

HUMAN CAPITAL STRATEGIST PRACTICUM PAPER

COMPANY OVERVIEW:

Perfect Commerce is the largest provider of On-Demand Supplier Relationship Management (SRM) solutions and the Open Supplier NetworkSM (OSNSM). Perfect Commerce has more than 190 Fortune 1000 clients, 165,000 users and 8,500 suppliers. In operation since 1999 and one of the early pioneers in business-to-business eCommerce, Perfect Commerce offers complete source-to-settle solutions enabling companies to reduce the cost and complexity of their procurement processes and accelerate the delivery of bottom-line results.

THE BUSINESS CHALLENGES:

Perfect Commerce merged with Pantellos, a leading supply chain solutions company serving the utilities and energy sector, in the fourth quarter of 2004 creating what is the world's largest on-demand SRM solutions provider.

The merged company continues under the name Perfect Commerce, Inc. and maintains a single focus: to help customers improve bottom-line performance and meet financial objectives by simplifying the SRM process, reducing costs and enhancing operational efficiencies. Combining industry leading On-Demand SRM solutions and supply chain expertise positions the company for expansive growth and will deliver tremendous value to clients, associates and shareholders.

The past and anticipated rapid-growth presents Perfect Commerce with an array of managerial challenges, including human resources concerns. Talented employees are key to sustaining company performance during periods of change and high growth, and thus, strategic human resources management will play an integral role in supporting the combined companies continued success. In fact, research has found that effectively addressing human resources issues is most important at two stages of a company's life cycle: conceptual development and high growth.

Recognizing the anticipated acceleration in growth, as well as, increased investor expectations, Perfect Commerce's management team recognized the need to quickly integrate and leverage the unique human assets of each company. Perfect Commerce (PC) is in the odd position of believing that talent is critically important, yet the company has very little sense of the overall health of their talent or which human capital investments are worthwhile once talent is brought onboard.

HUMAN CAPITAL MANAGEMENT PRACTICES REVIEW:

Human Capital Management (HCM) enables organizations to manage and leverage their human assets from a strategic framework. Although this business philosophy embraces a wide range of traditional HR processes, its impact is enterprise wide. HCM combines transactions, processes, analyses, and intelligence across the enterprise in order to achieve one ultimate goal—enhance shareholder value. As such, it is essential for the HR function, senior executives, and line managers to address this issue at a strategic and operational level.

Our review and analysis will be wide-ranging and probing to gain a deep understanding of the human capital management issues facing Perfect Commerce today, near-term and long-term. Six primary areas will be analyzed: 1) workforce planning, 2) acquiring talent, 3) developing talent, 4) deploying talent, 5) retaining talent, and 6) evaluating human capital. In each of these areas, specific HCM recommendations will be made to “muscle build” the organization’s talent base and ultimately, improve the organization’s ability to deliver on its promises to shareholders.

Workforce Planning

Current Situation:

The company states that they have not engaged in long-term human resources planning because their business strategies and needs change too rapidly to justify the time investment involved in creating a five-year forward looking projection. Instead the company’s human resources planning is focused around ensuring that the proper systems, such as payroll and benefits, are in place to support the company’s growth 12 to 18 months into the future.

Their growth has forced them to work “in the business” versus “on the business”. Equally, they felt they did not have the human resources expertise to guide them through the process. Consequently, they have relied upon existing managers to forecast and meet their own needs and the result has been mostly knee-jerk reactions to staffing crises.

Solutions and Recommendations:

- 1.** Conduct a strategy-driven forecast that identifies the leadership competencies and “bench strength” necessary to meet future corporate goals. This exercise will drive individual development plans of competencies, characteristics that are aligned with future company strategy, not behaviors of current leaders. Rather than beginning with existing leadership capabilities or quantities, the analysis examines future business strategy and builds back to present day leadership gaps.

2. Equally, the organization will need to rigorously track specific quantities and qualities of leaders deemed in short supply, attempting to identify and encourage desired talent with precision. To guarantee line manager participation, adherence to new competencies should be tied to the overall performance management systems that employees pay attention to.

3. A behavior-based employee competency model should be implemented that is tailored to PC's new organizational culture and business needs. It will serve as the basis for leadership assessment, development, and succession planning. The competency model should be reflective of the company's emphasis on results and high performance. In addition, the competencies should contain behavioral descriptors, or precise descriptions of required employee behavior. They are used to assess where on a proficiency scale an employee's performance is rated in reference to a particular competency.

