

DDI's Approach to Measurement

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KATE: Oh, Dudley, I'm so glad you're here. My boss keeps asking me for measurements, and I don't know where to start. We have data on applicants and hires and trainees and position openings, and on and on. I can't find my way through this jungle!

DUDLEY: I felt confused about measurement too, Kate, until I learned a great way to approach it. DDI has made measurement a very logical and systematic process. I can show you how to find the best path out of the measurement jungle.

KATE: Oh thank you, Dudley. I knew DDI would help.

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DUDLEY: What you need first is a map. Sort of like this one.

KATE: Does that map show the ideal way out of this jungle?

DUDLEY: Not exactly. You see, each organization and each situation requires a different map. It all depends on where you are trying to go, what kind of program you are using to get there, and what matters most in your organization. There can be many, many maps.

KATE: Ohh. I thought that was too easy. So how do I create my own map?

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DUDLEY: Let's start with a blank map. First you divide it into four different measurement areas.

KATE: Why should I do that?

DUDLEY: This helps you figure out the kinds of metrics you need. There are four distinct areas where you need to measure, and the types of metrics you collect are different in each area. It's like fencing off your big jungle of metrics into four different segments so that you can concentrate on each one at a time.

KATE: What are the four areas?

DUDLEY: The first is **Focus**, where you want to measure whether your program is targeting critical business needs.

The second area is **Process**. This is where you measure if program is being *implemented* properly.

The third area is **Outcomes**. This area focuses on whether or not your initiative is *enhancing* the organization's talent.

Impact on the business is the fourth area. Here you're measuring whether the talent enhancement you created really *advanced the business* and its customers.

KATE: Those areas make sense. How can I apply them to my program?

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DUDLEY: Let's start with focus. What prompted you to get involved in the program? What were your objectives?

KATE: We've been getting a lot of customer complaints recently.

They're not having a good experience when they shop at our stores.

DUDLEY: That's a good one, Kate. Nice, sharp focus.

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DUDLEY: Now let's look at PROCESS. This concerns the type of talent management initiative you are going to introduce in the organization to try to meet your business objective. It's like deciding which animal you are going to rely on to take you out of the jungle.

KATE: We did consider several ways to handle this problem of customer complaints.

DUDLEY: That's good, that you gave it some thought. There are four types of talent initiatives that organizations typically use. If you think you can change the behavior of the people who interact with customers, you might consider training or development.

KATE: You mean like the chameleon changes it colors.

DUDLEY: Exactly. Or if you think your frontline workers aren't being held to the right performance standards, you could address the problem with performance management.

KATE: The heavy foot of management coming down!

DUDLEY: Or if you think the organization isn't prepared at the top to continue the company strategy, you could think about succession management.

KATE: Right. Locate the kings of the jungle.

DUDLEY: Or you could use selection to bring in better frontline workers.

KATE: Of course, bring in the high flyers. [*Monkey moves forward*] Actually, that's what we decided to do – put in a better selection program for frontline workers in our stores.

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DUDLEY: Now you need to think about the outcomes that you can expect from your selection program. This is where you want to find out if you've enhanced the talent of the organization. Enhancing the talent in your organization is what really brightens things up – like you've turned on the sunshine.

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DUDLEY: So if you hire better frontline workers, what will be better?

KATE: Well, they should behave differently on the floor.

DUDLEY: Yes they should! You touched on the first outcome that we usually expect from a good talent program, which is different behavior.

KATE: I hope they'll be more tuned in to our customers

KATE: and wiser in how they work

DUDLEY: You should expect that from your hiring program.

KATE: Oops. I guess behavior isn't always the way you want it.

DUDLEY: Unfortunately, some employees aren't motivated to use their skills.

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KATE: I definitely want my selection program to give me people who are more motivated.

DUDLEY: Of course. You want people who are engaged and growing

KATE: And I want people with energy flowing over.

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DUDLEY: So if your new store employees have better skills as well more energy and positive attitudes, that should lead to better performance of their jobs.

KATE: Yes. Like a butterfly works hard to pollinate flowers.

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DUDLEY: Once you document that you enhanced your talent, you can look for an impact on your business.

KATE: Look to your right, Dudley. This looks like a lot of customers!

DUDLEY: This is Customer Haven, Kate. It's very often the first level of business impact you reach with your talent program.

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DUDLEY: This is New Market – another common destination that’s important to business.

KATE: So if we’re pleasing our customers in the stores we have, maybe we can please them in new locations.

DUDLEY: Exactly. Your best destination is determined by your organization’s strategy.

