

Accelerating Business Impact

Going Beyond the Bell Curve

Aligning Human Capital with Business Strategy

Making Human Capital a Strategic Initiative

Who thinks there is
validity to the bell curve
theory?

**Consider how this theory impacts the
many facets of HR**

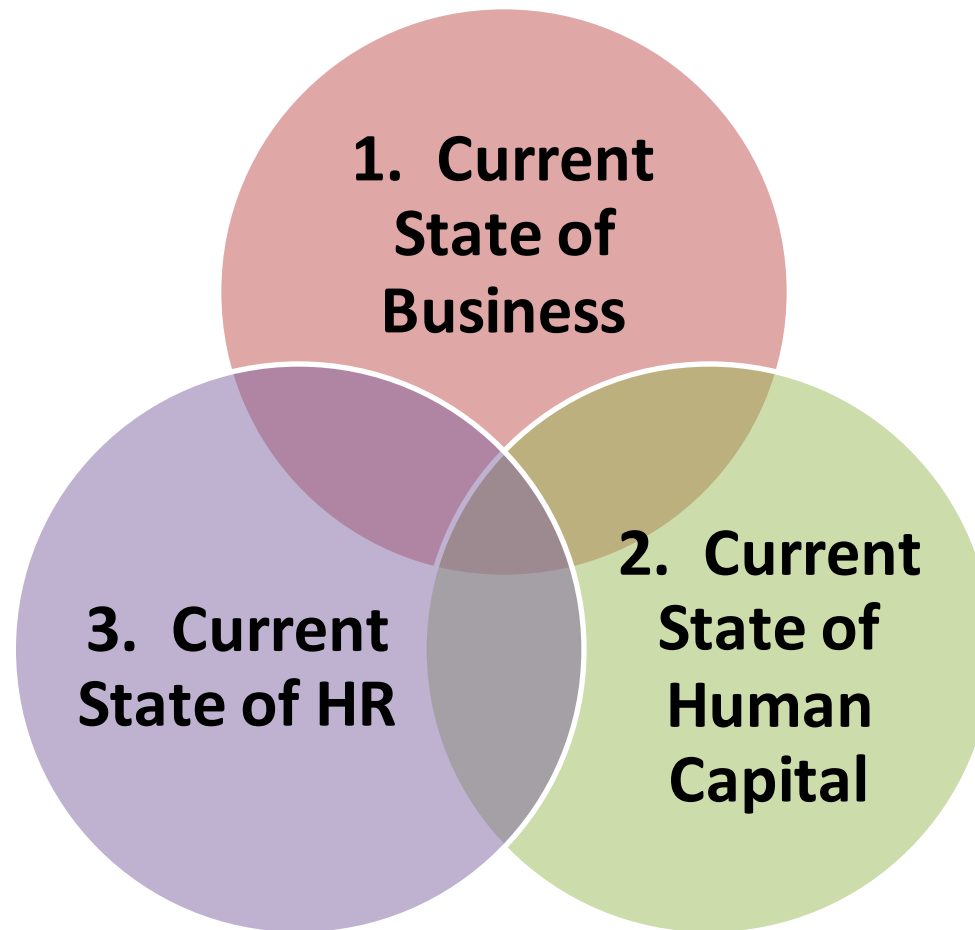
Three Business Drivers – The Operating Context

**1. Current
State of
Business**

**2. Current
State of
Human
Capital**

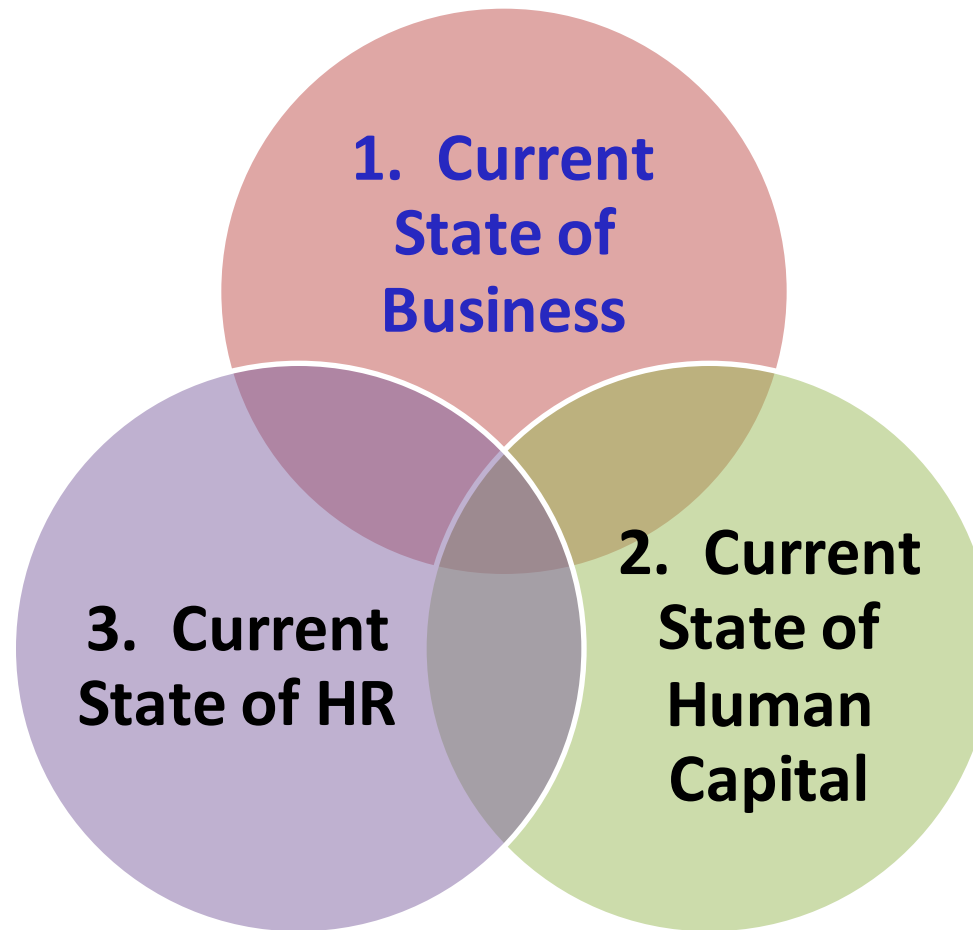
**3. Current
State of HR**

The Trifecta Business Reality ALIGNMENT



The Trifecta Business Reality

1. Current State of Business



CEO's have said, by 2020, they will not have the human capital to meet strategic initiatives

***Today's corporate strategy
Competitive implementation
The bell-curve theory***

Do they all align?

When Corporate Strategic Goals Require:

- ***Growth Acceleration***
- ***Competitive Differentiation***
- ***Organizational Agility***
- ***Business Resilience***

Value Proposition

Meeting WorkFit 2020 Challenges



When Corporate Strategic Goals Require:

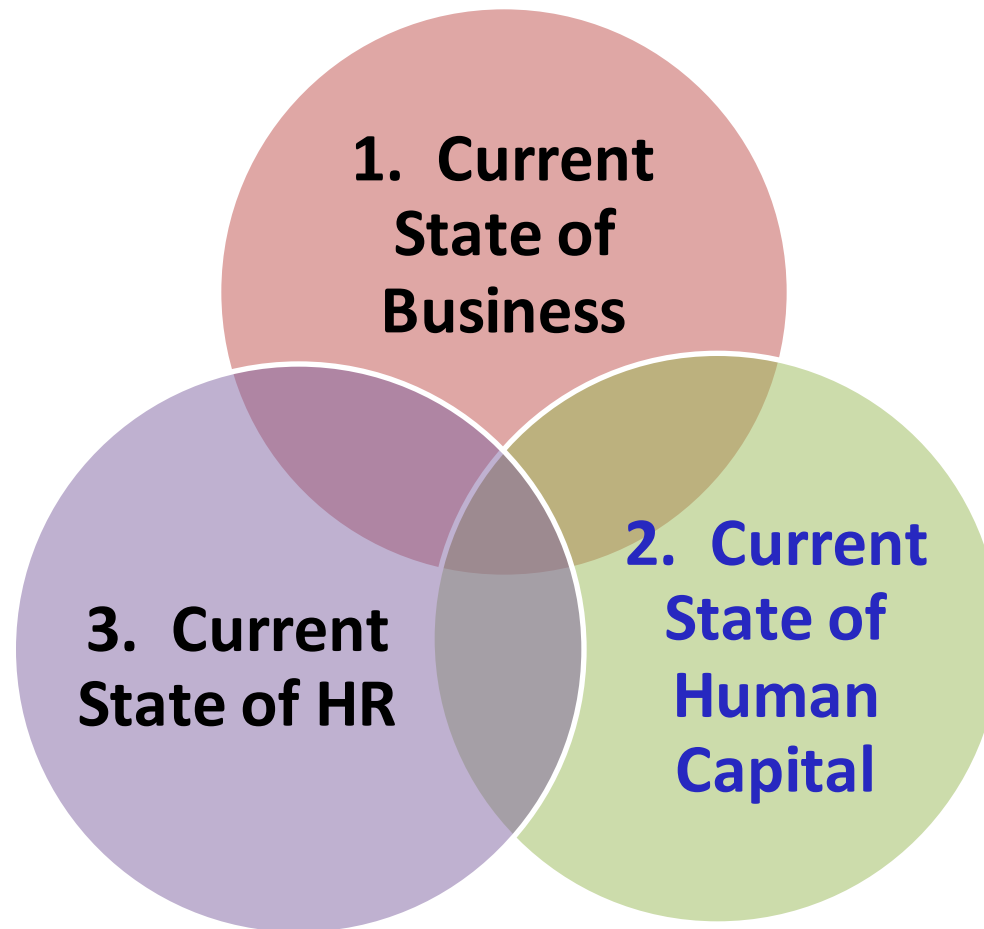
- ***Growth Acceleration***
- ***Competitive Differentiation***
- ***Organizational Agility***
- ***Business Resilience***

Human Capital Goals MUST:

- ***Deliver PEAK PERFORMANCE against the benchmark***
- ***Consistently***
- ***On Demand***

The Trifecta Business Reality

2. Current State of Human Capital





Rate of Change

***Leadership MUST learn how to
Lead through change***

Most leaders are managers, at best

Most managers aren't managers at all

***Management and Leadership Development
have been sidelined for past 15 years***



Skills 2.5 years

***Human Capital experiencing
institutionalized obsolescence
faster than ever before***

***60% of employees fear
skills obsolescence***

***Employees rate career
development as key to stay
career relevant***

Good employees will leave

Rate of Change   ***Skills - 2.5 years***

Is your human capital ready today to:

- ***Meet current and future business challenges?***
- ***Take advantage of competitive opportunities?***
- ***Be 'Deployable on Demand'?***

Would you rehire your current team of people?

