and have job knowledge as to what types of functions are being carried out each day. SMEs are selected based on their proven competency to perform a defined function, their track history as top performers, and their clearly supportive and committed attitude toward an organization. Function mapping achieves its best results when SMEs are engaged and empowered to participate, give input, and make recommendations.

SMEs are brought together to ensure the main functions have been captured and that the language is consistent. It is not uncommon to find that a function has evolved from what a manager thinks is happening, and different vocabulary evolves to address the nuances of the functions and tasks being undertaken. Therefore, it is vital that function mapping involves people who actually perform the tasks of the functions. This step is crucial to ensure that there is true function transparency.

<table>
<thead>
<tr>
<th><strong>Talent Management Group</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>The main group that oversees several smaller groups. This group has only one function, the <em>Talent Manager</em> function.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>HR Administration Group</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Training Database</td>
</tr>
<tr>
<td>• Performance Appraisal Administration</td>
</tr>
<tr>
<td>• HR Processes Administration</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Talent Acquisitions Group</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Core Competency Profile Bank</td>
</tr>
<tr>
<td>• Job Descriptions</td>
</tr>
<tr>
<td>• Branding &amp; Marketing</td>
</tr>
<tr>
<td>• Employee Selection</td>
</tr>
</tbody>
</table>

Table 3-1 — A Sample Talent Management Group
Function map validation requires access to SMEs for three purposes:

- to provide transparency for each function
- to recruit key influencers into the process for improved employee-employer relations
- to gain insight into opportunities to adjust priorities for effectiveness and sustainability

Consultation with SMEs needs to be bound by the information needs of senior decision makers. SMEs are used to validate the data gathered with respect to the information identified by senior management at the outset. For example: the number of full-time equivalents (FTEs) assigned, function owner, and all the different supporting documentation that is used to support the function, such as a checklist or standard operating procedure (SOP).

Though function mapping has a strong operational slant, it also creates the stage for strengthening the employee-employer relationship. It empowers employees who have been loyal and worked hard for the organization to share their expertise. SMEs appreciate being recognized as experts and given a platform to share their insights and opinions as to how a function is best performed. SMEs are led by a TalOp consultant or TalOp certified manager to ensure the process stays focused on the desired objectives.

Experience has shown that SMEs typically are straightforward. They know what is necessary, what is not, and what is happening at the

**Terminology Quiz Question 1** — What’s in it for subject matter experts to participate in a TalOp Operational Audit?

Answer: Subject matter experts are empowered and asked to provide their opinions about the opportunities, risks, and problems employees face when completing assigned functions.
function level that most executives never fully observe. SMEs also understand the political and cultural challenges that impact how a function is being performed. Their participation gives executives valuable frontline insight into whether perceptions are accurate: fact or assumption. Most important for staffing and planning, SMEs understand the amount of effort needed to create an output result on a regular basis. This helps executives adjust output and workload expectations. SMEs also have a view on how well managed a function is, and the support and processes that facilitate a function.

SMEs guide executives to validate what functions are operationally critical to keep the doors open, which ones are important (but not critical), and which are nice to have (but potentially unnecessary). Executives can then use this information to make decisions for promoting their organization’s sustainability. The value proposition for SME participation is that this process ensures their contributions and opinions are added to the executive decision making pool.

**Three Types of Employee Functions**

Employees support three types of functions: strategic, process, and management.

- **Strategic functions** are planned functions performed by knowledge workers who possess domain knowledge and skills and where there typically is no single defined process.

- **Process functions** are planned functions that consist of two or more tasks that are done in a consistent manner, adhering to

**Terminology Quiz Question 2** — How many kinds of functions are there in any organization?

Answer: Three (strategic, process, and management)
guidelines defined by the organization and legislation for how this function must be performed: typically a step-by-step process that can be repeated or duplicated each time the function is performed.

- **Management functions** represent an organizational requirement for oversight of a particular group of functions. A person assigned to this role is accountable for the results of the functions in the group.

When staffing a workforce it is important to be clear on the nature of the functions performed by a position. Different functions require different levels of skills, as well as processes to monitor and measure them. Unlike process functions, strategic functions do not have a defined beginning, middle, and end. Instead, they require thought, creativity, and problem solving. For example, while a cancer researcher must follow lab protocols for mixing certain types of chemicals, there is no way to measure their volume of outputs like that of a process worker. An organization would have little success insisting a lab researcher find two cancer cures per shift.

A strategic function can be tracked and measured, but there is no mechanism to predict the exact level of productivity. A strategic function may have a best practice for the amount of time a person is recommended to spend on any one behaviour, as it has been proven this time and effort will increase output results. One example is the old insurance sales model that required making a set number of calls a day, as it was found the more calls completed, the greater the likelihood the sales person would find business.

A tire builder working on an assembly line may be tasked with producing 200 tires a day (fulfilling a process function), whereas a knowledge worker assigned to strategic functions may not have the same rigour and guidelines. But they can still be assigned a defined set of priorities and be expected to perform defined behaviours for an out-
put that can be measured. As a result, it is possible to understand how effective strategic functions can be by knowing the proven best practices and how these are being measured.

**Three Types of Work**

Employees engage in three different types of work to perform their given functions: planned work, project work, and ad hoc work.

*Planned work* is known, expected activity linked to functions that the employee was hired to do. Most organizations hire full-time employees on the basis of what planned work they will be assigned by allocating a percentage of work time to different functions. These functions define the employee’s role in the organization.

*Project work* is often implemented under the premise of making some kind of improvement to an existing function, or used to develop a new function. In some cases, a planned function may be carried out using a project methodology. For example, an accounting firm might put five accountants on site for six weeks to do an audit. Many organizations have noticed more projects are started than finished, without any accountability or consequences. Projects that are not structured are at risk of coming in late and over budget, and fatigue a workforce. As a result, some organizations have developed their own project management methodologies or have adopted a model to keep projects in line until they are completed. As a best practice, when a project is started, someone should be made specifically accountable for monitoring, measuring results, and providing progress reports on costs, to ensure the project is managed.

*Ad hoc work* is work assigned by a direct manager that is not a normally assigned task nor a part of an employee’s original job description. The rationale for putting an employee on this kind of work is often to answer a question or to solve a problem some manager or senior executive per-
ceives must be done immediately. An obvious consequence is that all
planned work (designed to achieve an existing function) is put on hold,
resulting in an employee feeling extra work demands and pressure.

Figure 3-2 provides a visual summary of how tasks are divided into
three types of work. Without transparency, it is impossible for execu-
tives to know at a function level whether employees have clearly defined
tasks and processes to follow.

The efficiency of an operation is often directly related to the percent-
age of ad hoc work employees are assigned. The more ad hoc work as-
signed, the more likely it is a symptom of some level of confusion in pri-
orities, as well as a lack of planning and strategy. If such additional un-
planned work becomes a regular occurrence, it can create unnecessary
stress, strain, and work demands on employees, as many will feel the
crunch of not having achieved their expected, planned work.

Many executives are surprised to learn the breakdown of how em-
ployees spend their time each day in regard to functions, ad hoc work,
and special projects. One employer estimated in their workforce plan-
ing equation that 80% of employees’ time was being spent supporting
four functions, which equalled about 20% per function. The employee
workload also included the expectation that 10% was project work and
10% ad hoc work.

However, once the results for this particular group of employees be-
came transparent as to where they were really spending their time, it
was found that 40% of their time was being spent on ad hoc work and

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**Terminology Quiz Question 3** — How many types of work are carried
out in an organization?

Answer: Three (planned, ad hoc, and project work)
Defining Each Task’s Output and Organizational Value & Impact

Figure 3.2 — Tasks Divided into Three Types of Work
20% on projects, leaving them just 40% of their capacity to perform the functions they were hired to do — as opposed to the 80% executives had estimated.

When employees find they are spending a lot of their energy and efforts in ad hoc work and know their real job functions are falling behind, they start to believe they are on a treadmill and will never get caught up. One major difference between planned work and ad hoc work is the level of consistency in knowing what and when something is due. Ad hoc work is on-demand work that often has short and even unrealistic timelines. It’s important to be aware of the types of work employees are doing and its cause and effect. Those who spend more than 30% of their time on work that was not originally a part of their job description are more likely to report stress and job dissatisfaction, and are at great risk of making mistakes trying to meet never-ending deadlines.

A function map can greatly assist in workforce planning because the nature and priority of functions assigned are readily apparent. However,

<table>
<thead>
<tr>
<th>Type of Work</th>
<th>Expected</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planned</td>
<td>80%</td>
<td>50%</td>
</tr>
<tr>
<td>Projects</td>
<td>10%</td>
<td>20%</td>
</tr>
<tr>
<td>Ad Hoc</td>
<td>10%</td>
<td>30%</td>
</tr>
</tbody>
</table>

Table 3-2 — Expected vs. Actual Work

Terminology Quiz Question 4 — What is one factor that is important to keep top of mind when managing employees’ workload?

Answer: A manager needs to be aware of the defined workload expectations of the average employee with respect to planned, ad hoc, and project work. These benchmarks should then be compared to the actual to determine if employees’ time is being used as planned.
an additional layer of analysis must be applied to recognize that in addition to the planned functions assigned to individuals, there may also be a significant amount of ad hoc work to account for. For example, consider situations where an employee may be assigned to put efforts into four different functions and their 25% contribution to each function is calculated and equals the staffing of one full-time equivalent (FTE). When an employee is assigned to a function, this in essence defines the planned work they are expected to perform. However, ad hoc or project work is often assigned on top of the planned work, and this is not calculated in the original hiring equation that the employee is expected to complete.

The flow chart in Figure 3-2 maps out how tasks are aligned to the three types of work and the organization’s overall success.

**Example of Mapping A Function**

To explain the concept of function mapping, let’s begin with an example function called Employee Job Posting for managing the employee selection process (Table 3-2). This function has four standalone tasks and six full-time employees assigned to support it. The tasks are:

- **Framing Job posting** — requires working with the hiring manager to define the job specifications
- **Building Job Posting** — requires taking the job specifications and building a job posting if not already in the job posting bank

<table>
<thead>
<tr>
<th>Task</th>
<th>Type</th>
<th># FTEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Framing Job Posting</td>
<td>Process</td>
<td>2</td>
</tr>
<tr>
<td>Building Job Posting</td>
<td>Process</td>
<td>2</td>
</tr>
<tr>
<td>Obtaining Hiring Manager Signoff</td>
<td>Process</td>
<td>1</td>
</tr>
<tr>
<td>Posting Job Posting</td>
<td>Process</td>
<td>1</td>
</tr>
</tbody>
</table>

Table 3-2. — Sample Section of a Function Map
• **Obtaining Hiring Manager Signoff** — getting final approval that the right job posting has been built and is ready to be advertised

• **Post Job Posting** — putting the job posting into all the online job sites to attract potential candidates

This is a simple example of one process function and the types of tasks that can be associated with a function that has a clear beginning, middle, and end.

In reviewing the process function above, several questions arise:

• Does everyone perform the function the same way?

• Are there templates that ensure consistency?

• Is there a service level agreement as to how long the recruiter has to get back to the hiring manager?

• How is success defined?

• How much time does each of the six employees assigned to this function spend on it?

The TalOp model provides a structured process to define what the organization wants to know at the function level. Because of the amount of data being gathered, best results arise when focusing the function mapping process on one business unit at a time.

