

# Bob Kustka

Factoring Human Capital Into Your Business Plan

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By Bob Kustka



## Managing Your Generational Supply Chain: A Model for Talent Succession Planning

By Bob Kustka, CHR Partners

At 23 years old, David was feeling pretty good. Armed with a technical degree from a top university, he had landed a great position at a high tech giant. It looked like the start of a wonderful career opportunity. But only six weeks after relocating himself to the West Coast, his manager told him that there would be a departmental meeting the next morning. The company had announced a 10 percent cut in its workforce and would begin telling people what the impact would be on their jobs.

David didn't get laid off. In fact, over the next year he was promoted and recognized for individual achievements several times. But the die was cast. He knew that his employment status could change at any time.

David didn't think twice when he was recruited away to his dream job a year later. His 42-year old manager, Maggie, saw it differently though. She expressed her disappointment, telling David that he was "a work in process" and that "the company had invested in him and wanted the opportunity to earn the return on that investment."

Faced with several other defections of young talent, Maggie was facing a large workload and a shortage of talent in the pipeline. She felt that the people in her organization were only self-interested and didn't appreciate the company's investment in them.

When David reflected on his decision to leave, he noted that the company could just as easily have laid him off first. "Besides," he said, "I never did feel like my manager was interested in my development."

Was Maggie right? Is an organization bound to lose talent, especially from the newest generation, no matter what it does? Was David a "work in process" who hadn't really delivered a return on investment yet? Is there a gap in generational attitudes towards work, and can organizations do anything to address it?

Finally, is this just the normal cost of doing business we've always had to manage? After all, people have always left organizations for a variety of reasons. Or, is it time for us to more closely examine our supply chain of talent, especially in light of the generational shift that is upon us?

### THE CHANGING TIDE

In the 2005 Future of the U.S. Labor Pool Survey Report conducted by the Society for Human Resource Management, 39 percent of respondents stated that they were beginning to develop internal policies and management practices in preparation for a potential labor shortage due to baby boomer retirement. Furthermore, 38 percent said that they were just becoming aware of the issue. Only 11 percent had actually implemented specific policies and changes to address these issues, while another 12 percent had either proposed or agreed internally to specific changes. Clearly, a lot of organizations are still unprepared; and how many "prepared" organizations are as prepared as they think?

As the balance in labor supply and demand begins to shift to favor employees, and the generational composition of our workforce continues to change, we must develop new strategies to attract, develop, and retain our talent in a more proactive and systematic manner. At first glance, this may seem to be a straightforward issue. After all, talent acquisition is a procurement exercise. We want to make sure that we get the right people, at the right time, in the right place and at the right cost.

What makes this so challenging? First, finding talented people is a complex business process that involves all functional areas of the business. Newly hired individuals come from different functions, with different levels of skill, knowledge and ability. They're from different generations, are at various stages in their careers and they possess a mix of attitudes, opinions and expectations.

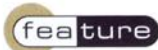
With this level of workforce diversity comes opportunities for innovation, but recruiting becomes more complex. How do you ensure that you get the right people, at the right time, in the right place and at the right cost? Furthermore, how do you create a compelling career path for employees throughout their tenure and ensure that you retain them?

If we think of an individual's career in the same way as a product moves through its lifecycle, from entry into the organization as raw material, to development in the organi-



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zation, and to subsequent achievement of maximum productivity, we begin to ask new questions regarding our workforce. Do we have the right level of competency in our core functions? Are enough people entering the work cycle? And what supply is available to us externally?

## THE SUPPLY CHAIN MODEL FOR TALENT MANAGEMENT

One way to answer these questions is by adapting a supply chain model to the management of our talent pool. In supply chain management, we address the entire process of resource management, from sourcing and procurement through conversion and distribution. This perspective transcends all boundaries and relationships within, and outside of, the organization. By using a supply chain model for talent management, we are forced to consider the talent needs of the enterprise as a whole instead of taking a narrow view of recruiting for specific jobs.

The talent supply chain framework begins with a consideration of the factors that influence the supply and demand for talent. For those individuals entering the workforce, we not only consider whether we have the right number of people with the skills we need, but also whether employees can grow professionally to bring long-term value to the business. In other words, can we get the right people for the job –

those with the right skills – and will we be able to develop them to meet our long-term business plan?

On the demand side, organizations must look at their existing levels of resources and determine not only whether they have the existing level of competency they need, but whether they have the necessary competency to support their business strategy going forward. In other words, do you currently have the right people for your business, and if not, do you have a plan for the future?