Are your Human Capital Assets Appreciating or Depreciating?

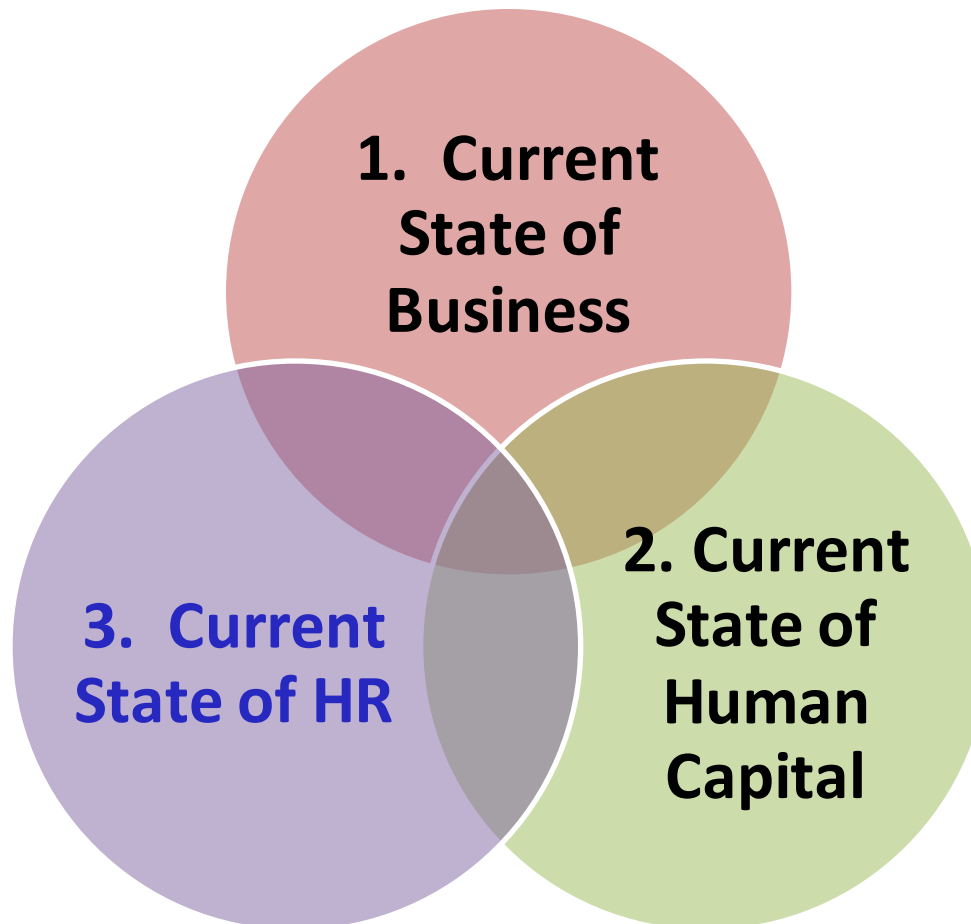
	Asset	Human Capital
<i>Research It (Benchmarking)</i>	✓	
<i>Buy the right one (Hiring)</i>	✓	✓
<i>Read the manual (Managing)</i>	✓	
<i>Maintain / care for it(Coaching)</i>	✓	
<i>Invest to optimize (Developing)</i>	✓	
<i>Retool – if necessary (Retraining)</i>	✓	
<i>Upgrade it (Redeploying)</i>	✓	
<i>Release it (Firing)</i>	✓	✓

The Trifecta Business Reality

3. Current State of HR

Corporate strategy can fail at implementation without a human capital strategy supporting it.

Joanne Flynn



HR – Where's your business value?

So what's the role of HR?

- **Critical Linking Pin**
 - Aligning strategy and implementation

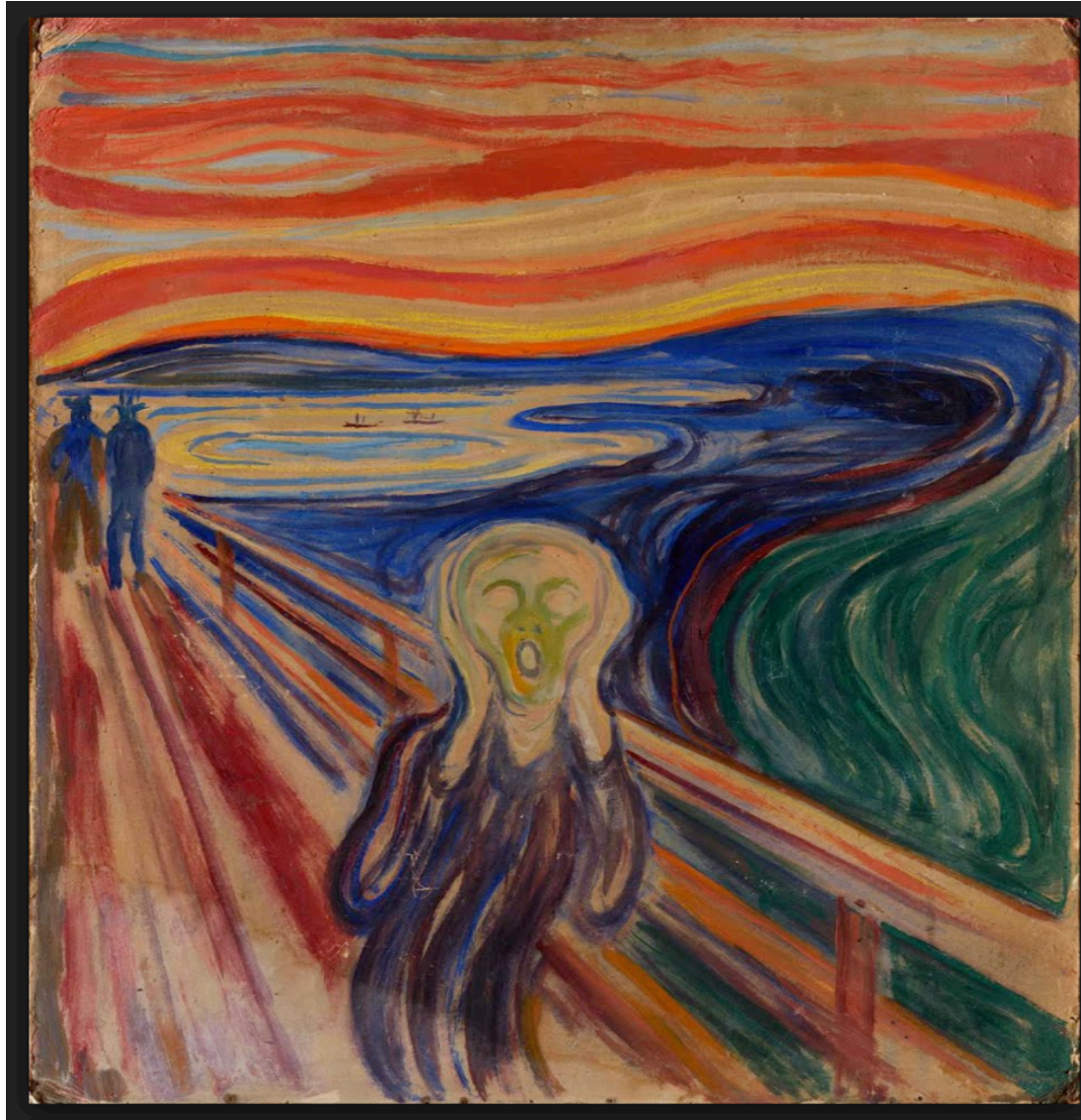
HR – Where's your business value?

So what's the role of HR?

- **Critical Linking Pin**
 - Aligning strategy and implementation
- **Voice of Sanity Regarding Human Capital**
 - Keeping executive team out of 'Delusion Land'

The Scream!

Edvard Munch



HR – Where's your business value?

So what's the role of HR?

- **Critical Linking Pin**
 - Aligning strategy and implementation
- **Voice of Sanity regarding Human Capital**
 - Keeping executive team out of 'Delusion Land'
- **Advocate for Human Capital Focusing on:**
 - Strategic initiative implications
 - Long-term business implications and consequences

Traditional HR Narrative

Traditional HR Speak –focused on What?

- Headcount
- Turnover
- Cost Cutting
- Job Descriptions
- Compensation
- Performance Reviews
- Surveys

HR Business Challenge – Change the Conversation

HR Speak for the C-Suite



- **CHANGE THE CONVERSATION**
- **Translate Human Capital Planning into WHY?**
 - Language of the Business
 - Value Creation
 - Growth Acceleration
 - Anticipate and Articulate the Long-term View
 - **Human Capital as Assets**
 - **Cost Basis**
 - **Longevity**
 - **Forecasting**

HR Speak for the C-Suite

They don't get what we are saying!