**Task Analytics**

Task analytics takes the function map analysis to an even deeper level to discover what is happening at the function level with respect to the exact type and number of tasks being performed to achieve the function’s output. Some functions may have two tasks that are within the same domain. Others are much more complex and have several steps that cross different departments. The more steps, and more departments in-
volved, the more risk for process breakdown or hidden inefficiencies. This level of function mapping allows an organization to define how all tasks are connected and clarify who is responsible for each function. The function map identifies the one owner who is accountable for the function and the employees who support it.

Through task analytics, managers learn from their SMEs and validate the tasks, knowledge, and skills needed to perform the tasks for each function. This process also provides an opportunity for managers to assess the need for documentation and reporting tools, and the operational relevance of the tasks.

**Function Coding**

As a visual indicator of function status, each function is assigned a code (red/orange/green) indicating the level of maturity of people and processes supporting it. The color code defined by the executive decision makers is a simple grade that defines how well the function is performing against its benchmarks (defined at the start of the function mapping process).

For example, a manager may want to know five things about a function:

- Is it clearly defined and are all the defined attributes included, such as type, value, service level agreement definitions, and technical-specific skills?

**Terminology Quiz Question 5** — What is the main output of Task Analytics?

**Answer:** To determine what is happening at the function level for each function with respect to people and process.
• Are its applicable and documentation requirements (i.e., policy, standard operating procedures, job aid checklists) defined and in place?

• Have its applicable reports and/or metrics been defined, are they in place, and are they being utilized to make operational decisions?

• Have its technical skills and core competencies been defined, and are applicable on-boarding and training in place and being used to achieve business results?

• Are all FTEs supporting the function fully trained and working at minimal performance expectations?

In the example case, getting a positive answer on just one or two would mean the function is red; fewer than five, orange; and all five, green. The goal for all managers, of course, is that through continuous improvement all functions will be green.

Similarly, to readily screen each function with respect to its level of complexity, each function is assigned a complexity ranking (A/B/C).

• A: the function requires defined technical-specific training, certification, license, or education, along with work experience

• B: the function requires work experience

• C: the function can be fulfilled by employees trained on the job

The more complex a function, the more the organization will benefit from engaging the SMEs who are performing it. They will know better than most whether the function’s process and support mechanism are working to their full potential.

Not all functions are equal in importance to an organization. Ultimately, every function is defined by its contribution to the client. The colour of a function speaks to its capacity. The criticality of a function is determined by the value it adds to the client and the consequence to the
organization if it fails to meet performance standards. The importance of each function is also captured in the mapping process to readily indicate priority of attention.

Managing an organization is a dynamic process, so no function will ever stay static; there will always be some type of change. Using function mapping as a strategy for ongoing monitoring and evaluation of functions will serve as an early detection system for identifying areas requiring support or intervention.

The Sample Function Map (Figure 3-1) presents a visual overview of the entire group or organization. This graphic can be presented as a poster so executives can see all the details of their operation in a snapshot that shows the current capacity of the people and processes attached to every function.

**Outputs of Function Mapping**

Function mapping can result in several outputs, depending upon the level of detail a manager wants to know about each function. Getting a

<table>
<thead>
<tr>
<th>Function Table Legend</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Name of Function</td>
</tr>
<tr>
<td>2. Define Type of Core Function: Management, Process, or Strategic (see Function Key for example definitions). The choice of colour will define the function's Operational Readiness.</td>
</tr>
<tr>
<td>3. Function’s Talent Readiness will be ranked green, orange, or red, and the number of FTEs required for each function will be indicated. (See FTE Capacity example definitions on the function map.)</td>
</tr>
<tr>
<td>4. Function’s Current Performance Level: Management is asked to indicate the standard and measures for defining success at the function level. The function map aggregates the scores and shows a picture as to how all the functions are performing. Sometimes a simple colour code (red/orange/green) is used; other times, a legend or scale is used. The purpose is to define the overall performance level of the function.</td>
</tr>
</tbody>
</table>
Part of Tony’s Pizzeria Function Map

**Owner**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Supervisor</td>
<td>M</td>
<td>1</td>
<td>✓</td>
</tr>
<tr>
<td>Accounting</td>
<td>S</td>
<td>1</td>
<td>✓</td>
</tr>
<tr>
<td>Marketing</td>
<td>S</td>
<td>1</td>
<td>✓</td>
</tr>
<tr>
<td>Account Receivable</td>
<td>P</td>
<td>1</td>
<td>X</td>
</tr>
</tbody>
</table>

**Kitchen Preparations**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Menu</td>
<td>S</td>
<td>1</td>
<td>✓</td>
</tr>
<tr>
<td>Ingredients preparation</td>
<td>P</td>
<td>2</td>
<td>✓</td>
</tr>
<tr>
<td>Food Preparation</td>
<td>P</td>
<td>3</td>
<td>✓</td>
</tr>
</tbody>
</table>

**Client Service**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Taking Orders</td>
<td>P</td>
<td>2</td>
<td>✓</td>
</tr>
<tr>
<td>In-store-Delivery</td>
<td>P</td>
<td>4</td>
<td>✓</td>
</tr>
<tr>
<td>Out-of-store Delivery</td>
<td>P</td>
<td>3</td>
<td>✓</td>
</tr>
</tbody>
</table>

Figure 3-3 — Tony’s Pizzeria Function Map
well-defined and clear snapshot of an organization’s functions can be done manually or by using the TalOp Online Dashboard that aggregates the data and helps keep all facts collected in a logical order. Some organizations elect to use the TalOp Dashboard as a day-to-day management tool; some clients have a wall-sized poster of the function map results in the CEO’s office.

In organizations and groups that have 15 or more functions and want to know 10 or more pieces of data per function, using the on-line tool is a prudent and effective way to reduce error, and the fastest way to complete this task. The standard research dashboard is set up to allow the organization to analyze functions, projects, ad hoc work, and employee utilization. The TalOp Dashboard is flexible enough for additional features to be added so that it can manage transparency and accountability. This tool has been designed to manage people and processes on a day-to-day basis.

**In Summary**

The TalOp Operational Audit provides clarity on the capacity of an organization to manage and hold people and processes accountable for results at a function level. Function mapping shows all functions by domain and defines each as strategic, management, or process. The capacity of the process and people for every function are reported, as well as the number of FTEs supporting each function. The benefit is that executives have a detailed overview of an entire group’s capacity, potential, and risk in one graphic. It focuses on operational detail, summarizes what is working with respect to people and processes at the function level, and indicates where there are gaps and opportunities to improve.

TalOp uses the function map as a means for carrying out the Operational Audit, which can be conducted by a TalOp consultant or a TalOp certified manager. For more information please go to www.TalOp.com.
Once an organization has good information on the priority functions of a work unit, analysis can then turn to a meaningful consideration of its people management. The next chapter will introduce the TalOp Talent Management Audit, which examines how an organization is managing its employees’ lifecycle. A company’s most valuable asset is its people, and in a service industry that represents a large percentage of business that is an imperative to success. Top talent can make or break an organization’s success, so it deserves attention to what is working and not working within the development and management of human capital.
Tony’s Operational Audit

Using TalOp’s Operational Audit was an enlightening process for Tony. He elected to use the online TalOp Dashboard and selected two pizzerias for his beta. Once function mapping benchmarking was done with the first outlet, this provided a road map to scale the process out to the other 28 outlets to participate, as he wanted to get clarity on what was happening in all his locations.

Tony decided that for every function in his organization he wanted a definition to include the following:

- function name
- number of FTEs supporting the function
- operational importance (critical/important but not critical/nice to have)
- function type (product/strategic/management)
- function category (process/service)
- function frequency (weekly/daily/hourly/monthly/year-end)
- function owner
- domain function is attached to
- domain oversight
- last year’s attrition rate
- function training
- minimum qualifications needed for function

He also wanted answers to the following questions:

(Continued on page 63)
• Quality control process for function required? If yes, what is it?
• Standard operating procedure for function required? If yes, what is it, and does it adhere to the corporate written guidelines and review process?
• Report created for function, the logic and benefit defined?
• Key Performance Indicator created for function, the logic and benefit defined?
• All process functions workflow — are the steps clearly defined and being followed by all stores?

Tony quickly discovered from the function mapping process that there was confusion with respect to function names and the level of detail that was in place for each function from pizzeria to pizzeria. He noticed that some pizzerias had much more ad hoc work than others, with no clear reason as to how why. Tony determined that all the required functions were not clearly mapped out or documented consistently. The basic information was there, but there was neither a standard nor key performance indicators that defined success or failure for critical functions, such as following the pizza sauce recipe.

This audit revealed to Tony that the set-up and launch of the majority of the older stores had more of Tony’s time and as a result were following the original tasks and steps that defined the processes and procedures Tony put in place to run a profitable operation. However, many of the newer stores were not getting the same amount of information, time, and support; in fact, some never had Tony on site until the store was open for a few weeks.

(Continued on page 64)
The organization was growing fast and Tony was focusing the majority of his time and efforts on finding new locations, market growth, and managing the business financials and real estate. As a result, he was delegating the knowledge transfer of new stores to his central staff that was entrusted to ensure the stores understood what Tony’s grandmother had taught him.

Function mapping helped Tony learn that he had made many assumptions and that he needed to take action. This process created the framework to uncover what was happening at every store, as well as what was not happening. It also showed him clearly from a corporate level the direction, level of controls, and systems that were missing.
The TalOp Talent Management Audit and Learning Effectiveness Audit determine the impact of an organization’s talent management program on the overall effectiveness of the functions required to be successful and to achieve defined objectives. The TalOp Talent Management Audit explores at a domain level what is being done to support employees’ lifecycle. It asks questions in the areas of recruiting, selection, onboarding, performance management, succession planning, and retention of top talent.

The focus of the TalOp Talent Management Audit is determined by the types of functions being carried out in an organization. Where an organization is actively engaged in employee learning and development as a priority, the TalOp Learning Effectiveness Audit offers greater detail: evaluating how organizations are transferring information and developing and evaluating their development results.

This process facilitates an informed discussion between client and consultant regarding how professional development effectiveness, return on investment from programs, and learning retention are being measured.
Figure 4-1 — Example of an Employee Lifecycle Model

- **First Impressions**
  - Brand
  - Peer feedback
  - Media
  - Recruiters
  - Industry Reports
  - Corporate PR materials

- **First Contact**
  - Approach strategy
  - Introduction strategy

- **Recruiting**
  - Target prospect
  - Recruiting surveys
  - Cost for assessing recruit
  - Recruiting strategy

- **Interviewing Strategy**
  - Business intelligence
  - Behavior & situational
  - Background
  - Overview of a typical day

- **Hire**
  - Defined expectations
  - If possible, hire as part-time/temporary for lower risk
  - Cost of new hire

- **On-Boarding**
  - Functional
  - Administration
  - Development
  - Mentoring
  - Monitor average retention rates

- **SUCCESSION PLANNING**
  - Focus continuous improvement in developing Human Capital

- **Company’s Choice**

- **Individual Exit Interview**

- **EXIT**
Employee Lifecycle

The employee lifecycle refers to all the activities an organization can do to facilitate the development of an employee over the span of their employment. The sustainability of an organization is determined by the ability and capacity to replace talented employees with equally talented people. As a result, the core output and measure of success for an effective talent management program is facilitation of the employee lifecycle. Each organization must define how much commitment and structure it will put in place to manage its employees’ lifecycle. The more mature an organization’s talent management program, the more engaged the organization will be in supporting the sustainability of employee lifecycle functions.