4. Using strategic planning process as a framework, senior leaders need to determine desired future organizational capabilities and current ability to deliver on those priorities by conducting a gap analysis. A good tool PC should consider using to help facilitate identification of capability gaps is Lominger's Cultributes. It helps you understand what PC does well today and what PC will need to well in the future in order to achieve strategic and tactical goals and objectives.

A "cultribute" is a combination of selected organizational core competencies, organizational capabilities and cultural attributes which, when active, either enable or thwart the company's chances of implementing its strategic agenda.

Using a card deck of 80 flashcards organized into 16 organizational clusters under four general questions, it is an ideal way to analyze relevance and importance of certain characteristics to the ideal future organization and its current ability to achieve desired results. The four questions areas are:

1. Who are we today? Who do we need to be?
2. How agile are we inside today? How agile will we need to be inside?
3. How agile are we outside today? How agile will we need to be outside?
4. How are we building a people edge? How will we build a people edge?

Once complete, you can explore the gap between today and tomorrow and devise a goal-based action plan for acquiring or strengthening whatever cultributes will be needed in order to make your strategy succeed.

5. Develop a competency model based on the Lominger Cultributes exercise. Competency models can be built differently based levels of leadership or a competency model can be built and used for all employees. Regardless of the direction, factors for successfully developing an effective leadership competency model include the following: 1) involve executives in the process, 2) simplify the model (smaller # of competencies), 3) use behavioral descriptors for each competency, 4) ensure a link to corporate

goals, 5) integrate competencies into hiring, performance reviews, and succession planning, 6) use proficiency levels to rate leaders, and 7) devise a strong, easy to understand communication rollout of the model.

Given the company's size and the "newness" of this process to employees, it is recommended that PC initially use the same competency model for all employees. The rationale behind using the same model for all employees includes alignment and consistency of skills and competencies across the entire employee population and the development of a common language for all employees. As the organization continues to grow, it is imperative that the competency model be reviewed periodically and changes made to reflect the company's ever-changing future business challenges and needs.

6. Neither company in the combined company engages in formal succession planning. One company does, however, consider succession planning informally for its executive ranks. Although both companies state that they understand the importance and necessity of a succession plan, neither company has the time or resources to develop a robust succession planning process.

At times, the company simply grows too quickly and at other times, the company expands into business areas where they lack internal expertise. Consequently, the company states that since it does not do a good job of developing leadership talent internally, it must rely on external sources to locate talent.

Put in place a modified succession and replacement management system to ensure the company has sufficient leaders and technicians in the pipeline to sustain high growth. The initial foray into succession planning should begin with developing the criteria for inclusion into the plan. It should go beyond seniority of role to include cost to organization if the role is vacant, difficulty in sourcing external talent in the labor market, and difficulty in providing required skills or experiences for the role. The succession planning system should penetrate further down in the organization and become more proactive as the company continues its rapid growth trajectory.

7. PC should also begin segmenting talent based on employees' contribution to the company—which includes skills and expertise, performance, and attributes. In this way, HR can quickly assess bench strength and suggest specific strategies for developing, retaining, and rewarding each segment in order to maximize the company's returns on finite performance management investments.

A recommended approach to talent assessment/segmentation would be to use a matrix that compares potential and performance. It is separate and distinct from the performance management system. The process would examine employees' performance over time and leadership potential in an effort to assess and prioritize bench strength.

Employees are charted on a nine box grid composed of two axis's: High, Mid and Low Performance ratings and Potential ratings of Low, Mid, and High. This graphical, data-based representation allows managers to clearly identify and prioritize the appropriate development activities for reviewed talent. Based on results from the grid exercise, a discussion ensues on how to best move and develop employees in three categories:

1. High-performing and high-potential—this is the key group ready to move onto jobs with a wider range of responsibilities and scope and are given priority in terms of the level and breadth of discussions regarding their executive development.
2. High-performing and mid-potential—while performing well, potential may not be realized because of a lack of breadth in their background. Targeted development activities may help them reach full potential.
3. High-potential but mid-performing—although they are viewed as having capacity to move into bigger positions, they may not be able to perform at exceptional levels. Individual coaching could be a successful tool to foster performance improvement.

The matrix can also be used to zero on high-value leaders and create targeted retention plans.

Acquiring Talent

Current Situation:

PC, like many other companies is finding themselves under increased pressure to recruit exceptional talent. The company's reliance upon external sources to recruit talent and the resultant mixed talent results, suggests a reexamination of some basic assumptions about the best way to hire talent. As the company continues to grow, it is time for HR to develop functional expertise and more complex infrastructures to support such growth.