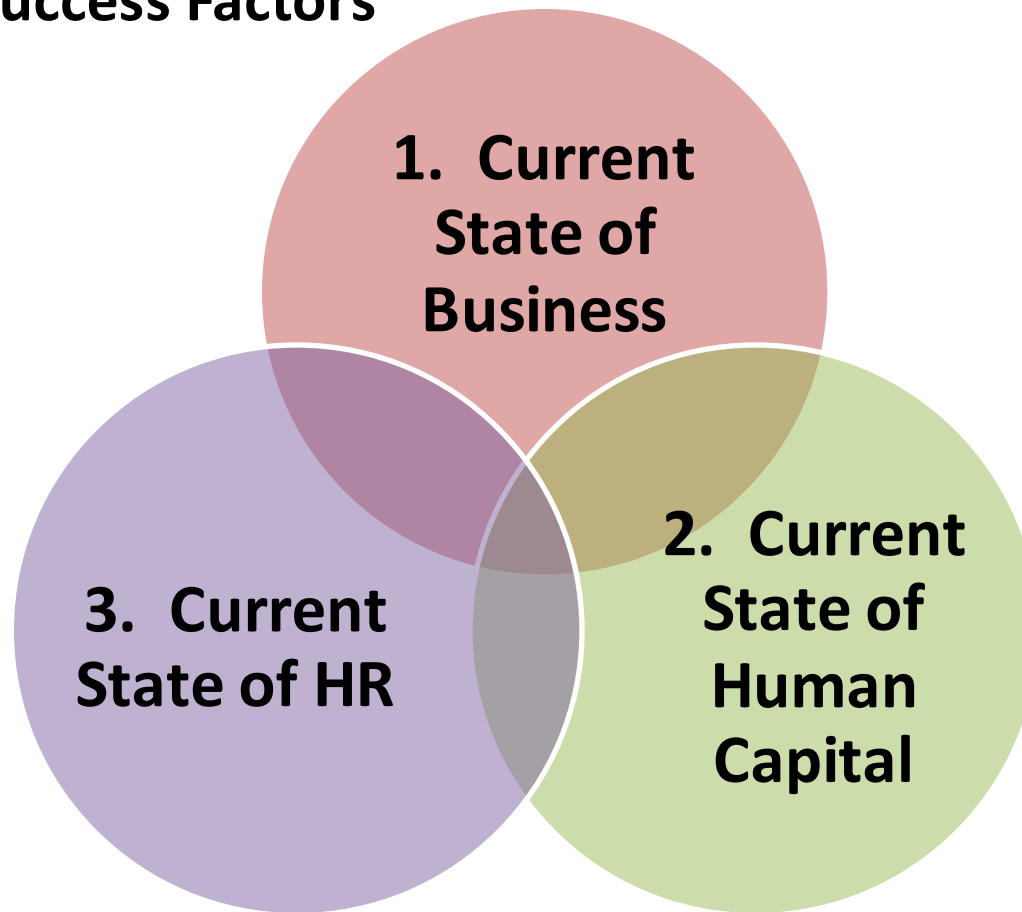
Anticipate Human Capital through the lens of value creation to:

- Accelerate growth, productivity & profitability
- Sustain peak performance
- Track and forecast human capital
- Seize competitive market opportunities
- Create an organizationally agile workforce
 - robust & resilient
 - deployable on demand



The Trifecta Business Reality = HR Sweet Spot

HR Business Success Factors



The Bell Curve

Who is familiar with it?

Who finds it valid?

Who cannot explain and support its relevance?

Bell Curve – Is it valid today?



Operating Assumptions?

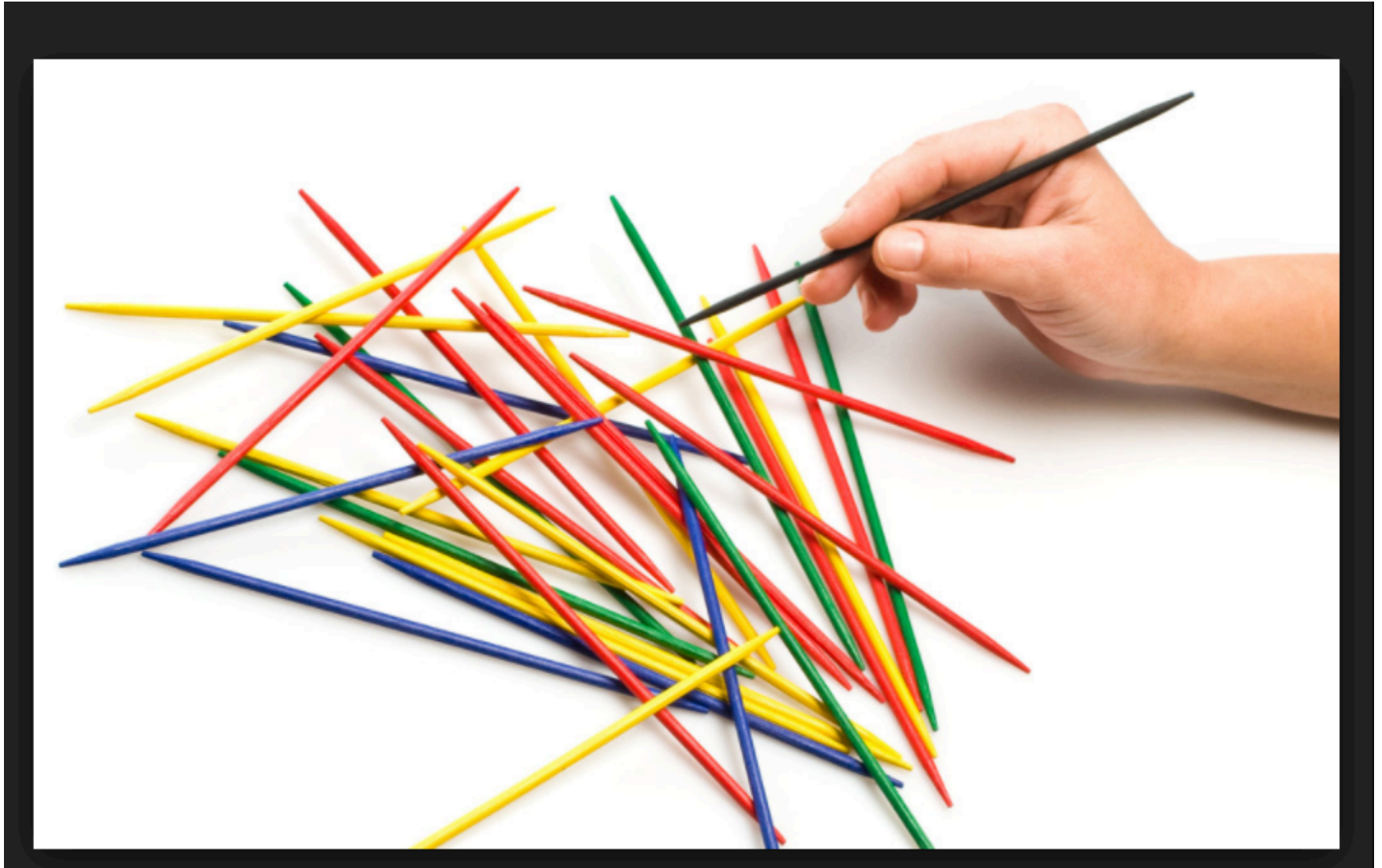
Bell Curve – Is it valid today?



Assumptions

- Static Environment
- Most employees are average and that's OK
- I have 'C' levels jobs that don't require super stars
- There will always only be a few people who can rise to the top
- The bell curve explains everything about human nature
- Forced rankings are good (*and so is electric shock therapy*)
- Comparing people against each other is a good motivator

The Game of Pick Up Sticks



Game of Jacks



U.S. Swimming Team – 2016 Rio Olympics



2016 U.S. Olympic Swimming Team Complete Roster

If we apply the Bell Curve Theory Bye-Bye



Men's 4 x 100 Medley – Gold Medal Team
With the Bell Curve – Who do you cut from this team?



The Bell Curve

Here are:

Current headlines

Recent research

‘It looks like a Bell Curve. It must be a HR Performance Appraisal’

Leandro Herrero, Architect of Organizations

“Not in this Century. Normal distributions are dead!”

However, the Bell Curve distribution in organizations is the wrong distribution for almost anything, even from a simple mathematical or statistical perspective. It is as irrelevant ...This is why.

The organization is a social network of connections. Bell Curves and social networks are as suited to each other as oil and water. ”

Does human performance follow the bell curve? Research says No!

Past Beliefs

- Long-standing belief in business that people performance follows the **Bell Curve** ([Normal Distribution](#)). It is embedded in many business practices:
 - performance appraisals
 - compensation models
 - “grading on the curve”

Present Reality

- Research shows that *this statistical model does not accurately reflect the way people perform*. As a result, HR departments and business leaders inadvertently *create agonizing problems with employee performance and happiness*.

This Force Ranking practice creates the following outcomes:

- **First**, we **ration the number of “high performance ratings.”**
 - no more than 10% of the population gets a rating of 1
 - 10% of the population must be rated a 5
- **Second**, we **force the bottom 10% to get a low rating,**
 - **creating “losers”**
 - if your team is all high performers, someone is still at the bottom
 - What about our Olympic Team?

When the Performance Bell Curve Stops Working For You. *MIT*

Bell Curve method of employee assessment: out of favor...

Why companies hang on to bell curve-based performance appraisal ...

*May 24, 2016 - How cool does it sound when **HR** people embrace a trigonometric plot (**Bell Curve**) calling it to be their strategic distribution of evaluating employees*

Ask senior HR practitioners and employees about the least popular workplace practices, and the bell curve-based performance appraisal system will rank right up there.whether it's time to **ring the closing bell on the bell curve**.some of the most admired companies across the world are scrapping it.