The TalOp Talent Management Audit facilitates questions that help executives evaluate what their organizations are doing to support talent management, with the objective of determining opportunities and risks for attracting, retaining, and developing its workforce. The lifecycle of every employee has a clear beginning, middle, and end. Each step in the lifecycle (Figure 4-1) defines the various kinds of activities an organization can choose for an effective talent management program. This model provides a frame of reference to evaluate current risk factors, strengths, opportunities, and weaknesses with respect to talent management effectiveness. The following sections are examples of areas that will be reviewed by the TalOp Talent Management Audit with respect to people:

Attracting and Retaining Talent

The most effective way to develop a ready workforce is to create a fair hiring system that is committed to ensuring the selection process is free from discrimination. One lawsuit or one mis-hire of a senior person can cost an organization several times the employee’s annual salary in lost time and productivity. Even among frontline workers, the cost of a mis-
hire can be up to 100% of the employee's salary. Avoiding such a situation will more than offset the costs for a defendable fair hiring system.

Aligning people and processes starts with having the right people. This may seem obvious, but there are far too many instances where this does not happen. In theory, every employee is hired to fill a defined set of functions, so an organization's capacity to meet the demands of each function is impacted by the readiness and ability of the employees supporting each function. Attracting the right talent for each function requires a framework that has clearly defined all the core competencies (trainable knowledge and skills, as well as the non-trainable attributes) needed to perform any defined function to its full potential.

Managers can use one of two types of logic when hiring talent. Using deductive logic, they meet a prospective new employee and use their personal frame of reference to assess the candidate's capabilities and fit with the organization. The downfall of deductive approach is that the decision maker's criteria lack a reference to the function competencies required by the organization. Therefore, this kind of hiring often results in costly decisions due to personal bias or a lack of due diligence.

By contrast, inductive reasoning uses defined core competencies to drive the process based on defensible job analysis, structured interviews, and trained interviewers. Candidates are evaluated consistently. This method has better success, being accurate, less risky, and less costly. It reduces the waste incurred by wrong hires and lowers the risk for discrimination complaints that can lead to costly lawsuits.

For an interview process to be defendable it must be directly linked to the job description for which the candidate is being interviewed. This can be accomplished by ensuring all interview questions are designed and aligned to collect only information that can be used to evaluate a candidate's competencies for the job they are applying for.

In addition to checking background and conducting a behavioural interview, it is important to define the person's potential to perform the
function for which they are being interviewed; however, with limits around confidentiality, it may be difficult to get information from past employers. There are benefits in using inductive reasoning as it promotes the development of a fact-based and fair hiring system.

The interview and hiring process requires rigour, not only around designing the right interviews for each position but also for monitoring and measuring results with metrics around cost per hire, and selection ratio. A fair hiring system is more successful when there is consistency and management of hiring practices and employees’ value proposition (what the company wants a new employee to perceive and believe). Organizations that are competing for top talent need to answer the fundamental question: “Why would an employee want to come to this organization, and once here why would they want to stay?”

On-boarding Strategy

Once an employee is hired, a good start is important to build confidence that they made the right decision to join your organization. Regardless of an organization’s size, there is value in having an on-boarding strategy for all new hires, to assist in job readiness and retention. The first 90 days are critical and an opportunity to anchor the messages that you want the employee to adopt and believe about your organization and their choice to join it. The employer has a further six months to confirm the psychological contract commitment. Therefore, it is valuable to check in on new employees more frequently than on an employee who has been around for more than 18 months. This is the objective of the on-boarding program.

On-boarding programs often include:

- functional knowledge (e.g., how to log on to a computer)
- developmental knowledge (e.g., knowledge and skills to perform their job, such as jump start guides and a useful intranet)
An Organization’s Most Important Asset

The most important asset for an organization is its people. With the boom in service industries, people interaction impacts an organization’s success. The more skilled and talented a workforce, the better the organization is in position to be competitive and to win. The War for Talent, a report completed by McKinsey Co., found that in the coming years companies will be challenged to keep a pipeline of highly skilled employees interested in joining organizations, as well as the challenge of retaining top talent that they attract.

The more mature the organization is in talent management, the more vital it is for senior executives to understand that the knowledge worker is not easily interchangeable. Though every employee can be replaced, one question is, “How hard is it to hire a new employee with the same skills and commitment as the one being replaced and then get them trained and at the top of the learning curve so that they are ready to perform at the desired level?” The more complex the work and the more specialized training and experience needed, the harder the job is to replace top talent.

• knowledge transfer (e.g., explicit process knowledge, orientation programs, standard operating procedures, structured mentoring, and performance coaching)

An effective on-boarding strategy also deals with issues such as getting benefits in place, employee orientation, technology, and educating new hires on critical employee policies. The orientation needs to give the new employee a real sense of the organization and a clear understanding of the expectations of their role.

Facilitating the psychological contract of employees is an important consideration for all employers. Employees come to an organization with pre-conceived ideas about the organization and their work, but within a short time they learn that not everything is as they thought. Employers must understand it is their role to help a new hire mitigate these differences and come to terms with them. If an employee cannot
resolve differences between the expected and reality, they are at risk for:
a) presenteeism (checking out mentally, being present in body but not in
mind); b) psychological distress; and c) leaving the organization.

Getting a person off to the best start and making their transition into
a new position as seamless as possible is beneficial for every size and
type of organization. Organizations committed to ensuring a logical and
practical on-boarding strategy is in place for explicit and tacit
knowledge transfer have a proven retention strategy and an excellent
way to build employee loyalty and trust.

**Talent Management Activities**

Equally as important as attracting the right talent is the development of
talent. TalOp's Talent Management and Learning Effectiveness audits
examine how these activities are facilitating and developing the core
competencies that impact employees' performance. TalOp looks at tal-
ent management as a strategic element. The talent management strategy
must be aligned to the organization's strategic plan, and its output
should help achieve financial objectives. For example, all development
initiatives are more beneficial to short- and long-term results when they
are aligned to performance management, so that the logic and through
line between people and processes are transparent and evident, and the
people impact is clearly observable and measurable.

In order to retain and develop a workforce, executives and manag-
ers need to understand why employees come to their organization and
why they stay. This is the employees’ value proposition for development
(Figure 4-2). With this understanding, leaders gain an awareness of the
maturity of the organization’s employee value proposition, and what
development supports and resources are needed. The TalOp Talent
Management Audit provides an opportunity to reveal what an organiza-
tion’s employee value proposition could be if the executive leadership
made a commitment to implement it. Each position benefits from hav-
ing standard on-boarding and professional development plans that map out the strategies for sharing information and developing skills.

Validating Career Path Opportunities

Not every employee will want a different job, but those who do want to move along will look for potential career paths that are transparent and clearly defined. Meeting this need is a key means of retaining ambitious employees and assisting them to look ahead to the key performance behaviours and key performance indicators that define the expectations for each position.

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**Figure 4-2 — Example Employee Value Proposition Model**
Succession Planning

Succession planning can tie into career planning or can be a standalone process. Succession planning ensures that an organization has timely access to the right talent for defined critical functions. Through the Talent Management and Learning Effectiveness audits, management gains insight into current abilities with respect to mapping and facilitating succession planning.

Tying It All Together With Performance Management

Performance management is the framework that oversees career planning (e.g., management development and preparation) and succession planning. This allows an organization to evaluate and measure an employee's contribution to overall objectives, as well as to evaluate their development and progression. Performance management's most important output is to support an organization's achievement of its strategic objectives. Despite this important role, most performance management models lack a means of monitoring definable and measureable benefits of these efforts. The TalOp model enables an organization to identify the scales to be monitored and to articulate the accountabilities for each function. An effective performance management model helps keep employees engaged and connected to their contribution and value to their organization, and encourages them to grow and develop. The adult learning models used in TalOp support organizations that are interested in facilitating professional development.

In Summary

An organization is only as successful as its people make it. An executive’s role is to create a path for getting the right employees in the right position and ready for the organization's long-term success. Executives who are interested in retaining a stable and motivated workforce are open to learning; they comprehend how talent management influences outputs. The TalOp Talent Management and Learning Effectiveness
Audits provide a framework for decision makers to evaluate their organization’s effectiveness in managing employee lifecycles.

Tony’s Talent Management Audit

Tony discovered several interesting insights through the TalOp Talent Management Audit. His organization’s human resources function was transactional and there were some protocols for hiring, but there was no structured selection method. Tony wanted employees who are people oriented and have a natural tendency to provide high quality customer service. He wanted his employees to smile and give customers a great experience. He found out there was no defined core competency profile and no structured interview process, and the on-boarding and training process was inconsistent.

Without a defined set of core competencies for each position, Tony’s job descriptions did not clearly spell out the knowledge and skill required to perform functions. These core competencies could also be used to define interview questions as well as the level of training required. Tony also was clear that without thought and effort around the employee value proposition he could not have the insight he needed to solve staff turnover issues that were higher in the new stores than in his older pizzerias.

Tony’s Pizzerias had a really weak — if not non-existent — performance management system for managers, who were never trained in how to deliver a review. As well, there was no employee handbook that framed what employees were expected to do or that provided information they needed to comply to the organization’s expectations. The TalOp Talent Management Audit revealed a set of talent management gaps for Tony’s consideration. Through this process, Tony found issues that could potentially have a negative impact on customers’ experiences.

(Continued on page 76)
The next step for Tony was to decide on his top priorities, start to make decisions, solve any presenting problems, and begin the process of closing gaps to achieve better business results. Tony now had factual information for understanding what could be done to improve the people output, which he always believed was critical for success.
The TalOp audits (organizational, operational, talent and learning effectiveness) identify an organization’s strengths and gaps. The audits can be done formally or informally. The results of the formal process can be put into a TalOp Summary Report. This report is designed to present facts, benchmarks, and information found in the audits in a way that assists executives to identify or verify risk factors, most pressing problems, strengths, and opportunities for improvement. Executives use this information to examine priorities and options. Determining the most pressing issues and risks provides a framework for understanding the problems an organization faces, consideration for the evidence-based decision making process, action plan, and implementation.

The TalOp Summary Report does not assume that the information found in the audits will be enough for executives to be clear of all the problems/risks or to make final decisions. However, in most instances the report will give executives a fact-based outline of the most likely primary and secondary problems, and sufficient evidence and facts for problem solving and decision making. This puts the executives in position to determine priorities, identify what information may be needed, and the best solutions to address defined issues. In other words, the TalOp Summary Report provides the ingredients for an action plan.

CHAPTER 5

Aligning the Facts and Maximizing Performance Results

*To improve is to change; to be perfect is to change often.* — Winston Churchill
TalOp uses a Six Steps to Action Model to move from facts to action. This model facilitates prioritization of problems and risk factors, clarifies potential opportunities, and facilitates evidence-based decision making that is in the best interests of all stakeholders. At the decision making stage, executives determine what kind of talent and operational management strategies will be developed. The last step of the model is implementation and measurement of progress.

Managers trained in TalOp may use this process in an informal manner in the day-to-day running of their operation. Organizations that are interested in setting defined benchmarks and best practices are encouraged to follow a structured process.

**Six Steps to Action Model**

Sometimes a simple change can be straightforward and not require a lot of structure or form. Other times, the levels of complexity and political posturing and agendas can create so much friction and fog that it takes much effort, communication, and time to make the necessary decisions. Each step of the Six Steps to Action Model: Moving from Facts to Action (Figure 5-1) is a standalone, independent step to be completed in a structured order.