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DUDLEY: This is the last stop on the journey and the toughest one to reach.

DUDLEY: If you do everything right with your talent program, impress your customers, and hit your business targets, you hope it will show up in the organization’s financial statements.

KATE: Wow! I wish we could grow profits like that.

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DUDLEY: A lot of things can affect profits besides your selection program, so you need to show its influence by creating a **logical path**, like this one through the jungle. The logical path explains how the program will lead to the desired objectives and shows the steps along the way.

KATE: Can we create a logical path to show how my selection program will lead me to that money tree?

DUDLEY: Sure. We’ve actually been creating it as we walked through the jungle.

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DUDLEY: Let’s go back to the map we started and insert your logical path in each of the four areas. We want to make sure that one step leads to another.

DUDLEY: When we talked about focus, you said your company was getting a lot of customer complaints. That’s what called for a different talent management approach.

KATE: Right. And I said we were going to put in a new selection system to fix the problem.

DUDLEY: That’s your process. Now what outcomes did you identify?

KATE: First I was expecting the new employees to have more skill in working with customers. I also wanted them to like the job more and be more motivated.

DUDLEY: Let’s call that a *better fit to the job*. Then what will be the outcome of that better fit?

KATE: They should *perform better* in their jobs.

DUDLEY: Good. Now how about their greater motivation. What will that lead to?

KATE: I hope we can *keep them longer*. It costs us a lot of money when people leave.

DUDLEY: Good. Better retention. So how are these talent related advantages going to help your company?

KATE: First and most important, we hope we’ll *stop the customer complaints*.

DUDLEY: And if they are more satisfied, they’ll *keep coming back*.

DUDLEY: So it looks to me that you can get to *greater profits* through both the top and bottom of the equation.

KATE: Now I get it! I’ve reduced costs by keeping my employees, and I’ve increased revenues by keeping my customers. Great!

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DUDLEY: Now we need to identify the metrics that will establish whether you are able to travel down the logical path.

KATE: Is this where I get out of the jungle of measurement?

DUDLEY: Yes. The logical path tells you which of your many possible measures are appropriate for this particular program. Let’s start with focus. How will you measure whether your solution is aimed at the right problem?

KATE: We know that customer complaints about store employees are up, but we don't know why. I guess we should look into it further to make sure we understand the reasons.

DUDLEY: Good. Now how about the relevance of your selection system to the job. What will you measure?

KATE: That one's easy; we're going to use tests, and our government always wants a test validation study up front to establish job relevance.

DUDLEY: OK, the Focus measures tell you that your solution should work if done properly.

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DUDLEY: What are you going to measure to be sure you implemented your new tests properly? That's what we need for the process box.

KATE: Well, we always look at *score distributions* to make sure we're able to hire enough people and that we're fair to protected groups.

DUDLEY: Good; that checks on HR. What about management?

KATE: We need to look at *execution* issues. Like whether everybody is using the tests the same way, realizing they are important, and so on. That's another kind of audit.

DUDLEY: One last piece is whether people are happy with the new selection system.

KATE: Oh, that is important. I guess we'll have to do a *survey of hiring managers*.

DUDLEY: Good. You can ask your new hires how they liked it too.

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DUDLEY: Now we have metrics around whether your initiative was on target. The next thing we need to identify are metrics that will establish whether the program accomplished its purposes.

KATE: So now it's outcomes.

DUDLEY: How will you measure whether you get better employees by using the new selection system?

KATE: I think I'll just ask managers to compare the new employees with ones hired before we used the program. That should be easy. I'll ask about both behavior and motivation.

DUDLEY: What about better employee performance; how will you measure that?

KATE: Well, we know how many sales they make and how many items come back.

KATE: And we'll measure retention with turnover data.

DUDLEY: Good idea; you can compare before and after the test was used. But separate voluntary turnover from involuntary; you'll learn more that way.

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KATE: Hey, we got to the last measurement area! Impact on the organization!

DUDLEY: How are you going to measure how you have impacted customers?

KATE: Well, our regular customer satisfaction surveys should show some improvement.

KATE: And we can track repeat business through our ordering system.

DUDLEY: So it looks like you have two avenues to better financial performance.

KATE: Oh, I get it. I'll increase the company revenues if more customers come back with repeat business

KATE: And I'll lower the company's costs if I can reduce turnover.

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DUDLEY: You've found your way out of the measurement jungle, Kate. You just follow your own logical path.

KATE: I'd say it's a magical path! It leads right to the cash register! Thank you, Dudley!