Fast growth has resulted in selection processes that are often rushed or loosely defined. These facts underscore the need for ensuring organizational fit through quality-oriented hiring and selection processes. A process of focused search strategies combined with psychometric testing may help improve selection successes.

Solutions and Recommendations:

1. Build internal recruiting capability to source and attract the "money players" necessary to sustain high-growth. Recruiting great talent into key positions is too important and complex today to rely on total recruitment outsourcing. The use of search firms needs to be directed towards

executives and senior leaders, and internal recruiting resources focused on hiring multi-skilled and hard to find professionals.

2. The company's rapid growth and constant change in strategy requires someone capable of maintaining and understanding internal client needs, now and in the future, as only an internal team can do. Using the newly created job descriptions and competency requirements, create assessment and behavioral interview guides for managers to further deliver on a "best fit" selection model.

3. To improve both the speed to hire as well as the quality of hire, PC should review and consider integrating the use of computer-aided psychometric screening/assessment tools in the hiring process. Well-aligned testing and assessment processes not only aid in hiring best-fit candidates but also in reducing turnover and its associated costs which may run from \$1000 for a hourly employee to more than \$10,000 for a skilled exempt employee.

As the competition for talent intensifies, a company's ability to screen and select applicants becomes increasingly urgent. Managers submit that fully 20% of their time is spent interviewing and assessing new talent to meet the growth demands of the respective business units. The interviews to hire ratios are high and the knock out ratio of early candidates is roughly 63%. This would suggest that computer aided testing could reduce the amount of time managers are spending with unqualified candidates. Computer based assessments are capable of timing applicants on speed-sensitive questions and increasing the difficulty of tests for more skilled applicants, effectively knocking out unqualified more efficiently and filtering through only baseline quality candidate pools to managers. Building a standardized assessment off of competencies also ensures that all managers are focused on the go forward strategic skills needed to deliver the new agenda.

4. With a clearer picture of how internal recruiting capability and screening tools can assist in screening for best fit, a strategic staffing plan should be developed. Strategic staffing begins with a thorough analysis of the capability gaps in every area, today and in the near term. Each position that has a gap needs to be reviewed and then targeted with one of five strategic staffing plans to shore up the competency requirements. The goal is to have the "right people in the right jobs at the right time".

Beginning with positions that have no gaps or are a good fit, bind them. Create development and compensation plans that will retain your stars. Next, bounce the deadwood.

Internally, understand where you can build talent. The key success factor is thorough knowledge of the severity of the gap and estimating the time to competence using a build strategy. Dependent upon your timeframes, you will need to use one of two acquisition methods. The first method is Borrow, or the use of temporary staff, whether they are contractors or internal

players you temporarily reassign. Another option is to Buy the talent needed. Talent that is bought can come internally from a promotion or through an external hire obtained by your own sourcing or that of a search firm.

Developing Talent

Current Situation:

Employee Development practices vary on a continuum from independent motivation to minimal company sponsored development. In the first company, employees are responsible for defining their career goals and becoming involved in projects that help develop the skill sets necessary to achieve those goals. Managers serve as a resource for helping employees identify development opportunities but do not hold the individual or themselves accountable for skill attainment.

In the second company, individual employees maintain responsibility for identifying and seeking development and educational opportunities that will help them meet their goals. The company created an online learning center that provides educational materials and certifications that aim to assist individuals in achieving these development goals.

The foundation of any leadership development activity is rigorous identification of exactly what leadership qualities and quantities will be needed in the future and the creation of a plan to build, acquire requisite talent. Given that PC's present method, albeit limited, of development has been to "clone" existing stars, which probably will not be appropriate going forward with the rapidly changing competitive environment in which you operate.

Solutions and Recommendations:

- 1.** Real opportunity exists for your HR group to align its development activities more closely with the corporate strategy. Build competency models off of best vision of future corporate strategy and HR should be better able to support, and shape, corporate direction.
- 2.** Identify the leadership qualities needed in the future. That is, perform an analysis of the organizational capabilities required to achieve objectives laid out in the strategic plan and systematically decompose those capabilities into skills and behaviors that can be incorporated into individual development plans.
- 3.** Analyze the quantity of various types of players needed in the future based on an understanding of what the leadership ranks must look like tomorrow. For example, is there a need for more minorities, more women, global experience, Silicon Valley experience, etc? This enables the

organization to identify where the gaps are today and focus development and recruitment precisely in these areas of need.