Good ideas are only useful when executives ensure they are developed, implemented, followed through, measured, and evaluated. In organizations that are steeped in fear and politics, doing what appears to be the right thing can be complex and challenging. The TalOp structured process encourages leaders to drive out fear and to create an organization that is committed to doing what is in its best interests: facilitating continuous improvement and a learning culture.

At times, executives may feel conflicted in making correct decisions because of the ambivalence as to who the real client is (i.e., external or an internal senior leader). They face organizational hierarchies that generate a form of circular thinking: nothing really changes, only gets
talked about. As a result, too often in these situations executives may believe they have no real control over their decision making because of organizational hierarchies.

When an executive has to make a tough decision there often is at least one party who perceives the decision as negative. Dr. Jim Sheerin suggests that, whenever possible, executives should include all individu-

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**Six Steps to Action Model**

1. **TalOp Diagnostics** — Completion and delivery of the TalOp Summary Report that provides an overview of the findings from the diagnostics and audits.

2. **Defining Priority Problems and Risk Factors** — Based on current and future performance requirements, this process determines the priority problems and risk factors that must be solved to increase the organization’s process efficiency, people effectiveness, and employee engagement.

3. **Evidence Based Decision Making Analysis** — All potential decisions’ causes and effects are examined to determine how each decision could impact people, process, and product/service output capabilities for both the short- and long-term.

4. **Selection of Talent and Operations Management Strategies** — The objective is to determine what talent or operations management strategies will be implemented to close defined gaps and to design a change management strategy.

5. **Development of the Action Plan** — Objectives and actions for facilitating defined change are outlined. This plan will have projects to close defined gaps, meet timelines, set milestones, and establish accountabilities, metrics, and an audit process.

6. **Implementation of the Action Plan** — All talent and operations management strategies that have been determined of value are implemented.

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*Figure 5-1 — Six Steps to Action Model*
als who will be impacted by a decision. This reduces the risk of an individual who was not part of the process becoming a blocker to implementing the decision. Sheerin has found that not all the people who participate in an effective decision process will agree with the result, but most — if not all — are less likely to block the decision from being implemented.

The executive has to determine, based on their analysis and facts, what consequences are the most tolerable for the organization, in relation to presenting needs and priorities. One of the worst realities for an organization is where executives don’t make decisions because they are not comfortable with taking a decisive stance. With this leadership vacuum scenario, the cost of doing nothing is often not evaluated or analyzed.

The Six Steps to Action Model requires that each step be completed before moving on to the next. The first step involves the completion and delivery of the TalOp Summary Report that provides an overview of all the findings from the audits (organizational, operational, talent and learning effectiveness). The second step requires the executive decision makers to review the report and identify the primary problems, based on the facts presented, and the most likely causes. A structured problem solving model in step 2 helps in examining problems. Problem solving and decision making are two different steps. Once decision makers have enough information, believe they are clear on the facts, and have a sense of the primary problems/risks/gaps that need to be addressed, they move on to step 3.

Step 3 includes a structured decision making process to help executives analyze the pros and cons of what they need and want. After deci-

Many companies need to be educated on the cost and risk of doing nothing; although the status quo may be more comfortable, it puts their organizational sustainability at risk.
cision makers have determined their priority and decided what needs to be fixed or addressed, they move to step 4, which involves research and development of an operational and talent management solution that may be needed to close a gap. For example, there may be a need to improve the organization’s documentation to improve process control. In this step, decision makers determine whether they have the necessary resources available or whether an external resource will be required to develop a solution to solve a process gap.

Having selected the strategy, the decision-makers move to step 5, developing the implementation plan. This step includes the identification of a resource, setting a budget, and developing a solution so that it is ready to be implemented. Step 6 is the implementation. These steps are discussed in greater detail below.

**Step 1: TalOp Diagnostics**

The objective of this step is to deliver the TalOp Summary Report, which includes three main sections:

- Strengths/Weaknesses/Opportunities/Threats (SWOT) Analysis
- Key Performance Indicators Gap Analysis
- Function Map

The SWOT analysis provides an overview of an organization’s strengths, weaknesses, opportunities, and threats. Executives can use this output to frame and better understand the magnitude of any potential risk factors or problems, as well as strengths and opportunities. Every piece of information reported in a SWOT analysis is supported by definable, observable, and measurable facts that provide a view of an organization’s current situation. It also outlines the kinds of risk factors that have been found and which provide insight to predict the potential costs for doing nothing.
The Key Performance Indicators Gap Analysis provides a set of benchmarks that serve as a snapshot of an organization’s current status. These can be used later to evaluate how effectively the improvement strategy has worked.

The report concludes with a TalOp Function Map that presents an overview of all the domains and functions in an organization. It also provides a global status report as to the state of all functions for a defined group in regard to people competency and process capacity. Unlike an organizational chart that shows only the hierarchy and reporting structure for an organization, the Function Map shows the alignment of all functions being done in each group, the number of FTEs assigned to each function, the criticality of the function, and the current capacity of the process and people against the standards defined by the organization.

Step 2: Define Priority Problems and Risk Factors

Once they review the TalOp Summary Report, most executives have a sense of the kinds of problems, issues, and challenges they are facing. The purpose of this step is to laser in on and confirm the most pressing problems or risk factors that have been evaluated as the most important issues to address. It also helps executives to examine the most likely causes of problems and the kinds of solutions necessary to solve them.

Before an audit, it is common for executives to have some insight or view on the kinds of issues their organization is facing. The TalOp Summary Report provides a level of granularity to understand the root causes of these issues, as well as to discern if these actually are the primary problems, or symptoms of something larger. This level of detail can then assist in determining what the most likely root causes are and the potential magnitude of associated risks, as well as what kinds of solutions and outcomes are needed to protect the organization’s sustainability.
Executives are encouraged to analyze each problem identified in the TalOp Summary Report by running the problem through the 10-question process listed below. This provides structure and guidance to help ensure executives do not make assumptions and to facilitate critical thinking.

10 Questions to Examine Problems and Risk Factors

The objective of these 10 questions is to help executives examine each problem individually and to avoid assumptions and guesswork that can result in lost time and opportunity. This process reduces knee jerk decision making. To begin the problem solving process, managers are asked, “Based on the TalOp Summary Report, what appear to be the most important problems and/or risks to be addressed at this time, and why?” This question sets up the 10-step problem solving model. The purpose is to reduce bias, assumption, guessing, and poor problem solving. Clearly, the benefits of solving a problem are greater than not addressing the problem, meaning the cost of doing nothing is more than the costs that would be incurred in resources, time, and money to solve the problem.

1. Based on the facts available, how can the problem/risk factor most easily be defined? Explain why this has been defined as a problem. It is helpful to explore the gap between what is happening and what should be happening, to help understand the problem. This helps define the executive decision makers’ expectations for results.

2. Where is this a problem/risk factor (i.e., what specific people, process, product/service output)?

3. Where is this not a problem/risk factor (i.e., what specific people, process, product/service output)?

4. Why is this a problem now, and for how long has it been a problem/risk factor (i.e., frequency, degree, and intensity)?
5. What are some of the most likely root causes for the problem/risk factor (e.g., performance change, market change, budget change)?

6. Based on the facts available, what is the most probable cause of the problem?

7. Have there been any attempts before to address this? If so, what happened and why is it still a problem/risk factor?

8. How important, on a scale of 1 (low) to 10 (high), is it to solve this problem/risk factor?

9. Are there any obvious solutions? Is it likely that a search for solutions will involve new research and training?

10. What is the cost of doing nothing on the short term (next six months), mid term (6-18 months), and long term (over 18 months)?

Following a structured process for every problem/risk factor increases the opportunity to ensure all issues are examined the same way. Investing in this problem solving approach ensures that decision makers have considered the facts surrounding the current problems or risk factors, the level of importance for solving them, and the most likely solutions. This creates a framework for prioritizing, evidence based decision making, and action planning.

The next step provides a framework for executives to make decisions as to how each problem will be addressed. Problem solving and decision making are two separate processes; mixing the two will result in an increased risk for poor decisions.

**Step 3: Evidence-Based Decision Making Analysis**

Once executives have determined what the problems or risk factors are, the next step is to use an evidence-based decision making process. This step is guided by the organization’s strategic values and objectives as to
its current needs and wants. When making a decision, keep in mind whether one has a choice at the end of the process to implement or defer the decision, based on identified risks.

Not every decision will be popular, and sometimes difficult decisions have to be made for the greater long-term sustainability of a group or organization. Although executives may not have control over changes in the market or economy, they must react and be proactive to get ahead of complex problems before they become impossible to overcome.

Managers trained in TalOp use the evidence-based decision making framework in their day-to-day support of an organization. Organizations will always be faced with problems that need to be addressed, but managers who become proactive and have a framework to address and prevent problems will be more successful over the long term. When making decisions it is of benefit to be clear as to the purpose and benefits that are expected to be obtained, and how these benefits will be measured.

**Evidence-Based Decision Making Strategy:**

1. **Decision and Outcome Statement** — This provides a frame of reference of the kind of decisions that must be made first and why, and clarifies the desired outcome for making those decisions. In essence, this statement introduces the value and necessity for addressing and solving problems with respect to current priorities, and provides motivation for solving problems. It also outlines the expected effect on an organization’s overall performance, as well as current realities and resources available to carry out decisions. At the end of this phase, the standard for measuring progress of any decisions is defined. This aids in framing the types of decisions that will be made.
2. **Determine Needs and Wants** — Glasser taught that all human beings have five basic needs (love, power, fun, freedom, and survival), and that each person fulfills their basic needs through meeting individual wants. Organizations are similar; they have needs (e.g., financial resources to pay employees’ salaries) and wants (e.g., 14% profit margin). Needs are not optional; wants are based on preferences. In this step, executives discern the need-to-haves and the like-to-haves. Needs are not negotiable; wants are.

I. For each priority problem, executives describe what outcome they need and want to have once the problem is addressed. This helps frame the decision and actions that will be taken to solve the problem. The objective is to make the best decisions with the facts that are available.

II. The executives then list all the need-to-haves (the necessary elements), being specific as to what must take place. These are the non-negotiable elements for your organization.

III. Only after establishing the inventory of needs, executives list all the wants. These are different than must-have items. The organization could survive without them; they are preferences.

IV. For each want listed, on a scale of 1 (low) to 10 (high), rank its importance. The purpose is to prioritize wants.

V. List all the known options and strategies available to achieve the desired outcomes (needs and wants). The options and strategies that may assist the group or organization to solve its current problem may be defined either as talent or operational management strategies (see Table 5-1 for examples).

VI. The organization’s priorities, strategic plan, resources, and competency will influence the critical thinking pro-
cess with respect to the current reality and ability to implement a desired option or strategy. Define, on a scale of 1 (low) to 10 (high), how viable each option is for the organization at this time. This helps define what can be done to address any problem.

VII. For each option selected in step V, rank the risk for implementing this option or strategy on a scale of 1 (low) to 10 (high).

VIII. Step VI evaluated the viability of each option or strategy, and step VII evaluated for risk. In this step, the executive takes the total score for each option defined in step VI + step VII, which equals the total score for each option. The options with the highest scores represent the executive’s preference based on the facts available.

This decision making process has structure and rigour. The goal is to help executives look at the impact and benefits of a decision from several frames of reference. This process can lead to decisions that will be addressed on a scheduled timeline basis because of resources and organizational capacity. It also will help executives consider factors such as political climate that, if not considered, can become barriers for success.