Using a supply chain mindset for talent management in a multi-generational environment would involve several key steps:

### 1. Look at your generational makeup of talent to determine what you have and what you need.

The starting point of the generational supply chain model is to analyze your workforce demographically. Ask yourself the following: “What’s the composition of my workforce by age, level, skill sets and functionality? Where are my points of procurement of new workers (colleges, the competition)? Where am I at risk of losing key skills? How will I develop the skill sets I need to drive my business plan? How will I ensure the transfer of knowledge from those most likely to retire?”

Start this assessment with those functions that are most

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critical to your business, but carry it to as many functions as possible. For example, if you are a software development company, you should begin with your developers and then extend the analysis to include your marketing and sales people.

A quantitative snapshot of your organization will emerge. You'll begin to see where the key competencies of your organization are well resourced and where you need to develop strategies to attain them. For example, in one organization I worked with, engineering was a vital competency, as new products were the lifeblood of the company's success. Due to several rounds of takeover attempts, hiring had stalled for several years, and the talent pool had grown shallow.

Nearly three-fourths of the engineers were in their 50s. The supply chain assessment process not only demonstrated that the company was in need of talent replenishment, but it also showed us that there were new technical skills needed to add value to their development? We subsequently developed a recruiting model to address this critical need.

We also recognized the need to view the entire supply chain and better understand what was necessary to develop our talent. If we were going to view our employees as continuous "works in process," how did we make sure that we continued to add value to their development? In this engineering example, we took time to study what made people good at what they did and developed competency models to describe it. We used the models not only to attract the right level of talent, but also to ensure that we developed people to reflect those models.

### 2. Look at your culture to see if you are currently meeting the diverse generational expectations of your talent.

The next level of analysis is the most challenging: the culture. As the composition of our workforce shifts, we have to be attuned to how we manage the multigenerational supply chain. Assessing the demographics and the competency of our workforce allows us to see what we look like and what we're capable of. Assessing the culture of our organizations allows us to better understand the *employee value proposition* (EVP), that is, why people join and why they stay.

The case of David and Maggie illustrates two different generational perspectives of work bumping up against each other. The baby boomer, Maggie, viewed working hard and staying loyal to the organization as important and couldn't understand why others didn't share this perspective.

From the Generation Y perspective, David had high expectations of his manager, especially in terms of fairness and his own personal development. In his view, the announcement of the layoffs created a culture where his employment was at risk. This only compounded his negative feelings about career development at the company. Since the company did little to communicate what further change could be expected, the investment made in him was squandered.

Naturally, the expected EVP of employees will vary for the different generations. How do we satisfy both? Here's the crux of the problem. This is why you also need to factor

in organizational change: "Are we growing, shrinking, or changing in some ways, and what does that mean to our employees? How does that affect our EVP?"

If you're shrinking, your emphasis will be on retention and creating an EVP that appeals to the older generation. But if you're growing as a business, you have to align your culture to support the recruitment and development of the younger generations. Unless you're moving heavily in one direction rather than the other, you're going to have to establish a balance of both.

### 3. Align your culture and management to meet the expectations of your generational talent.

How do you align your culture so that it satisfies everyone's needs? First, one size does not fit all, so identify both your core issues and your core constituencies and address them. You may need to find a way to keep some of your boomers motivated to stay longer in the workforce. Maybe you're having difficulty attracting those in Generation Y who are more interested in work/life balance. You need to take the time to match the issues and validate that they are having, or could potentially have, an impact.

One way to help validate some of these issues is to create a *work environment team*. Choose some of your more capable individuals and charge them with examining the issues and developing strategies to address them. It's especially helpful to identify those who have a passion about the issues.

Second, develop a means for creating awareness in the organization. For most, this means developing a communication forum that may not be in place. Senior management should develop the message that they want to communicate and find ways to make it real. For instance, it's not enough to say, "We value work/life balance," but then not find a way to allow people to practice it. Culture is subjective, but you have to walk the talk.

Finally, your main connecting point across all generations is each person's individual manager. Communicate to them that this is an important part of your overall business strategy.

Provide information and education on how the generational differences affect the workforce. Give them training on how to provide coaching and feedback. Solicit their feedback on both an individual and group basis and use it to tweak your programs. Challenge them to develop new solutions for changing conditions. And most importantly, hold them accountable for managing the multigenerational supply chain.

### ABOUT THE AUTHOR



Bob Kustka (BKustka@CHRPartners.com) is president of CHR Partners, a consulting firm specializing in strategic HR and operational planning for rapidly growing companies. The company's services include the development of retention strategies and recruiting programs, and training in the areas of multigenerational management. Prior to founding his own company, he spent 25 years at The Gillette Company, where he served as an HR executive.