Talent segmentation challenges old thinking and utilizes a new approach to managing human capital. In short, it begins and ends with developing a deep understanding of the People Portfolio requirements and dynamics in light of the strategic business objectives.

4. Beyond the numbers of people needed and the types of skills sets necessary is an examination of the quality of people. In essence, what does an "A" player look like and how many do you have? Conversely, what does a "C" player look like and how many do you have? McKinsey's 2000 War for Talent survey findings reinforce this theme concluding that high performers generated 40% more productivity in operations roles, 49% more profit in management roles, and 67% more revenue in sales roles than the average performer at their respective organizations. McKinsey concluded an ever pressing imperative for companies to more effectively attract, manage, and retain their highest performing employees.

5. As a company built on intellectual capital, it is critical that the PC begin to identify, catalog and cultivate the invisible tacit knowledge of its knowledge-based employee population. Target talent management development efforts according to your people portfolio segments. Analogous to a stock portfolio, you unload your losers and hang on to your winners. "A" players (strategic) should be invested in, rewarded and protected. "B" players need to be motivated, improved, rewarded, and developed to a lesser extent. Divest, shed and attrit "C" players. Time spent bringing a "C" to a "B" doesn't generate the return on investment that moving a B up to a "high B" or "A" player. The productivity and performance gains are too great.

6. In order to ensure "A" players receive the training they require for individual career development, individual development planning templates should be used as a guideline to customize developmental efforts according to their needs. The template incorporates three types of development methods in designated proportions. Areas of focus center on job-based work assignments (70%), coaching (20%) and formal training (10%). While the template remains standardized for everyone, the individual and the manager select and agree on the specific activities they believe will best benefit the individual and the company in each of the focus areas.

PC, with its aggressive growth, offers a compelling accelerated development opportunity for individuals with stretch opportunities, new competencies, and new responsibilities that are unrestrained by traditional corporate models. If structured properly, the individual takes on what they can "eat" and at their own "speed limit". The potential gain to the company is twofold: first, the retention and rapid development of gifted talent already within the company; and second, a more compelling offer to external talent.

7. Because of budget restraints and a lack of HR training and development experience, consider implementing Individual Learning Accounts (ILA) for all or select groups of employees. Utilizing a cafeteria-benefits style approach, ILAs give employees the responsibility and opportunity for skill and knowledge development.

Employees must identify and pursue skills that will maximize their contribution to the company. They can use corporate time and money for classes or other educational experiences of their choice. Accounts allow employees to design job-enrichment or career development activities that match their career interests and also serve short or intermediate corporate needs. Once armed with information regarding work opportunities and strategic direction of the company, employees are seen as their own best skill deficit diagnosticians.

This personalized approach should prove less costly and more effective than investing in the build-out of a new one-size-fits-all training program. An added benefit is that learning accounts would clearly differentiate PC as “unique” in your industry segment and can position the company as an “employer of choice” in the minds of talent, both internal and external. This type of program is extremely attractive and can help the company attract and retain talented employees who place a premium on self-directed career growth.

8. Successful organizations hold employees and managers accountable for upholding values by linking performance appraisals to competencies and desired behaviors. Consider implementing a 360 feedback instrument rooted in the company’s new competency framework within the next twelve months. The company can use the upward feedback to reinforce the values and importance of how outcomes were achieved and not just the business results themselves. The 360 process should be conducted biannually.

Deploying Talent

Current Situation:

Both of PC’s combined companies current performance appraisal systems use an annual performance review but each lack clearly defined performance identification criteria upon which to truly differentiate individual levels of performance. The first company (A) uses a 3 tier rating scale to rate employees as “high”, “middle”, or “low” for performance reviews. The second company (B), uses a 2 tier scale, Acceptable or Unacceptable. Company A also uses a forced distribution curve of 25/50/25, while Company B does not use forced rankings at all—the rankings are the rankings; improve or be removed.