Step 4: Select Talent & Operations Strategies

With the actions identified, executives need to be clear on the kind of talent or operational management strategy that already exists. This will ensure an appreciation of the impact of the strategy on existing resources, people, and processes, and whether additional resources or
change management planning will be needed. Any new talent or operations management solution must have a clearly defined set of objectives, success metrics, and a budget.

When adding or changing a function, consideration of the change management plan is needed. Any talent and operational strategy will be more successful if it is a proven strategy and there is research to support its benefit and value to an organization. The purpose of this step is to discover what operational and/or talent strategies will be added to the system, as well as the organization’s capacity and capability to implement from within, or whether there is a need to bring in an outside subject matter expert.

**Step 5: Develop the Action Plan**

Now it is time to build the action plan. Executives now know what problems they are going to solve and what decisions will be made. They are also aware of what, if any, new talent and operations management strategies will be used. The action plan will include a clear timeline, actions, measures of success, oversight, type of training necessary, and change management plan, and will define the budget and resources needed to carry out the plan.

An important consideration in this step is framing and defining the requirements that will be needed to develop the action plan. The number of issues being addressed and the complexity of the issues will define the amount of effort and time it will take to frame and develop the action plan. The resources available internally or the requirements to get an external resource are considerations that will occur in the early stages of action planning. This step may involve the development of an intervention or tool that may require a standalone project. For example, the organization may determine that it wants a new selection process to ensure it hires the right employees the first time. This decision may require the development of a core competency profile, selection tools, and train-
ing materials for interviewers. Chapter 6 will introduce some important considerations when developing a talent or operational solution.

Once all the pieces have been developed, the next step is to define how the change will be introduced. When it comes to change management, the purpose is to ensure that all employees who are going to be impacted in some way by change understand their role in the change and are well briefed. The magnitude of the change will define the need for a change management strategy, as well as the level of detail required. The objective for a well thought out change management strategy is to stabilize the people and processes for the most successful transition possible from one state to another. Change needs to be clearly articulated and defined as to the rationale and value to an organization's output and why it is necessary. Most employees want to know how any proposed change will impact their world.

Change management is not just a communication document or a one-time event; it is a process used to influence people to accept change in order to do business a different way because the current way is not achieving required results. Not every employee will accept change. However, once an organization frames change and provides an opportunity to move through change it is the employees' responsibility to embrace the change or to self-sort and make some personal choices. No employee can be forced to accept change they do not want.

Change management is not a nice-to-have; it is a major requirement, as it can help influence employees to accept and embrace change that minimizes upset and confusion in a workforce. Planning change and implementing change are two different outputs. Change is a process that requires foresight and awareness. Many employees that resist change do so not because they are being disrespectful but because they are scared and fearful of its implications on their jobs. The more an organization can do to remove fear, the better employees will move through change. However, sometimes change means reduction of em-
ployee numbers, and this is a consequence and decision that organizations need to accept for the greater good, that being their long-term sustainability.

Organizations achieve their performance results through their people, so failing to engage people in change and working through challenges and resistance is risky and can be costly. Preparing and getting a workforce ready for change can be an important part of the change management implementation plan rollout. The book Change is Constant — Manage it Proactively (see page 125) outlines strategies for facilitating change at an individual and organizational level, which are the kinds of things an organization will be well served to consider when pondering or implementing change.

If the people factor is forgotten, the risk for employees becoming unproductive or unmotivated increases. Executives benefit by paying attention to how change can impact an organization, because they can force compliance but they cannot force competency or engagement. The best organizations want more than employees’ hands; they want their heads and hearts as well.

**Step 6: Implement the Action Plan**

Once the action plan is completed and everything is ready to go, the next step is to implement it. A detailed implementation plan with defined timelines, milestones, and measures provides the framework for an organization to monitor and evaluate the plan’s positive or negative impact. Some organizations may use their project management strategies to implement the action plan. For TalOp, the key imperative is to ensure the plan is well defined, communicated, monitored, and measured.

One simple and effective model to monitor progress of an action plan is the Plan—Do—Check—Action Model (PDCA). This model teaches that quality is a moving target and highlights the importance,
when making any kind of organizational change, of starting on a small scale to get the change right, as well as ensuring that the changes are working. This process provides a framework to get the evidence as to the benefits of the defined changes.

This is the step where all talent and operation management strategies that have been determined of value in the decision making step are implemented. All the design and preparation work will have been completed for any strategy before it goes live. Once changes are implemented, an organization must maintain its commitment to continuous improvement and quality control programs.

A beta test of any new strategy is recommended before it is launched, to ensure it is culturally aligned and can achieve desired results. In addition, after the action plan is fully implemented, the executive and consultant will determine a timeline to recheck all the defined key performance indicators listed in the TalOp Fast Audit. This will aid in evaluating the impact and benefits of the implementation plan on the organization’s results and clients’ satisfaction.

**In Summary**

This chapter helps pull all the pieces of the TalOp model together. The TalOp model helps to ensure talent and operations management are aligned and integrated to an organization’s defined standards and requirements, such as:

- All defined tasks are critical and add value.
- There is an operational purpose for every report and metric.
- Workforce strengths and weaknesses are identified.
- Every employee’s performance potential is measured.
- All documentation and knowledge management tools are current.
• The impact of performance management and talent management initiatives on organizational performance is known.

• The organization’s ability to predict the need for and to hire talent and implement succession planning is up to standard.

• Executives are aware of the impact of cultural attitudes and motivation, employee engagement levels, and the risks of having demotivated employees.

Developing an effective action plan requires getting all the facts. TalOp’s model assists managers to break down complex problems into useable chunks of information that can be acted upon. There are no shortcuts; TalOp promotes accountability and transparency. Examples of TalOp in action may be reviewed in Appendix B. Change can be thought of as simply adding or taking away from a system. Both have a cause and effect. The purpose of change, from a TalOp perspective, is to facilitate improvement and results.

For more detail on how to build a function map and complete the TalOp Summary Report, as well as practice and experience working through the steps in this chapter, managers are encouraged to complete the TalOp manager training program. Organizations wanting to understand how an external consultant may be able to help facilitate the TalOp model can contact info@talop.com.
Time for Change at Tony’s Pizzerias

Based on Tony’s actions, it is evident he wanted to keep growing and, instead of getting upset with anyone, he acknowledged he had a problem and he needed a solution to ensure his grandmother’s recipe was being followed in all stores. After analyzing the TalOp Summary Report and his function map, Tony evaluated the problems that he believed he needed to solve, and examined options for addressing them.

As he moved to the evidence-based decision making model, he concluded that it was necessary to spend time and money implementing a quality assurance program that would provide transparency and accountability. This meant he needed to implement a standard set of policies and procedures for all stores that included key performance indicators, a quality control process, and a customer service excellence model.

The TalOp Summary Report framed a host of potential problems. After putting each one of these through the problem solving process and then the decision making steps, Tony was clear on what he wanted to do and why. He concluded that the cost of doing nothing to address each of the following issues was too expensive:

- no consistent on-boarding
- no developed or meaningful job aids (e.g., standard operating procedures, workflow charts)
- no standardized employee core competencies profile
- a lack of transparency and accountability at the function level

From a talent management perspective, on-boarding (i.e., getting new hires oriented to the organization) and training for all new cooks

(Continued on page 94)
would be formalized and put into a certification that they all had to have before working alone. As well, managers were trained on quality assurance and reporting.

Within six months, Tony had quality assurance and client satisfaction teams ready, trained, and up to speed in central office, ready to support his entire organization. Their roles were to ensure all stores received the same information the same way. The teams implemented a customer service excellence program and standardized training, and instituted a regular auditing and quality inspection of stores. The good news for Tony was that his pizzas were amazing and people loved them, but the pizza had to be made correctly every time.

Once word was out that the new stores were serving quality products, sales were back on track, and like the old days Tony was seeing his staff all had the same sense of urgency and understood how important it is to engage customers. Tony learned that to run an organization correctly it is necessary to be clear on what all the moving parts are doing, and never make assumptions. Tony realized there is nothing easy about running an organization; however, there are big rewards from doing it right. He found out first-hand in the TalOp model that good intentions are not enough to run an effective and efficient organization; it also requires obtaining and maintaining transparency and accountability. The TalOp model provided Tony with a methodology to align his people and processes.

When you're finished changing, you're finished.
— Benjamin Franklin
Unlike the many management books that suggest they have the answer, TalOp is a structured process that gathers essential data and arranges it in a framework that allows each organization to determine its own responses to its issues. TalOp provides a structured process for an organization to come to its own conclusions and to define its own needs, wants, and level of talent and operations strategies to achieve performance results. The benefit is that each organization can determine for itself, based on its own data, what the costs are for not taking action, and the benefits for taking action to improve a people or process issue.

No single strategy will fit every organization, as each has its own unique needs and challenges. If an organization requires external expertise, it is important to ensure the provider has the required experience and skills. All talent management strategies should be designed to improve effectiveness and/or engagement (people), and all operational management strategies should aim to improve efficiency (processes).

When selecting any talent or operations management strategy, decision makers must be clear on the objectives and outcomes. TalOp uses a model called TalOp’s 3 Ps — People, Process, Product Results (Figure

**CHAPTER 6**

**TalOp’s 3 Ps**

*In the end, all business operations can be reduced to three words: people, product, and profits.* — Lee Iacocca
TalOp’s 3 Ps provides a frame of reference for how talent and operational management strategies impact product/service output results, highlighting what employers and employees influence.

1. People

TalOp’s 3 Ps consider the impact a strategy may have on people or processes. A strategy creates opportunity, but it is up to employees to take responsibility for their actions and behaviours. In understanding the impact of a strategy on people, one must consider the two core variables that impact function performance effectiveness and engagement of people:

Effectiveness — This relates to competencies, knowledge, and skills required to perform a defined function. An organization can influence only external effectiveness; internal effectiveness is dependent on employees.

- External (Organization’s Responsibility): On-boarding, knowledge transfer, training and development, team dynamics, communications, mentoring, job aids, and defined communication protocols.

- Internal (Employees’ Responsibility): Job-specific readiness (e.g., knowledge, skills, and experience), interpersonal skills (e.g., communications), intrapersonal skills (e.g., problem solving).

Figure 6-1 — TalOp’s 3 Ps
solving, resilience, self-efficacy, locus of control, emotional intelligence, social IQ, health).

Engagement — This refers to what employers do to motivate employees as well as what each employee does to motivate themselves. It is up to every employee to decide if the functions they are performing are meeting their basic needs.

- **External** (Organization’s Responsibility): Working conditions, quality of supervision, compensation, benefits, job security, company brand, company politics, culture (e.g., no fear, corporate values, and diversity sensitivity), performance management, and recognition.

- **Internal** (Employees’ Responsibility): Employee fit, personal satisfaction, sense of achievement, interest in job functions, personal growth, comfort level with defined accountability and ownership, structure/flexibility, enough autonomy, an internal sense that the job has the right level of challenge and complexity.

Employers can do only so much; they cannot make employees love their jobs. In the end, it is an individual decision if an employee perceives their job as providing satisfaction enough to engage in work willingly every day at the minimal levels defined by the employer. What most employers want is for employees to voluntarily give their discretionary effort (the extra 20% capacity each employee has in their tank) daily to maximize output. TalOp promotes the positive benefits a healthy and productive work culture can have on an organization’s results. For more ideas on influencing employees’ behaviour see Appendix B.