Does the World Really Work This Way?

The answer is NO!

- Research conducted in 2011 and 2012 by Ernest O'Boyle Jr. and Herman Aguinis (633,263 researchers, entertainers, politicians, and athletes in a total of 198 samples) found that performance in **94% of these groups did not follow a normal distribution.**
- **So what are we doing in HR?**

Bell Curve – So what are we doing in HR to Debunk the Myth?

Question?????

**What are the
Implications for
Business and Value
Creation?**

Assumptions

- **Static Environment**
- **Most employees are average and that's OK**
- **There will always only be a few people who can rise to the top**
- **The bell curve explains everything about human nature**
- **Forced rankings are good**
- **Comparing people against each other is a good motivator**



A better way for the 21st Century

Join

- Accenture
- Infosys
- Cisco

So what's the answer?

A New Model

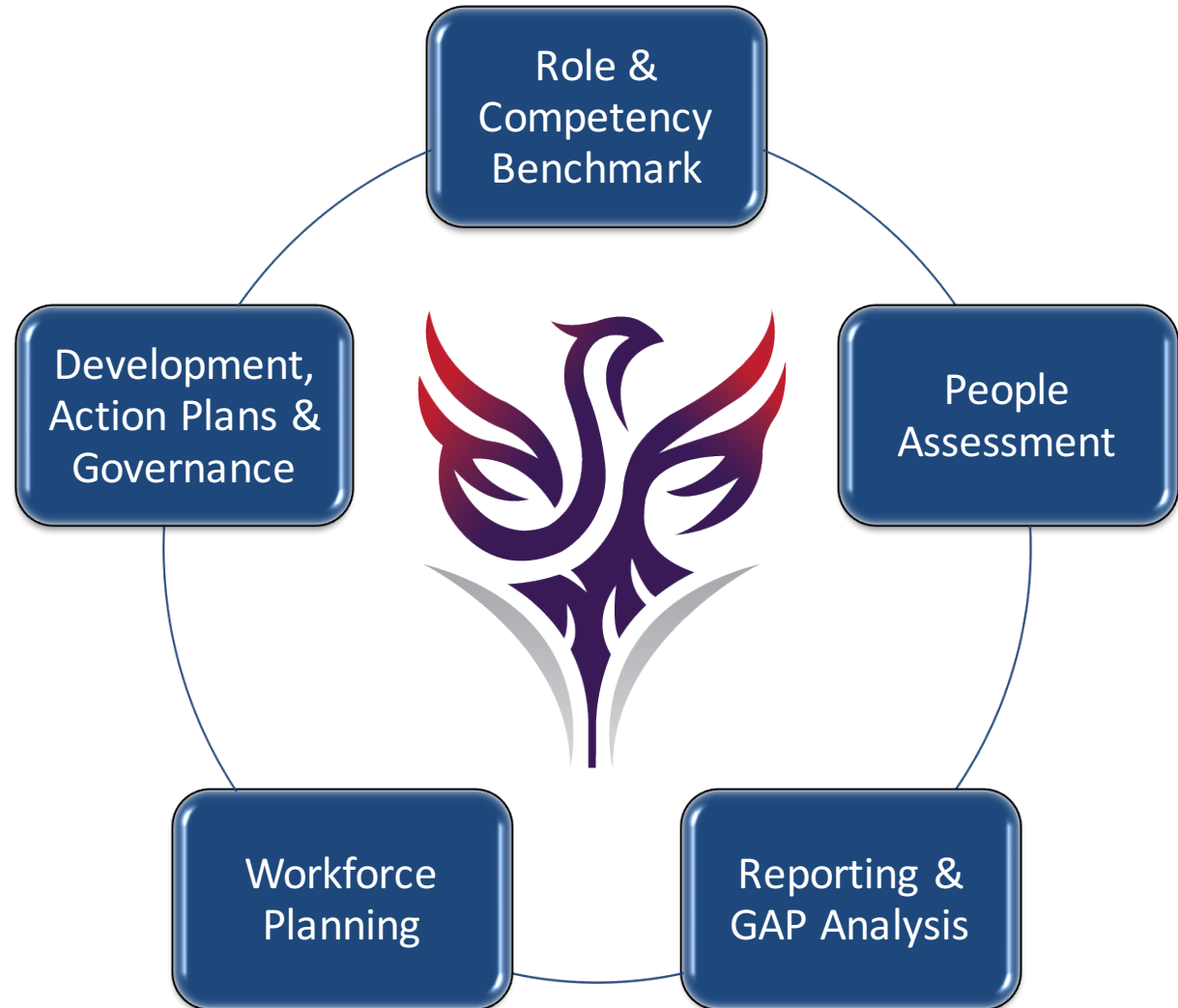
- **Progressive** and **future focused**
- Lives in the **Business Units** where work gets done
- Is **dynamic, developmental, upskilling** and prevents obsolescence
- Can tolerate and **strives for more winners**
- Can **forecast human capital capacity**
- Aligns with **growth and productivity**
- Is **interactive** including managers and employee
- Provides a **Governance Process** to ensure compliance

Phoenix Strategic Performance

Human Capital Planning and Gap Analysis

Analytics forecast:

- *Current & future people potential*
- *People **capacity** to **keep pace** with strategic **business** objectives*



What's Happening in your Organization?

- Think of a department in a strategically important position that could be performing better.

The Model - A new assessment paradigm

Role and Competency Benchmarks

1. Evaluating **people to benchmarks**, not to each other
2. **Simple** but objective set of **3 assessment questions**
3. **Routine and non-routine task assessment**

Provides a new dimension to evaluate work in the world of change

4. **Trending Mechanism** for strategic Human Capital forecasting

+ - Appreciating

0 - Neutral

- - Depreciating

Phoenix Strategic Performance System

OrgFit© - Organizational Assessment Model



Funnel Filter 1

OrgFit© - Organizational Assessment Model

Strategy

Benchmarking the Role



Organization

Role Clarity

Competencies

Assessments

Plans



Phoenix Strategic Performance System

RoleFit© - Role Clarity & Competencies



Funnel Filter 2: RoleFit©

Right People in the Right Roles?