Solutions and Recommendations:

- 1.** Implement a dual performance rating to reward “whats” and “hows”. Initially, it is recommended to tie 20% of performance-based rewards on how managers achieve results to reinforce the company’s new emphasis on the “hows” rather than just the “whats”. This percentage is likely to increase in the future to align with the company’s increased emphasis on the importance of the “hows” and its role in the shift from a start-up culture of quick wins to a more sustainable framework for long-term growth. More importantly, this practice transcends traditional “multi-dimensional” approaches to performance management by ensuring that business and people ratings are not rolled up into a single rating. This practice further eliminates any opportunity for obscuring underperformance against the people practices initiatives. The result is increased commitment to human capital management.
- 2.** With managers now being held accountable for their actions, a new overall performance appraisal system should be created for the combined companies that provide a stronger sense of how every employee’s performance will be identified, developed and rewarded. To ensure employees’ understanding of performance standards and accurate performance ratings, a 5 tier scale should be considered as it allows greater flexibility in determining characteristics that define different levels of performance. Ratings of Far Exceeds, Exceeds, Meets, Does Not Meet, and Unsatisfactory would define levels of performance.
- 3.** Forced distribution should also be a component of the performance system and correlates to the above new ratings on a 10/15/60/10/5 ratio. This expanded structure, while similar to Company A, enables you to focus greater attention on your average or “B” player development. And, given the company’s rapid growth and the fact that mid-level performers constitute the largest group of the workforce, the “B” player will continue to play a critical role in the companies overall success.
- 4.** Implement skip-level meetings between “high and middle B” players and managers two levels above them. Conducted twice a year, such meetings between mid-level performers and supervisors two levels above them allow for the exchange of feedback on middle manager performance. Equally, the meetings are mutually beneficial for they allow management to keep a pulse on how managers and employees are performing and provide employees with an open door forum to network and meet with high level leaders. More importantly, this tactic reinforces the mantra that managers are held accountable to their responsibilities for developing their direct reports.
- 5.** Since there is some overlap in varying layers of personnel, consider restructuring certain roles to leverage skill sets and provide development opportunities outside of existing positions. The process for restructuring follows.

6. Because the organization is at a crossroads with the mixing of talent, a quarterly leadership review should be conducted. During the leadership review process, HR and the business unit leaders identify both “demand-driven” shifts in business strategy and “supply-driven” factors such as executive vacancies and/or development needs that might warrant role restructuring.

Next, from the quarterly review meetings, HR considers opportunities for restructuring arising from identified needs. These would include splitting, changing, or redistributing roles to provide stretch experiences to rising talent. In this way, the company maximizes flexibility and talent leverage.

Retaining Talent

Current Situation:

There is no formal retention strategy in place at either company. Talent retention has been mostly reactive and tactical; retention tactics are heavy on monetary incentives as the lever to keep employees. When a key or critical position player resigns, they typically respond with some type of compensation oriented counteroffer to retain them. The company recognizes employee retention cannot be compelled purely through money. They are seeking a more holistic approach to employee retention by using a multi-faceted, long term approach to build a comprehensive retention plan.

Solutions and Recommendations:

- 1.** Having established the terms upon which an employee will be identified as critical talent—including those who are characterized as high-potentials, high-performers, position critical or succession planning critical, and those who are considered to hold skill critical positions—the company should evaluate that employee’s separation risk on an ongoing basis. With an aggressive growth strategy and its dependence on intellectual capital, these people segments should be reviewed quarterly or, at a minimum, every six months.
- 2.** A “flight risk” analysis can be undertaken that examines certain employee retention job attribute drivers such as manager quality, external equity, bonus, travel, hours worked, etc. A rating is assigned to each category of risk to arrive at a total score that indicates the individual level of flight risk. Based on the employee’s flight risk rating, the company, and more specifically, the manager can take appropriate action steps to address dissatisfaction or concern with any of the categories.
- 3.** Upon determining which employees are critical talent, PC should ensure that these employees receive communication from management regarding their value to the organization as well as their career development options.

More importantly, PC should implement measures that ensure manager accountability for critical talent retention.

Many recent surveys show that the relationship with the manager is one of the most significant in an employee's work life. Most employee turnover is ultimately caused by that relationship (or lack thereof), which makes the ability to assimilate and develop new employees a core competence of managers.

An employee's immediate manager controls most all career progression, educational opportunities, and the assignment of new projects. So a manager who takes time to discuss issues with employees, who shows concern over their development, and who knows what employees can do and want to do, will make wiser decisions and build loyalty over time.

4. Create management reports showing voluntary turnover in the top and bottom 10% of performers by manager. It will help you gauge the impact of specific programs on top talent turnover. In particular, managers should be expected to provide a thorough explanation behind any critical employee's departure.

5. In addition to communicating individually with employees about the value of the employee to the company, conversely, PC should communicate to employees the various advantages and value of what the company offers to the employee. One manner in which to do this is through the creation of a compelling employee value proposition (EVP).

An EVP outlines why a talented individual would want to work and remain at the company, and if the company delivers on what it promises, is an effective tool for retaining top talent as well as talent in general.