2. Process/Functions

Any operations management strategy’s core objective is to improve process efficiency. Efficiency refers to how effectively a process works within a defined function. The kinds of strategies that may be determined of
value may be designed to impact one or more of the following areas: procedures and policies, standard operating procedures, benchmarking, best practices, workflow standards, oversight, quality of equipment, operations management, decision strategy, risk management, service level agreements, client relationship management strategy, continuous improvement, quality control, balance scorecard, and metric and reports validation.

Using TalOp function mapping and tapping into the relationship with subject matter experts (SMEs), the organization examines the probable impacts on people, processes, and products through paper-based scenarios before embarking on potentially disruptive change. The scenario testing not only helps avoid unintended consequences, but can also be incorporated as part of the change management process. As key influencers in the organization, the SMEs will have an opportunity to actively engage in the thought experiments and development of the rollout plan.

3. Product/Service Output Results

Performance results in for-profit businesses are linked to fiscal accountability that defines an organization’s financial position. Organizations that provide services, such as government and non-government agencies that are not profit driven, must still manage their financial expenditures. The needs of the organization will define the type of metrics that can be used to indicate how well it is performing and will show executives how defined fiscal results (e.g., sales target) are being achieved.

Every organization needs to define the kinds of metrics it uses to measure results. Most executives have a few key numbers they use to discern how well their organization or a targeted group is performing against a set of defined expectations. Even non-profits and community organizations should instill the internal discipline required to show the business case for their existence. A talent or operations strategy to close a gap must be definable, observable, and measurable, so that progress
and results can be monitored and evaluated. TalOp is grounded in accountability, resulting in an evaluation of the ROI.

Metrics are selected from the following four groups:

- **Client Satisfaction**: market share, client retention, wallet share, client feedback, client complaints, and number of new clients.

- **Productivity/Profitability Results**: budget forecast accuracy, revenue, expenses, profit and earnings before interest, taxes and depreciation, and amortization.

- **Operational Results**: customer satisfaction levels, quality (e.g., waste, error ratios), safety record, staff coverage (e.g., overtime required), health costs (e.g., workers' compensation and lost time), and organizational balance scorecard.

- **People Performance Results**: performance objectives, core competency capacity, employee conflict, employee discipline, employee morale and satisfaction, employee sick time, employee retention, and employee turnover.

**Selecting Talent and Operations Management Strategies**

The previous chapter discussed the development of an action plan to close defined gaps. After an action plan and talent and/or operations management strategies/interventions have been determined, decision makers are encouraged to determine whether the organization has the necessary expertise within or if it will need to go outside to get the required knowledge and skills. Selecting the right resource to assist in closing a gap can be crucial. A solution for closing an operational management gap may require adding a new balance scorecard or quality review system, but a talent management gap may need new performance management and leadership development.
In Summary

Regardless of the specific talent and operations management strategies, they all have common purposes: to improve people and/or processes with the end goal being to positively impact an organization’s overall client satisfaction, some other defined output result, or to improve the quality of life for employees. Some examples of TalOp talent and operation strategies that have been found effective for closing defined gaps are outlined in this book. However, there are no cookie cutter strategies; talent and operations management strategies must be tailored to the needs of the organization. They are based on tested and proven theory and often can be adapted to the needs of an organization, saving research and development dollars.

Regardless of what strategy is employed, it must be transparent, measurable, and promote accountability for people or process outputs. The TalOp audits, function maps, and other tools ensure that the strategies derived from the TalOp model meet these criteria. There often are no quick fixes or shortcuts to complex problems. But with a clear picture of the resources and talents at hand, and the challenges to be met, organizations no longer need to grope in the dark. The TalOp model was developed to open the black box of organizations to allow executive decision makers to see and understand their inner workings.

Executives owe it to the organization and to their fellow workers not to tolerate nonperforming individuals in important jobs. — Peter Drucker
Tony’s TalOp Strategies

Tony determined that four talent and operations management strategies were necessary:

**Standardized Operations Procedures Documentation and Workflow Template Output** — The audit results indicated a large percentage of functions did not have documented processes. The vast majority of the information, both explicit and tacit, was walking around in the heads of employees who were coming and going each day. It was evident there was no standardization, which is especially risky for process functions. As a consequence, many tasks were lacking clarity on who had oversight and ownership.

The output of the TalOp Operations Audit was to implement a framework that standardized workflow and standard operation procedures documentation, and defined oversight for all tasks. The rationale was to provide a framework for accountability and quality assurance programs. This would allow for future reviews as to how employees were performing against defined benchmarks. Working with the subject matter experts (SMEs) in this process, Tony was able to streamline and improve many workflow processes. The SMEs were extremely excited to be a part of the process because they had never been asked for their contribution before.

**Knowledge Management and Transfer Output** — There was a need to improve the on-boarding strategy. The operation management strategy that was decided on and implemented led to the development of jump start guides for front line and management positions in the pizzerias. These two meaningful tools were to be given to all new employees and managers to provide them with critical information that
would help them learn their roles faster, as well as to see how they would be evaluated and developed.

**Client Relationship Management Strategy Output** — There was a need to formalize client service excellence capabilities, since the entire organizational output was primarily service oriented. There were no service level agreements in place, no up-to-date policies, no defined client feedback systems to determine the level of satisfaction for both internal and external clients, no core competency profile for the skills required in the organization, no defined employee or customer value proposition, and no client service training programs. This was deemed a major risk factor that needed to be addressed.

Tony had set the importance of client service excellence in his original strategic objective; however, without the infrastructure to attain it, this objective could not be much more than lip service. This was not acceptable to Tony. The result was the development of a full-blown client relationship management (CRM) program. This led to working with the employees that the organization wanted to be highly skilled in CRM to participate in the development of all the parts necessary for a CRM framework and program. This strategy resulted in elements typically associated with operations, such as performance standards for functions, as well as defining core competencies for CRM.

**Hiring the Right Employee the First Time** — It was determined there was a need to improve the selection model for new employees. There was no validation model built into the selection process, and the existing model clearly had risks for future discrimination lawsuits. This resulted in working with subject matter experts and managers for the
different positions that were deemed critical for accurate hiring. The entire selection process for two core positions, from the application to probation, was updated and improved. Tony had his lawyer review the final product to ensure the new model was deemed fair and legally defendable. The last output was to make certain the new system had a built-in validation component in place to ensure the selection process was doing what it was designed to do: hire the right talent the first time — fairly.

Tony started the TalOp journey with a sense that there were things he wanted to improve. The TalOp model helped him discover the whats and whys so that he could begin to problem solve and make decisions as to what really needed to be fixed. At the end of the journey, Tony had processes that build consistency across all his operations, as well as a talent management model for hiring the right people and getting them ready to help his business succeed. Three years down the road, Tony continues to grow and prosper.

Tony reported that TalOp educated and trained him, framed a people and process structure that helped him get on the right track, and is a structure that he has adopted as a best practice to run his business. He adopted several of the KPIs that were introduced to him in the Fast Audit and the TalOp dashboard for tracking function outputs. He took the KPIs that were important for his operations and put them into a TalOp balance scorecard that is aligned to the Five Levels of Transparency, which he learned when doing the organization audit. This scorecard is being used to keep the conversation focused not only on revenue but also on people and processes. As a result, Tony has adopted TalOp’s structure for running his business. He elected not to use TalOp as just a consulting solution but as a road map to keep the five core imperatives that TalOp teaches: effectiveness, engagement, efficiency, accountability, and transparency.
One of the by-products of the TalOp Organizational Audit is that it provides management with insight on an organization’s current level of fear and its potential consequences. Levels 3-4 are critical for understanding what employees perceive with respect to the culture and their leadership. A consequence of fear often results in employees moving into level 5.

As noted above, fear is a drain on an organization’s ability to motivate employees. There are many reasons why employees have fear, especially in economically challenging times when the threat of job loss is evident. Goleman reported that all employees constantly survey their environment for fear, and that this behaviour is hard wired into their brains. This system is known as the fight-or-flight response. When an employee senses fear, it is viewed as danger, whether it is a real or perceived threat. Once the response system is activated, the goal is the same: fight the threat or get away from it.

Deming reported in one study how organizational systems too often allow negative psychological forces such as fear to enter them, and

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APPENDIX A

The Fear Factor

*Research indicates that workers have three prime needs: Interesting work, recognition for doing a good job, and being let in on things that are going on in the company.* — Zig Ziglar
this negatively impacts employee health and productivity. Deming provided examples of how fear enters an organizational system:

- an inspector, mindful of a company’s target of under 10% for defective product, passes borderline work to ensure the reject rate remains low, out of fear of causing the loss of jobs

- a committee appointed by a manager to report on a specific issue may over-emphasize data that supports the manager’s contentions and dismiss data that seems to contradict his view

Deming outlined the consequences an organization may face when employees come to work in fear: not asking direct questions because it is perceived not safe to ask for clarification; feeling anxiety; stifling creativity; building psychological alliances; accepting social conformity that increases risk for breaches of ethics and rules; stopping critical thinking; or getting sick.

Harassment most often creates fear. This has a negative impact on employees, resulting in tremendous psychological strain, often without an employer’s awareness of the damage this unwarranted action is causing. Employers need to know whether harassment and discrimination are happening and to put protocols in place to prevent it. The U.S. Equal Employment Opportunity Commission received 95,402 discrimination complaints in 2008, the highest in its history of keeping records. It showed a 15% increase from 2007, which is in addition to the 9% increase between 2006 and 2007.

Employers must also be mindful of the risk for women in the workplace in regard to sexual harassment. For females coming to work each day, the risk and fear of harassment are real. One study estimated all the different forms of sexual harassment impact 40% of women in the workplace (Glomb, et al.).

Organizations need to drive fear out of a system. The most productive organizations are those that are committed to creating a culture where employees trust their manager and are highly loyal and commit-
ted to the company. In the TalOp Organizational Audit it is important that executives consider how fear in their organization may be a barrier, so they can decide whether action is warranted. If fear is present, executives will never maximize the power of discretionary effort — the extra 20% capacity every employee has that, when tapped, has a positive impact on output.
Appendix B

Demotivated Employees: What Employers Can Do to Prevent and Reduce This Reality

Many companies have long contended that stress in the home causes productivity loss in the market place and it does. But research now reveals that stress on the job causes stress at home. In other words, they feed off each other. — Zig Ziglar

There are two reasons why employees may become unproductive: a) they do not have the knowledge and skills, b) they do not have the attitude and motivation to improve their productivity. It is much easier for employers to deal with point one than point two. Yet both must be addressed for organizational success.

This appendix explains how executives can recognize and anticipate the risk for employees who perceive they are under stress (and entering Level 5, as explained in Chapter 2).

Organizations are paying a lot for no results. Read any newspaper, listen to any news channel, or read any journal on the general and mental health of people in today’s workforce and you will see organizations are likely spending more money than is required to keep their doors open. They are paying “people risk factor tax” because they have not learned how to create an engaging place where the majority of employees feel comfortable and want to work.

1 For information on Great-West Life Centre for Mental Health in the Workplace see: http://www.gwcentreformentalhealth.com/english/index.asp or the Consortium for Mental Healthcare at www.guardingmindsatwork.ca.
Demotivated employees tend to cost more to have on the payroll. They end to be bigger consumers of health benefits than their motivated colleagues. The upward trend in workplace mental health costs has led to insurance companies such as Great-West Life making investments to encourage work life health. It’s worth visiting their web site to see how proactive and committed this company is to educating other companies on this topic in regard to what they can do.