Strategy



RoleFit©

Leader Role

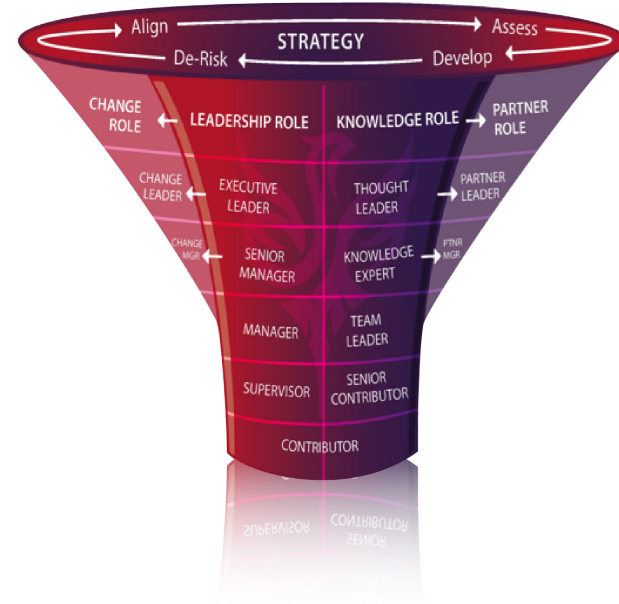
Knowledge Role



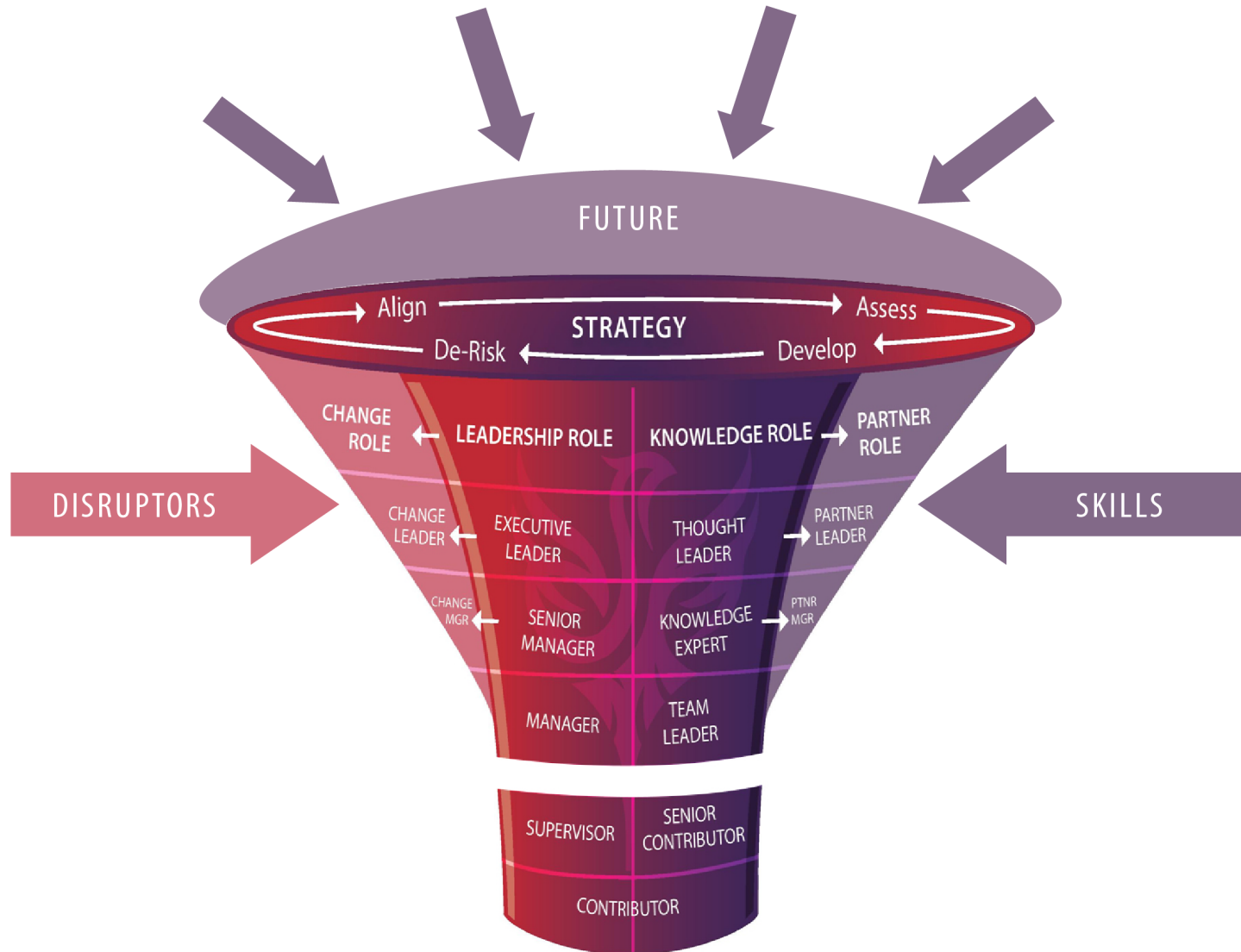
Old Version of Roles



New Version of Roles



Phoenix Strategic Performance Evolving Organizational Roles

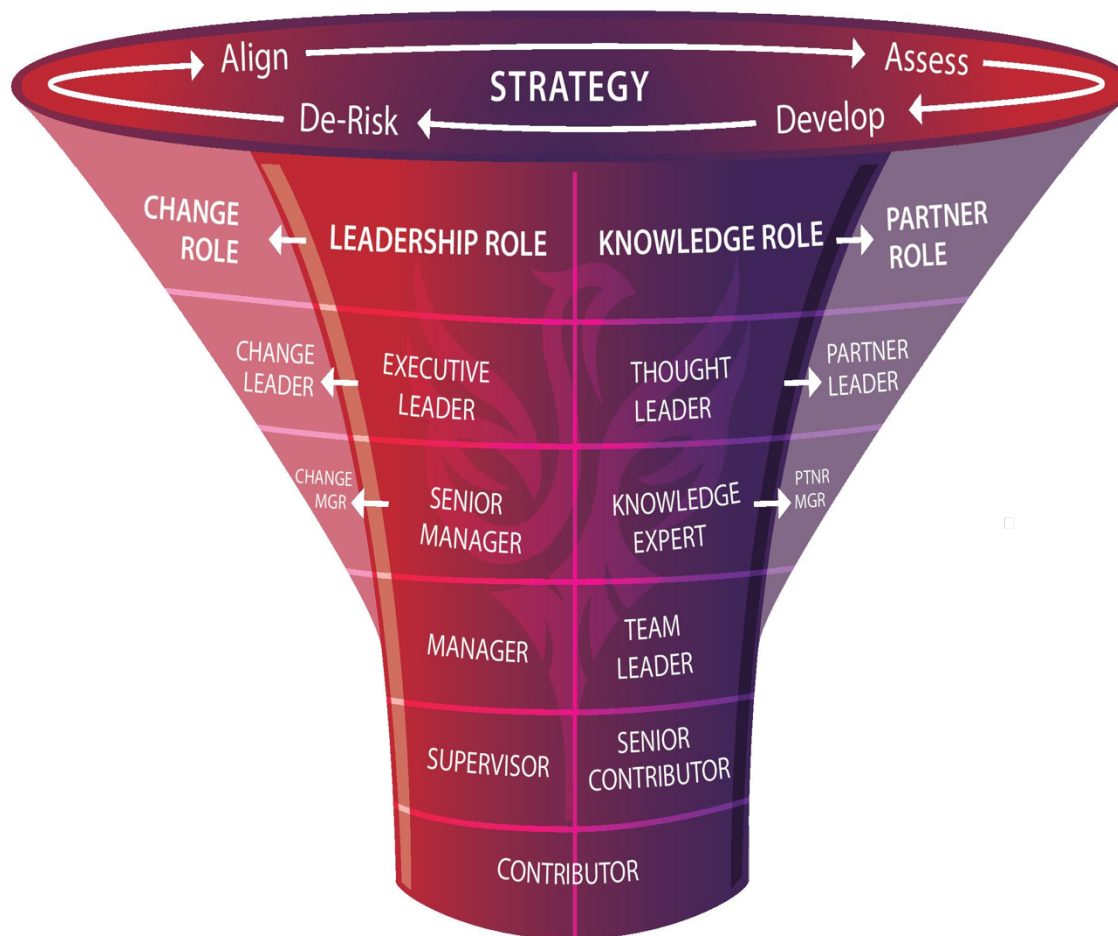


Phoenix Strategic Performance

Evolving Organizational Roles & Skills



VUCA Skills In Evolving Roles



- Business Acumen
- Critical Thinking
- Problem Identification
- Risk Management and Crisis Assessment
- Accelerated Decision Making
- Strategic Planning
- Complex Consequence Analysis
- Navigating the Matrix
- Complex Communication

+

- Understand Conceptually
- Execution Tactically

Competencies

Organizational / Behavioral Competencies

- **Accountability & Leadership**
 - Responsible
 - Meets and delivers on deadlines
 - Takes initiative
- **Critical Thinking & Problem Solving**
 - Business Acumen
 - Innovative
 - Risk Analysis
 - **Short, Mid, Long-term Planning & Consequences**
- **Collaboration**
 - Able to understand team dynamics and deliver positive outcomes
 - Can work on project teams
- **Communication**
 - Upward, Lateral and Downward
 - Written Presentation
 - Verbal
- **Adaptability**
 - Ability to listen to and evaluation new ideas
 - Ability to understand and deal with different styles
 - Can prioritize and act with urgency

Leadership Competencies

- **Change Management**
- **Coaching**
- **Delegation**
- **Team Development**

Knowledge Competencies

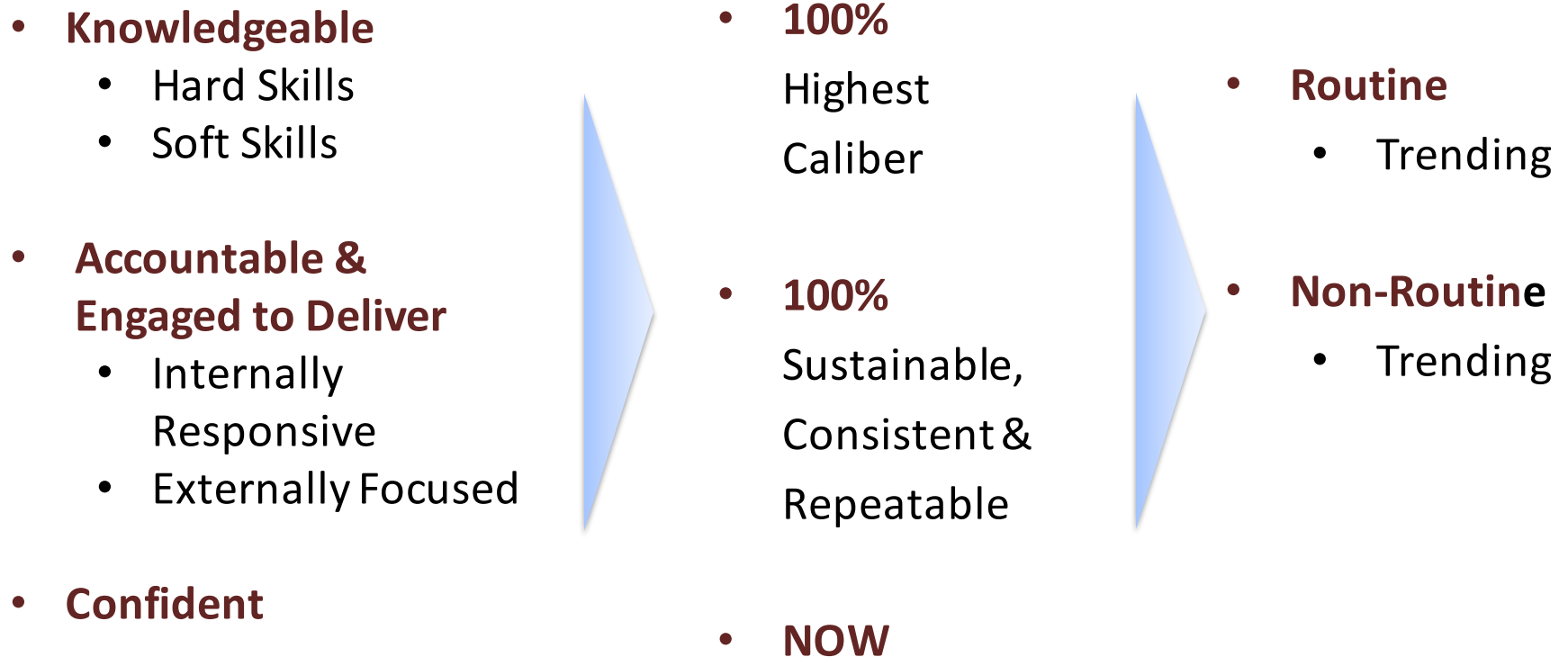
- **Technical Ability**
- **Attention to Detail**
- **Mentoring**
- **Delegation**

Phoenix Strategic Assessment System

Competency Assessment – Funnel Factors



Peak Performance Against the Benchmark Not against other people?



