Managing Tomorrow Today: Predictive Modeling
Speakers

Jac Fitz-enz,  
CEO  
Workforce Intelligence Institute.

Dr. Jac, as he is known worldwide, is acknowledged as the father of human capital strategic analysis and measurement.

During the 1970s he carried out original research which led to the first human resources metrics in 1978 and to benchmarks in 1985. As founder of the Saratoga Institute in 1980, he developed the first international HR benchmarking service.

Recently, he was cited as one of the fifty persons who have "significantly changed what HR does and how it does it" in the past fifty years.

Dr. Fitz-enz has published over 220 articles, reports and book chapters on measurement and management.

Erik Berggren,  
Director of Research  
SuccessFactors.

Mr. Berggren has worked on strategic consulting service engagements with more than 30 different companies across Europe and the US.

He was the CEO and cofounder of a research based consulting company that developed thought leadership on measurement systems.

Mr. Berggren is a recognized thought leader in the HCM field and is frequently invited to speak at conferences around the world.
Our Goal Is Clear

**Mission**

Increase Worldwide Productivity by 50%

We work with recognized thought leaders that share our vision of productivity improvement, all while creating a better place for people to work.

successfactors.com/research/thought-leaders
435 Years of Research

successfactors.com/research/thought-leaders
Performance and Talent Management Are Pivotal to Drive Financial Performance

EXECUTION = PERFORMANCE

Motivation \times \text{Talent / Competencies} \times \text{Organizational Ability}

Recruiting (Buy) \rightarrow \text{Talent / Competencies} \rightarrow \text{Learning (Build)}

Company Strategy and Market Position

Alignment

Growth \quad \text{Profit} \quad \text{Shareholder Return}

Explains 15%

Explains 85%
Manage Tomorrow Today
Challenges of Managing Tomorrow Today
- How do we know what is coming around the corner?

What happens with the economy?
Challenges of Managing Tomorrow Today
- How do we know what is coming around the corner?

Or the planet itself?
Challenges of Managing Tomorrow Today
- How do we know what is coming around the corner?

Changed consumer preferences?
Challenges of Managing Tomorrow Today
- How do we know what is coming around the corner?

Technical Innovations?
Buy and sell anywhere anytime

Billions of consumers
Thousands of competitors
Low transaction costs
Instant and cheap communication
“It is not the strongest of the species that survive, nor the most intelligent, but the one most responsive to change.”

— Charles Darwin
How Do All These External Factors Affect Your Strategy?

- Growth
- Profit
- Shareholder Return

Company Strategy and Market Position

EXECUTION = PERFORMANCE

- Motivation
- Talent / Competencies
- Organizational Ability

- Recruiting (Buy)
- Learning (Build)
So How Do We Prepare Ourselves in Terms of Our Talent Strategy to Be Ready?

**EXECUTION = PERFORMANCE**

- **Growth**
- **Profit**
- **Shareholder Return**

**Company Strategy and Market Position**

- **Motivation**
- **Talent / Competencies**
- **Organizational Ability**

**Recruiting (Buy)**

**Learning (Build)**
So How Do We Prepare Ourselves in Terms of Our Talent Strategy to Be Ready?

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**Company Strategy and Market Position**

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- **Recruiting (Buy)**
- **Learning (Build)**
Design Principles for a Future Focused Human Capital Management model

_connected & Integrated_
Truly links human capital elements to corporate structural and relational factors as well as external forces. Brings together all elements of human capital management for investment decisions.

predictive & measurable
Gives HR managers the tools to foresee the return on investment of both long and short term services. Provides a set of leading indicators as well as measures of intangibles - the most important metrics in the new marketplace.
Delivery Has to be Integrated

- Tie recruiting to strategy, ensuring that your workforce supports future needs
- Make informed succession decisions utilizing performance data on tracked goals and development activities
- Make compensation decisions based on objective performance data about clearly articulated and aligned goals
- Develop the specific competencies and skills required to execute strategy
- Evaluate performance against agreed upon goals and development activities aligned to organizational objectives
Inductive vs. Deductive Features

**Inductive**
- Accurate and Objective
- Finds what the mind did not expect
- Takes time and Resources
- Complex to Interpret for decision making support

**Deductive**
- Based on what people are looking for and thus ready to take action on
- Relatively easy to get to the data
- Could be biased or at least misled from preconceived notions (subjective)
Inductive Data Mining Examples

Valero Case: Supply Chain Analysis of Staffing and Competency Requirements

Mine Past Staffing Data | Evaluate Sources | Set Competencies | Determine Tolerance Levels

Sears:

Employee Satisfaction | Customer Satisfaction | Sales Increase
How Does Your Talent Focus Drive Business Results?

Critical to define your own logical chain of impacts and measures as early as possible to be predictive.

Employee Engagement

Retention

Customer Satisfaction

Productivity

Increase top line Revenue and bottom line Profits

SF Research HCM Business Impact Model©
Sample: Turnover Rate Over Time per Performance Level Is Predictive

Turnover per performance level per Q

Case example from SF Research customer consulting engagement
Sample: Ability to Attract Predicts Future Performance

Case example from SF Research customer consulting engagement
Succession Planning Program in Place

38% Stronger performers

0% Weaker performers

Source: Berggren & Fitz-enz, How Smart HCM Drives Financial Performance, 2006
www.successfactors.com/research

Succession Planning is correlated with Revenue per Employee
- Workforce Intelligence Report, WI Institute, 2007
The Predictive Initiative

Goal is to develop

- integrated, predictive model
- analytic software
- future-facing metrics

In collaboration with:
   Accenture, AMA, Blue Cross Blue Shield, Ceridian, Countrywide Finance, Fidelity Investments, Google, Monster, SuccessFactors, Target, etc.

Jac & Erik publishing a whitepaper “Managing Tomorrow Today”
Q&A

Contact for additional questions:

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