In order to create a strong EVP, the following four key elements need to be identified and strategically structured for maximum effectiveness: the company, the leaders, the work, and the rewards. Beginning with the company, it is important that the company care about its employees, and employees are proud to be associated with the company and its successes. Under leaders, company leaders must treat their employees with trust and respect and provide them with the appropriate amount of guidance and support. Next, employees like their job and the peers with whom they work and feel their work is important. Lastly, the company needs to ensure an attractive compensation package that recognizes its talent through fair and equitable compensation.

6. Institutionalize the previous work we performed in developing a competitive total compensation package. Use market pricing and benchmark surveys semi-annually for your top talent pool to compare and craft externally competitive compensation and benefit packages. This practice of twice yearly reviews is more frequent by design. Top talent is always in

demand and knowing “what the going rate” is enables you to proactively fend off talent poachers from other companies.

In sum, the evidence that “people issues” influence profit is hard to refute. Just about every piece of research conducted over the last ten years has come to this conclusion: organization’s with leaders who treat people with respect, use their people’s skills wisely, and have effective systems to manage performance, reward recognition, and develop employees, are likely to retain committed employees who are willing to go the extra mile. Bottom line...employee retention and commitment leads to higher customer retention, higher productivity, lower turnover, increased quality and continuous improvement.

Evaluating Human Capital

Current Situation:

Today, the company has no real perspective on how the company is leveraging its investments in human capital. Metrics are not in place nor is any kind of measurement or evaluation of HCM practices. Consequently, it is recommended that the company undertake an opportunity to optimize the return on investment of human capital by calculating and implementing a human capital ROI/evaluation program.

Solutions and Recommendations:

1. The company needs to optimize the return on investment of human capital by calculating and implementing a human capital ROI/evaluation program. Evaluating human capital is significantly important since it “keeps score” so to speak. The ultimate objective is to be able to evaluate the company’s entire portfolio of human capital investment alternatives—training and development initiatives, as well as compensation, recruiting and recognition programs—to determine which ones are most likely to help it reach specific strategic targets.

Achieving this goal will not only make it much easier to determine where to spend limited personnel investment dollars, but it will also play a key role in helping Wall Street develop an empirical means of valuing Perfect Commerce’s intangible assets.

2. Five key elements are necessary when creating a human capital evaluation program:

- 1) evaluation framework—develop a framework defining the various levels of evaluation and types of data, as well as methods to capture data.
- 2) process model—create a process model to provide a step-by-step procedure for developing the actual ROI.

- 3) operating standards—establish operating standards to keep the process on track and build credibility within the organization.
- 4) adequate resources—allocate the resources for implementation issues such as responsibilities, procedures, policies, and internal skill building.
- 5) case applications—showcase successful applications to illustrate how the ROI works within the company.

3. When properly structured, human capital measurement and evaluation examines the enterprise as a whole and helps determine the impact of human capital practices on company performance. Impact can be measured through activity and results based metrics, with results being the predominant focus. And, the best way for results reporting to be meaningful is to tie the measures directly to the company's strategy and business goals.

Turnover and compensation are the most prevalent measures among human capital measures and should be implemented immediately. That said, it is also recommended that PC expand its measurement systems to include both quantitative and qualitative indicators for assessing human capital management and their impact on business areas. The key is to choose a select number of human capital metrics in each talent management function to measure and track over time. Some example measurements would be: customer satisfaction, effectiveness of HR-related activities, employee attrition analysis, employee competency measurement, and employee satisfaction/engagement.

Quantitative metrics are financial measures that serve as lagging indicators of performance. Some of these measures are already in place at PC because the information is easily obtained. These measures would include: business unit performance, profitability, and revenue per employee.

Qualitative or non-financial performance measures are consistently identified in literature as the key drivers of future organizational performance. The measures, such as those that follow, serve as leading indicators of performance: employee engagement, retention of key employees, leadership capability, time to competence, and workforce proficiency.

4. The company's effectiveness at "getting the most out of people" must be measured and evaluated monthly, quarterly and annually. Systematizing the process of human capital management measurement and evaluation provides a dependable platform for improving workforce productivity, performance and retention. Over time, repetitions of the assessment-investment cycle will result in a baseline that can be useful for benchmarking. Moreover, a rigorous assessment process helps executives' assess company strengths and weaknesses, assists senior leaders in defining development issues, supports employees in executing strategy and enables frontline leaders to make things happen. And, it helps customers, investors, and employees alike recognize the organization's intangible value.