The three questions

Routine and Non-Routine Work

1. Do they have the **current skills** to do the job at **100% of Benchmark**?
 1. For **routine** and **non-routine work**?
2. Are they **engaged and accountable to deliver at 100% quality 100% of the time**?
 1. For **routine** and **non-routine work**?
3. Are they **confident** to do the **job NOW**?
 1. For **routine** and **non-routine work**?

Phoenix Strategic Assessment System

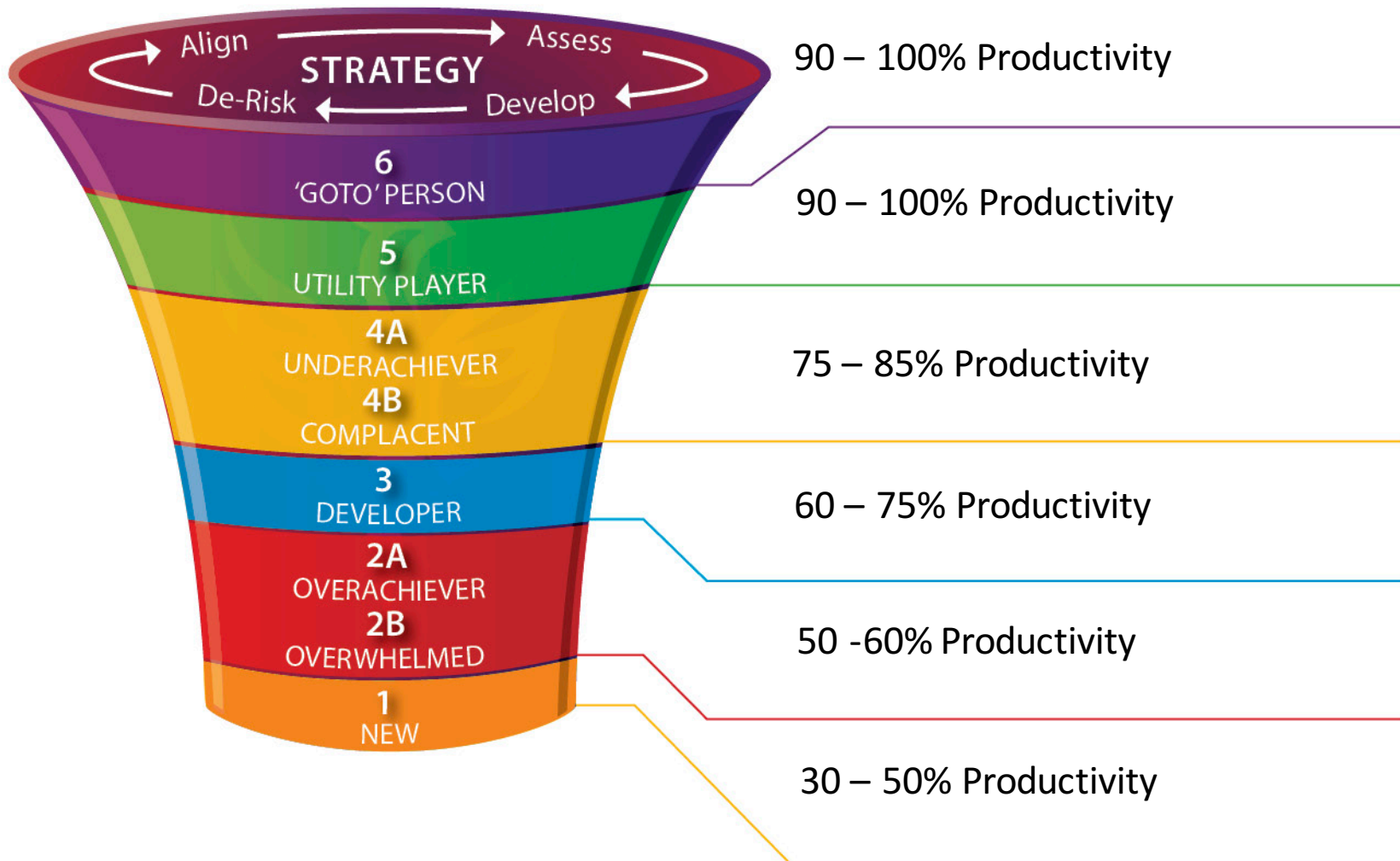
Funnel Filter 3 - Competency Assessment

AssessFit©



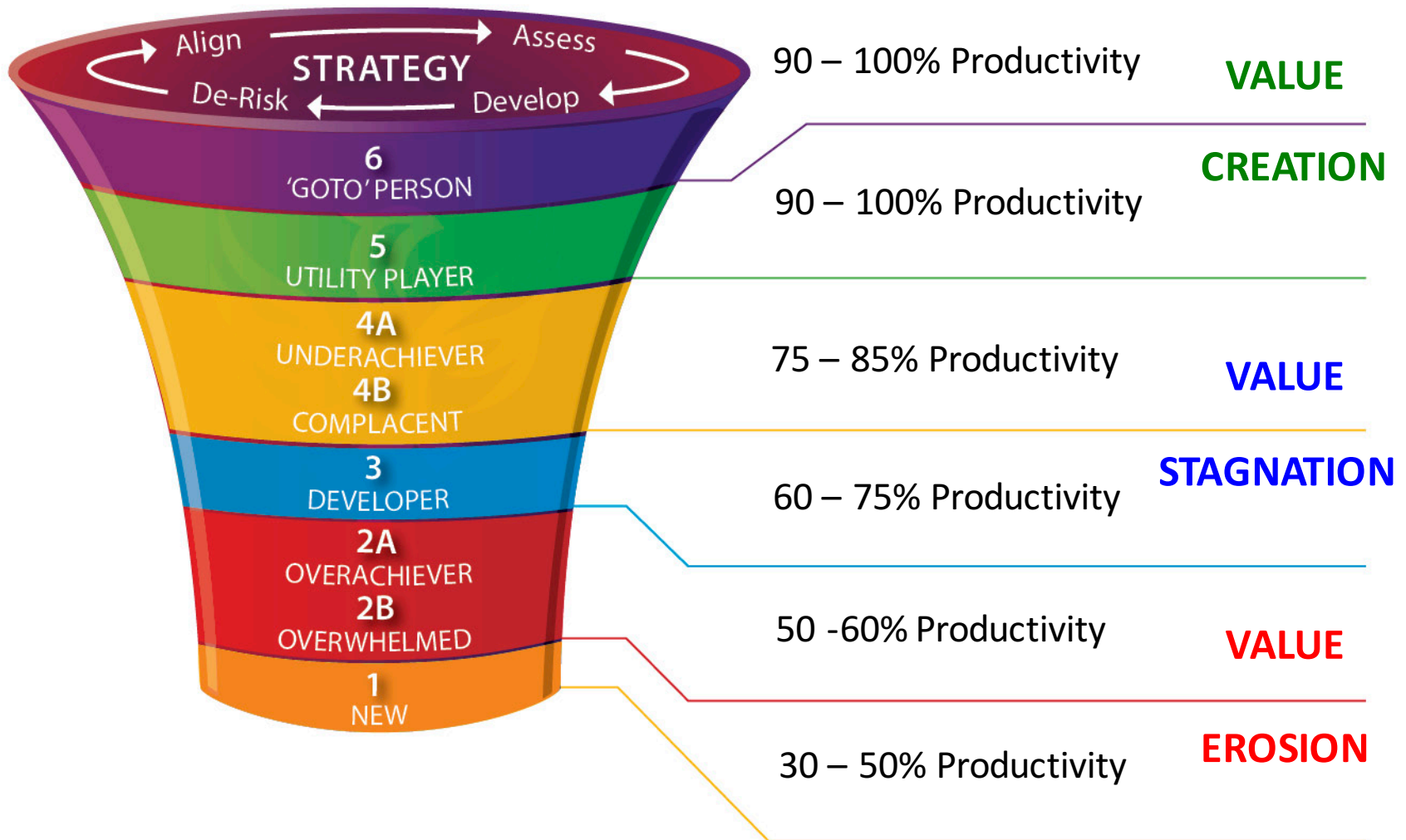
Phoenix Strategic Performance Assessment

AssessFit® - Cost vs. Productivity Impact Analysis



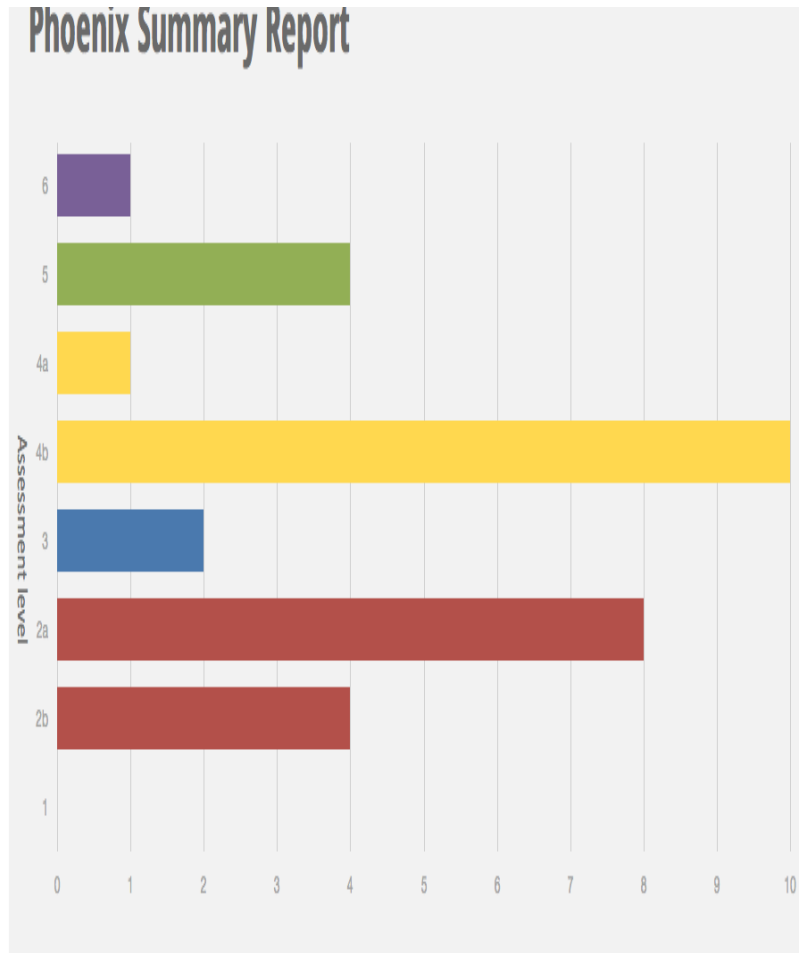
Phoenix Strategic Performance Assessment