Employers can be faced with increased financial burdens due to demotivated employees who are at risk for lost time, lost productivity, lost profit, increased insurance premiums, and increased strain on management. An employee who is demotivated because they are a victim of bullying that has resulted in psychological injury may be entitled to disability leave. If this employee has also developed major depression as a result of this injury, they would be entitled to an accommodation under Canadian human rights legislation. The same principles are enforced in the United States under different legislation. As a result, organizational leaders need to be aware of all the different kinds of legislation, such as occupational health and safety acts, workers’ compensation insurance, organizational policies and standards, and human rights protection, as this will drive an organization’s requirements and determine costs.

**A few relevant facts**

- In Canada, every day 500,000 workers miss work due to psychiatric problems — the second leading cause of human disability, estimated annually at $51 billion attributed to mental health care and lost productivity (Public Health Agency of Canada).

- One study presented by the National Institute for Occupational Safety and Health reported 40% of employees perceive their jobs are “stressful” and at least 26% think they are actually “burned out”; and the American Psychological Association reported that psychological distress costs U.S. companies approximately $300 billion a year in absenteeism, productivity loss, turnover, and health care costs (Occupational Health Management). In this same editorial it also linked psychological distress to depression and estimated that its direct cost for U.S. organizations is $30 billion annually, representing approximately 6% of total workforce compensation.

- Mental health is the number one cause of disability in Canada, accounting for nearly 30% of disability claims and 70% of total costs (Public Health Agency of Canada).
More Employees Are Breaking Down Psychologically

More people are meeting the medical criteria for mental health illness and disorders than at any time in recorded history. Research by the Canadian government suggests that 25% of the total workforce has some kind of mental health issue (which is not in itself a bad thing). What is a bad thing are organization behaviours that are facilitating mental health issues. Situations where employees in workplace cultures that do not trust or respect their leadership or believe they are not being treated fairly. These perceptions can lead to increased stress and psychological distress. As a result, employees become mentally ill. Whether employees start their jobs healthy or have a mental health history, more and more organizations will be faced with employees who are going to need early intervention and accommodations. Employers who do not respond to this reality now will end up paying for many more lost time incidents.

Some of the greatest business leaders, such as Jack Welch, Peter Drucker, and Peter Senge, have taught us all that there are no god-

A few relevant facts

- Cornell University reported that presenteeism (i.e., employees who show up in body only, and are not emotionally connected or committed to their assigned tasks) was estimated to account for 60% of all productivity lost due to worker illness, which suggests to employers that absenteeism does not capture all the costs, as many workers who are ill are coming to work.

- British Columbia Supreme Court ruled in a precedent setting case that the B.C. Workers’ Compensation Board must change its test for psychological injury. The court suggested the board test for psychological injuries was higher than for other kinds of injuries and instructed the board to lower the psychological injury test to ensure it does not discriminate against employees who have been psychologically injured in the workplace. The consensus is it will not be long before boards in the rest of Canada will also have to recalibrate (International Law Office).

- Addictive disorders are another major financial drain on organizations in North America.
  - National Institute on Drug Abuse suggests alcohol, illegal drugs, and tobacco addictions cost society over $550 billion a year.
  - Canada racks up $40 billion in annual costs attributable to alcohol and other drug addictions, according to the Canadian Centre on Substance Abuse.
in-a-box formulas for organization effectiveness and health. However, there are core imperatives needed for organizations to be successful: employees do not excel when they are chronically micromanaged, and employees need to feel they are a part of the bigger whole. Most healthy employees want to be engaged in conversations, feel they are trusted, understand why the organization is doing what it is doing, have their questions answered, and feel they have a voice. The challenge for organizations is that employees, as individuals, have a wide range of preferences and expectations.

Not all employees are motivated the same way and, in fact, what may motivate one employee may shut down another. For example: An operations manager makes the same request of two employees. The first employee takes the request on as a positive challenge. The second takes it on as unreasonable and becomes upset and stressed. Why? Each has their own perception system and values system that define what they believe they need and want to be content.

When employees become stressed they become unproductive or demotivated and believe their current role is no longer meeting their personal needs. The longer employees stay in this state of mind, the greater the risk for mental health related illness.

**Scenario for Manager Intervention: A Case Study**

One Monday, John showed up at work upset and stressed. He was dealing with the fact that his wife had just left him due to his gambling addiction. His manager observed he was not his normal self because she was plugged into her workforce and noticed how John was behaving. As a result, she was able to arrange help for him.

The reality is, many “John’s” come to work every day and no one notices anything, or if they do they do not take action.

If John had been under great stress the majority of the time, there would have been some signs or symptoms that he was in pain (e.g.,
withdrawn, late for work, missing work). If, after a few weeks, he did not get relief for his situation, he may have looked for a way to feel better, such as turning to drugs to address his stress. At that point he would become a threat to everyone’s safety in the workplace, including his own. Then he would have four issues instead of just two: he had lost his wife and most likely his credit rating, due to gambling; now he was at risk of losing his health and his job if he could not get off drugs.

Fortunately, John’s manager was in a great position to notice both minor and major behavioural changes. With the benefit of a trusting employee-employer relationship she could check in with John to facilitate an appropriate intervention.

Some of the most common experiences that can be perceived by employees as stressors are their perceptions of work demand (challenge, complexity, and autonomy), work stability (job security), culture (leadership ethics), engagement (encouragement, positive feedback, and positive reward), and environment (work conditions, commitment to environment). These elements are what an employer can have an influence over. What happens in employees’ personal lives is outside the employer’s control. However, since every employee is paid to contribute to a function that has been defined to assist an organization to achieve its defined results, that by definition means every employee’s contribution is of value. If it is not, then the function likely is not necessary and the employee does not have a role.

Rarely in 20 years of clinical work have I come across a person who is happy one day and depressed the next. Significant emotional events like a death or a major loss can create powerful emotional responses, but the majority of people that end up in a psychological state go through a process that does not manifest itself overnight. There often are early warning signs and symptoms that something is not right. But it really does not take long for a person to move from feeling blah to feeling blue or depressed, which then becomes clinical depression and a serious medical condition. Depression is real, not an act, and a person
cannot choose to get rid of clinical depression overnight; they require professional treatment and time to get back on track.

**What Employers Can Do**

The first thing an employer can do is accept that their actions *can* have an influence on an employee's health and wellness. For example, if an executive allows managers to bully employees, then they are part of the problem. They are choosing to spend money on disability claims, willing to lose productivity, and are putting the organization at risk to fail. As a result, the executive is accountable for creating an environment that puts employees at risk.

Every employee is accountable for their own health and wellness, but if they do not have the knowledge or skills to cope with stress then accountability alone is not a solution. In Canada, an employer has a duty to accommodate an employee who has a mental health issue. So if John becomes an alcoholic during his stressful period his employer would need to support his treatment. However, if John refuses treatment, then the employer is no longer accountable, as they do not have to endure undue hardship because of John’s choice. John has rights, but so does his employer.

The mindset for employers to create healthy workplaces does not need to be *us vs. them*. The path to success for promoting and creating collaborative environments begins with leaders understanding their responsibility and influence over levels 1, 2, 3, and 5 (see chapter 4 for a review of the five levels). Employers who are passionate about creating a supportive and collaborative environment over the long term have fewer issues with psychological distress. Work can become a place where people learn important life skills they never learned in school. More than 50% of an employee’s job satisfaction can be directly related to the health of the relationship with their direct supervisor (Saratoga Institute).
In Summary

Level 5 situations, as discussed in Chapter 4, are real, and are bound to happen. If they are not dealt with, Level 5 concerns can put excessive fiscal strain on an organization. Once an employee becomes demotivated they are no longer aligned with the organization track. The longer they stay in Level 5, the greater their risk for illness and negative behaviours. Leaders who are committed and accept accountability for supporting their employees with their challenges are in a position to offer assistance and guidance. Leaders do not need to have the skills to solve mental health problems, but they need to know what their role is in supporting employees with mental health problems. The majority of employees that are in Level 5 are unproductive or un-motivated. For some reason, those employees have lost or perhaps have never had a sense of connection with the organization. A key to help employees in Level 5 is to find both a sense of connection and the skills required to manage the demands of their role. A leader who is trusted by an employee often can have a positive impact. It is amazing what a smile and a five-minute chat can do to pick up the spirits of an upset employee. Employees remember acts of kindness, caring, and empathy, which can create trust and respect, and keep them working.

All organizations, based on current trends, are at risk for having employees who become demotivated, leading to increased risk for lost productivity and presenteeism (being at work in body only to get a paycheque) and to even developing psychological distress. An employer can take tangible actions to deal with such situations by ensuring its talent management program adopts the necessary elements required to keep employees healthy and safe. Finally, executives will help their organizations’ overall health by never assuming all managers know how to effectively and productively work with stressed employees with respect to getting them out of level 5 and engaged.
The purpose of this appendix is to provide some examples of how TalOp was used to solve organizational challenges.

**Defining the Problem Before Making A Decision**

One Wall Street client wanted to improve its service delivery output of sales presentation materials. The manager was convinced the solution was to hire more graphic operators with higher qualifications who could be trained to a higher skill level. The impact of this assumption would have resulted in the department having more operators with higher pay, adding to the operational costs for this group. The manager was convinced this was the only possible solution to meet internal customer demands. He positioned this solution as providing customers with a higher quality product and a faster turnaround. Without all the facts, this solution sounded reasonable, but it was based just on assumption.

Senior management heard about and agreed with the goal, that higher quality with faster turnaround was correct, but the solution from the senior manager’s point of view was based on assumptions and needed to be analyzed for him to be convinced that all the facts were examined. In addition to looking at people effectiveness, based on the senior
manager’s mandate, my team and I assisted the manager to look at the efficiency of the current process. By understanding the customer’s expectations, we were able to redesign the workflow, update standard operating procedures, and rethink what a new operator really needed to know. We found that a new operator could use 20% of the training to complete 80% of the tasks assigned. This changed the operator profile.

We examined the facts, which resulted in being able to do more with less, as well as improving the quality of the end product. We also discovered tasks and functions that were not necessary, slowed down the process, and frustrated the operators. Because some of the administrative work was such a burden, operators would take longer doing the thing they enjoyed.

By doing a full diagnostic of the people, functions, and process, we replaced the manager’s assumptions with facts. This resulted in framing a set of decisions on talent and operational management as to how people and process would be aligned to achieve the defined output. By following a structured process that was focused on facts, within 12 months the implementation plan resulted in doing more with less without impacting quality, and we had happier customers because we were meeting their expectations. Customers became more co-operative and supportive, which also improved the working climate levels of stress and conflict that the former workflow had been causing. This one decision to not accept a manager’s assumption saved the organization over $1.2 million annually in employee costs.

**Impact of Culture on Performance**

Another example of the kind of issue that can lead an executive to reach out for assistance is when they are aware of a problem or issue, but they are not aware of its magnitude because they do not have all the facts. In a case like this, an executive wanted to know how much the work environment was negatively impacting his organization’s overall performance. The first step was to get the facts by using a short diagnostic.
The output of this study showed that on average all motivated employees spent six hours a week in non-productive conversations (e.g., complaining, process, and gossip) and demotivated employees spent on average 11 hours a week in non-productive conversations. This company had a little over 1,000 employees.

Using simple math (an average of 8,000 hours per week @ $50.00/hour), it was determined that $400,000 in salary was being paid out for non-productive time every year. And this did not include other costs associated with lost productivity. Now the executive had the facts, and was no longer making assumptions. He had evidence of a real problem and was clear about how this was negatively impacting his organization’s ability to reach its full potential.