AssessFit® - Cost vs. Productivity Impact Analysis



PSP Alignment Assessment

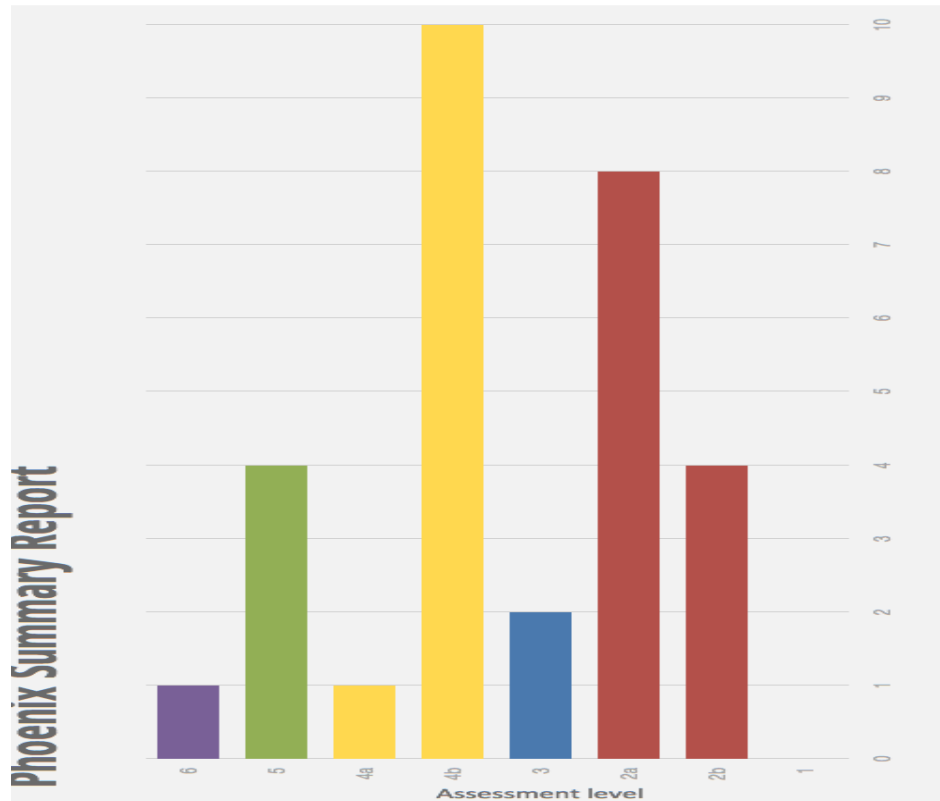
The Data



PSP Alignment Assessment

Is this a normal distribution?

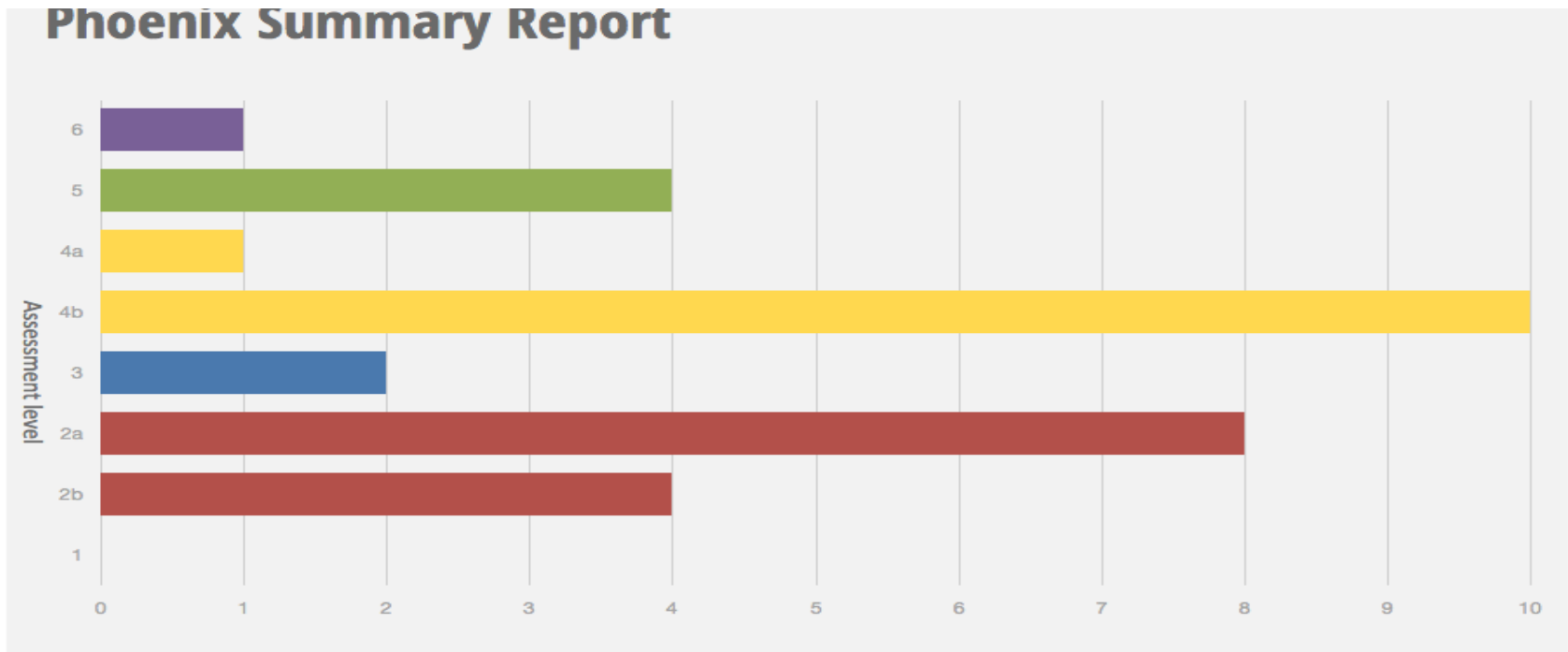
Should we be satisfied with this as an organization?



We are in the middle of a paradigm shift
The train is leaving the station – will HR be on it?

Yikes

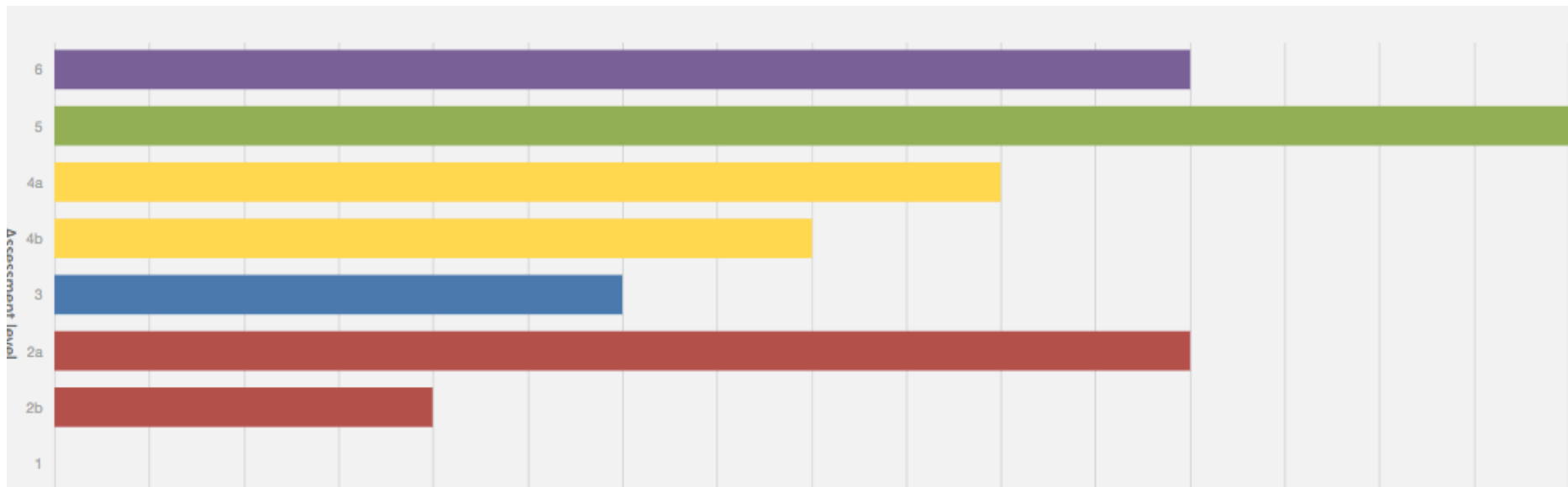
Is this acceptable future-focused performance?