It did not take an expert to see there was value in reducing this non-productive time; however, it was not my organization. My role as a consultant was to get the facts, not make decisions.

If the executive could not see this value and was OK with the waste and lost opportunity, then trying to pitch the value of engaging employees to focus on maximizing their individual outputs would, in my experience, fall on deaf ears. I have learned to let the facts speak for themselves. Once the facts are known and the real problems and opportunities are clearly defined, then it is the responsibility of executives to decide what is acceptable for their organization.

However, I have also learned there is an important role that often is overlooked: ensuring the executive has clearly defined the problem by taking the time and effort to get all the facts. Once the problem or risk factors, as well as the most likely causes, are clearly understood, the process of decision making helps the executive evaluate the priorities, the best decisions, and the potential effects of decisions.

I appreciate the chronic pressures of managing financial accountability, whether an executive is operating in a corporate or public world.
For many, this becomes their number one priority by default. This priority demands profit in for-profit businesses and breakeven in non-profits and government, while not wasting dollars. Both groups are also motivated to cut costs and to eliminate waste, and are committed to do more with less, without compromising product or service quality.

In these two examples, the key was not to tell the executives what was wrong but to show them with facts. The three diagnostics used in TalOp set the table for executives to discover the facts they needed to define their major problems and risk factors. In turn, they could determine what they could do to make good decisions. When executives cannot see what is happening at a functional level (i.e., transparency), it is difficult, if not impossible, to manage an organization to its full potential.

Being an executive in a large organization often results in having large numbers of functions to manage. This increases the complexity somewhat; however, the basic concept is the same: the executive has to know what people are doing and how processes are operating, and to be able to hold people accountable. This does not mean an executive needs to be in the weeds day-to-day, but it’s to their advantage during an unplanned event or challenge to have a path that has already been defined that allows access into the weeds if needed.

**Blind Budget Cuts: Cost**

In another organization with a $20 billion annual budget, it was evident in a relatively short period of time that the top executives did not have a lens into the real output of all functions or how they were being done. As a result, it was not surprising when budget cuts hit that the organization was not poised or in a position to define the impact and the cause and effect on services and products. Why? There was no organizational transparency and no strategy that managed all the functions.

When a cut was issued, I observed an ad hoc, fire drill process with no damage control. The negative impact to the organization was the
employees felt they worked in a reactive environment that did not have
a strategic plan or defined operations plan. In discussing this reaction, a
friend of mine in New York City said, “When you work with us, check
your logic at the door.” The point this friend was making was there
were many moving parts and no one person had an understanding of
what they were actually doing. When there is pressure to solve a prob-
lem, TalOp helps executives make fact based decisions with full appreci-
ation of their effect on the functions and the employees involved.

In Summary

In theory, every employee is employed to do tasks necessary to the or-
ganization. No organization can afford to pay for people and functions
that are not critical to its success. Effective talent and operations man-
agement aims to align people and process to ensure the necessary prod-
ucts and/or services are being produced in the correct manner to max-
imize the organization’s opportunity for success. Yet, we still expect
organizations to perform throughout budget and personnel cuts.

Often, before an executive learns or considers using the TalOp mod-
el they have already started by asking themselves a series of how ques-
tions, such as:

- How do we cut costs without impacting the quality of services/products?
- How do we improve client confidence and satisfaction?
- How can we provide more outputs with fewer resources?
- How effectively are we currently operating?
- How do we validate what we are doing right?
- How do we discover where we need to improve?
- How do we get the facts as to what is and is not working to its full potential?
- How do we engage people better?
- How do we increase our leadership effectiveness?
- How do we prepare employees to be more effective?
- How do we make changes without closing the doors?

Using TalOp, an executive has the results from the diagnostics and a report has been generated outlining the findings. With that information, the executive can be clear on their most pressing problem and risk factors and to examine their options and choices in a decision making process. The output of the decision making process is a defined action plan that will map out the types of strategies and interventions that will be needed to address gaps and solve current issues. This will then provide a road map for the change management strategy that will be used to implement any new changes in the organization. This action plan is based on the executive’s final decisions and provides clarity on what will be done, by whom, and how. This is where the executive makes a final determination as to what operational and talent management strategies will be used and implemented.

Organizations can greatly benefit from having executives who are pragmatic, practical, and agents of change. Executives who care about the greater good and are confident enough not to allow their egos to stop them from exploring and learning what can be done differently are ready for TalOp’s integrated talent and operations management strategy.

No two organizations have exactly the same needs, although every organization must align people and processes. It is of tremendous value to integrate talent and operations management with the common focus on achieving an organization’s ultimate output — client or customer satisfaction — as well as other standards such as profitability, budget, employee retention, and sales — all indicators of success.
References


Some of the TalOp Products and Supports Available*

*For more information on the catalogue of TalOp products and supports, visit www.TalOp.com

Level 1

*Atlantic Canada Employment Research Monitor*

Many TalOp clients want not only internal benchmarks, but also external benchmarks that are relevant to operations in Atlantic Canada. TalOp clients have the opportunity to benefit from a standalone Key Performance Indicator survey enabling organizations to benchmark themselves against peers in Atlantic Canada.

*Client Relations Management*

High quality customer relations management requires consistency and attention to total quality management. This program provides clients with a Service Level Agreement framework that applies to both internal and external clients. Using this framework, organizations have a CRM Standing Operations Procedure that maps out all the terms, conditions, and expectations. It also provides insight into the key core competencies and personality attributes that will be necessary for an employee to be successful working within the organization’s defined CRM framework.
Level 2

*Function Mapping*
Imagine a simple graphic that readily communicates not only the functional structure of a department, but also contains easy-to-interpret data on the status and capacity of that function. TalOp Function Mapping was first developed for TalOp audits. However, as a tool for real-time information on the status of key organizational functions, it is also available as a standalone offering.

*Scorecard Development*
Using meaningful and accessible metrics to define a balance scorecard (TalOp or Kaplan), decision makers will be armed with a report to monitor and measure results.

*Workforce Management or Planning*
Using industrial psychology best practices, core competency profiles are developed with job descriptions, survey design, development of performance management systems, and applied research for studying and analyzing workforce and planning challenges.

Level 3

*Cultural DNA Analysis*
Using I/O psychology, this tool examines the workplace culture through a different lens that helps organizations understand the root cause of their issues, the risks, and outlines what they can do, the costs and benefits. This tool analyzes current culture, artifacts, corporate values, and employee assumptions to validate and align the organization’s mission and values. With the DNA results, TalOp consultants work with clients to develop a plan and take action to positively influence the DNA of the organization.

Level 4

*Executive Coaching*
One-on-one coaching program is available to managers through TalOp’s certified coaches. This support is designed for managers looking for help to increase their effectiveness in facilitating and implementing performance management.

*Structured Mentoring*
Effective professional development requires participative and applied learning opportunities in a safe environment. TalOp’s Structured Mentoring program (nominated for a 2010 Atlantic Canada Human Resources Award) has been successful in having a high impact on future leaders.
**TalOp Applied Leadership Training**

This applied leadership program addresses the 10 core competencies that are fundamental to leadership across all industries, from how to get along to how to get ahead. Having completed the program, new and experienced managers will have a learning framework for how to apply these competencies to the workplace. Courses will include: Intraprofessionalism; Art of Communication; Proactively Facilitating Success; Dealing with Challenging Employees; the TalOp Manager; Workplace Investigation, and an innovative module in Collaborative Workplace Resolution.

**TalOp Applied Advanced Leadership Training**

TalOp managers who are eying C-Suite opportunities can take their skills to the next level with this deeper dive into management skills including: Faster (productivity), Stronger (satisfaction), Higher (profits); Influencing Leadership; Coaching for Results; Strategic Alliances; The Advanced TalOp Manager, and an optional module, such as Managing Under A Collective Agreement or Board Governance.

**Level 5**

**Quality of Work Life Study**

This evidence-based proprietary research tool goes beyond traditional stress and burnout tools by identifying the most likely root causes for employee stress, stress related issues, acting out behaviours (e.g., addiction, counter-productive behaviours), as well as insights as to why some employees are able to cope more successfully than others and the skills gaps that exist between these two groups. The benchmarking study results in an executive’s action plan for helping employees improve their quality of work life.

TalOp consultants also have access to an extensive catalogue of courses, programs, and other interventions. Visit www.TalOp.com for a complete listing, and subscribe to our Twitter feed @TalOpmanagement for the latest TalOp news and events.
Change is Constant — Manage it Proactively

No business is isolated from the challenges of competition to maintain market share or to adjust to global and economic pressures to keep the doors open. This program provides two fundamental elements required to be successful at implementing change management: how to assist individuals to understand and move through change and a framework for facilitating strategic organizational change.

Engage Your Workforce

For an organization to successfully climb to the summit of success (productivity and profitability) it must have a clear vision and plan. There are no shortcuts and the organization’s ultimate success will require an engaged workforce. This book focuses on leadership skills for assertiveness, difficult conversations, and conflict resolution.

Engaging Leadership

For an organization to successfully climb to the summit of success (productivity and profitability) it must have a clear vision and plan. There are no shortcuts and the organization’s ultimate success will require an engaged workforce. This book focuses on leadership skills for communicating with and influencing others.

Engage Your Clients

For an organization to successfully climb to the summit of success (productivity and profitability) it must have a clear vision and plan. There are no shortcuts and the organization’s ultimate success will require an engaged workforce. This book focuses on leadership skills for thinking and selling their point of view.
Volume 1 introduces six elements that help companies enhance their talent equity — the accumulated value an organization gains from its workforce.

Volume 2 explores considerations for adult learning design and delivery.

Each of the seven elements has been developed to provide corporate leaders with insight and strategies for enhancing corporate culture.

Each of the four elements examines the role and impact of stress in the workplace and what organizations can do to reduce and manage stress.

Each of the five elements explores the art and the science of effective communication and the strategies for managing it that bring health to individuals and their organizations.

Each of the 10 elements provides leaders with competencies to discover strategies and tools to be more effective in implementing their vision through their people.

Each of the nine elements provides organizations with core components needed to develop an effective performance management model.

Each of the three elements in this book provide core considerations for effective recruiting, strategic planning, and process and implementation.
2 Elements for Employee and Labour Relations
This book assists HR professionals and managers to appreciate the complexity of employee relations and how critical it is to understand how to facilitate and implement effective employee relations strategies. Having defined policies and procedures is only a piece of the equation; understanding how to facilitate and implement them in a collaborative and respectful manner is most imperative.

Mediation and Negotiation
Mediation and negotiation are core skills that help managers avoid disagreements in the workplace. Both skills have an application for helping parties formulate agreement; however, there are times when a manager will be best served by using mediation skills and others when it makes more sense to negotiate a position. This program introduces these two skills and helps managers apply them in their daily roles.

Coaching 101 for Managers
One of the most effective ways to develop a skilled workforce is to develop people skills and capacity from within the organization. One of the best power skills a manager can have is coaching. The ability to effectively communicate with others is a necessary expectation before one will be able to coach. The purpose of Coaching 101 for Managers is to provide managers with a path and framework for adapting coaching to their leadership approach, both formally and informally.

Why They Stay and Why They Go
The single biggest competitive advantage any organization can have today is its people. Research has proven that attracting the right talent and reducing turnover have a direct financial benefit. This book examines some of the reasons why employees come to an organization and why they stay. An organization that creates a supportive culture and effective management that facilitates employee engagement and job satisfaction is on the way to becoming an employer of choice.