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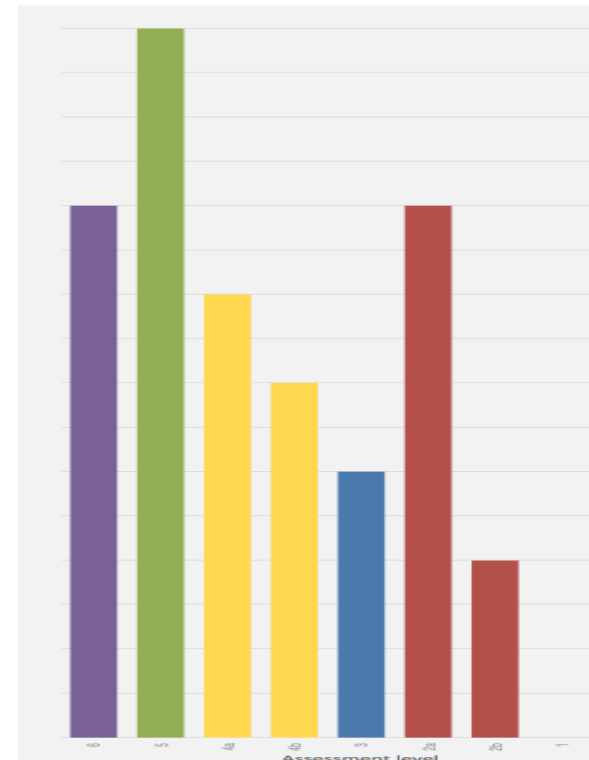
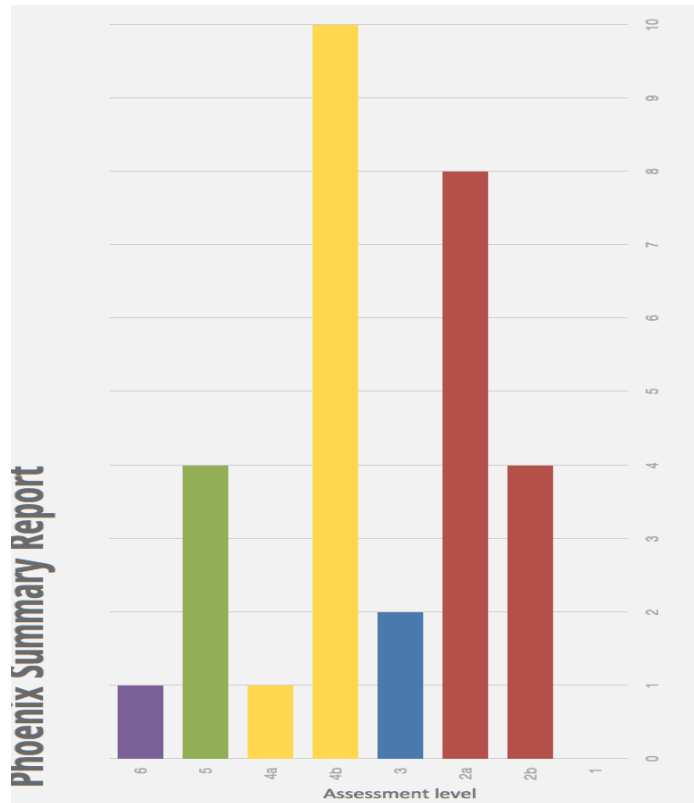
OR

Is this acceptable future-focused performance?



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Bell Curve or Future Funnel

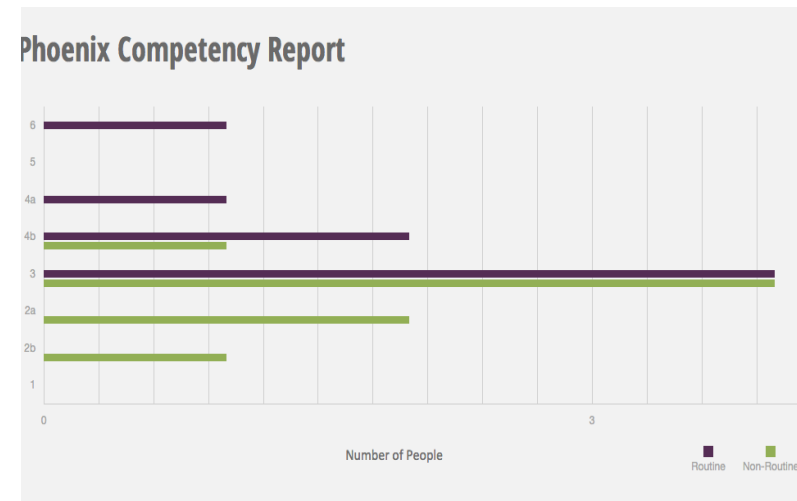
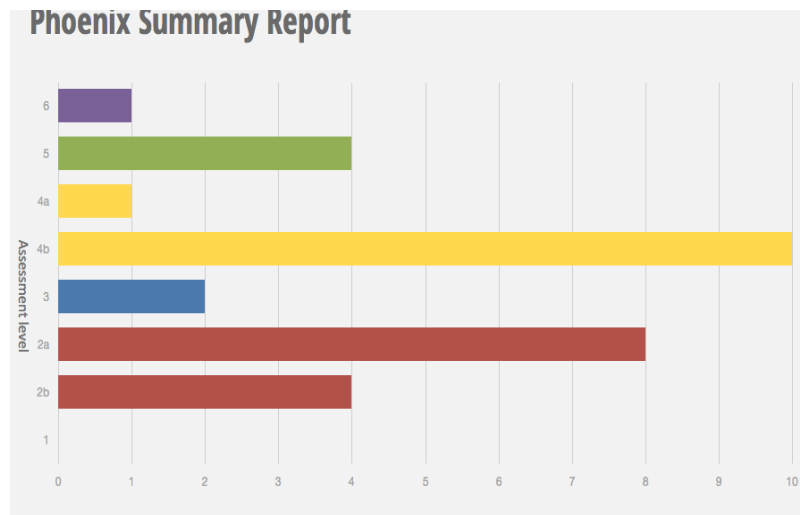


HR, What's it going to be?



OR





Key Strategic Organizational Considerations:

- What is the probability of strategic success?
Low probability of strategic success, on time, on budget & high quality.
- What is the impact to organizational agility?
Human capital not agile, resilient nor deployable on demand.
- What is the strategic result probability?
Value stagnation to value erosion is highly probable.

Organizational Agility Assessment

Organizational Challenges - Human Capital Costs



- **Identify – *who's current, trending & static***
 - Who can improve and will - how and how long?
 - Who can improve but won't?
 - Who can't improve in the appropriate time?



Organizational Agility Assessment

Organizational Challenges - Human Capital Costs



- Identify – *who's current, trending & static*
- **Identify the cost structure & the real cost of your people by productivity percentages against 100%.** *Example: \$100,000 - base salary
(50,000) - producing at 50%*

\$ 50,000 - cost drain

Multiply across the organization



Organizational Agility Assessment

Organizational Challenges - Human Capital Costs



- Identify – *who's current, trending & static*
- Identify the cost structure & the real cost of your people by productivity percentages against 100%. *Example: \$100,000 - base salary*
(50,000) - producing at 50%

\$ 50,000 - cost drain

Multiply across the organization.

- **Identify the risk, cost and productivity drain:**
 - When top producers leave and under producers stay
 - When negative organizational agility and resiliency impact the business

HR, What's it going to be?



OR



HR – QUESTION?



OR



NAME THE FUNCTIONS IN WHICH THE BELL CURVE IS EMBEDDED?

PERFORMANCE REVIEW
COMPENSATION AND BONUS
JOB BANDING & JOB DESCRIPTIONS
EMPLOYEE DEVELOPMENT

HIRING
FIRING AND DOWNSIZING
SUCCESSION PLANNING
PROMOTING

- Now that we know what the **problem** is....ring the final bell on the bell curve!
- ***Translate HR Speak to the C-Suite***
- ***Here's a new model to future proof your organization***
- ***Remember, the corporate train is leaving the station.***
- ***Don't let HR be left on the platform!***

Future Proof your Organization

Leave us your business card for:

- Drawing for an hour consultation
- A copy of the presentation
- Links to Download our latest Ebook
 - *HR as a Business Accelerator*

Joanne Flynn



In 2014, Joanne Flynn founded Phoenix Strategic Performance, a strategic human capital advisory consulting firm. Prior to this, since 1989, Joanne led the consulting practice of Phoenix Group International, an executive recruiting and human resource consulting firm, where her area of expertise was the global Financial Services industry. Joanne is now taking best practices from the human capital intensive financial services industry and adapting those best practices to startup and growth businesses. She is a thought leader in the areas of strategic organizational alignment, organizational agility, human capital gap analysis, leadership challenges for the new workplace and transformation leadership.

Previously, from 1980 – 1989, Joanne was Vice President of Global Learning & Development for Goldman Sachs, Inc. At Goldman Sachs, Joanne implemented programs to improve the organizational effectiveness of business units, most notably investment banking, equities, fixed income and operations.

From an independent vantage point, Joanne worked with organizations as they faced global growth and competitive challenges. She worked with her clients to be both externally focused and internally responsive. With her unique background, she aligns competitive business development efforts with related internal organizational leadership challenges. With the benefit of her career-long focus, Joanne contributes the unique insight of aligning strategy to internal organizational structure and process. She focuses on human capital relative to strategic initiatives, accelerated business growth, value creation and business development.

Joanne is experienced in all aspects of organizational development and training on a global level. Her consulting engagements have included the design and delivery of learning and development programs on the topics of strategic leadership, business development, client account management, strategic selling, management development, and executive coaching. Her consulting clients range from global investment banks to small private equity / venture capital firms and in people intensive industries.

Joanne holds a Master of Arts degree in Business Management from the University of Oklahoma. In addition, she holds a double degree major in History and German from the College of St. Elizabeth, as well as certificates from a variety of leading universities and professional training and development organizations.

Making Human Capital a Strategic Initiative

Questions?

Joanne Flynn

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