

## Productivity Transformation through Career Management Systems

*“Don’t we get it, it’s their jobs”*

By Lewis Hollweg, Ph.D.

“...Conclusive, compelling relationship between engagement and profitability through higher productivity, sales, customer satisfaction, and employee retention.”  
Hewitt (2005)

### THREE EXAMPLES OF THE POWER OF ENGAGEMENT

#### A Caterpillar Business Unit

Found engaged employees are 70% more productive, drive 34% higher customer satisfaction, and 80% fewer union grievances

#### A Survey of 50,000 Employees

In 59 organizations found that engaged employees increased performance up to 20% and were 87% less likely to leave the organization

#### A Study of 11,000 Business Units

In 51 organizations found that engaged employees had 44% higher retention, were 50% more productive, had 50% higher safety ratings and drove 33% higher profitability and 56% higher customer loyalty

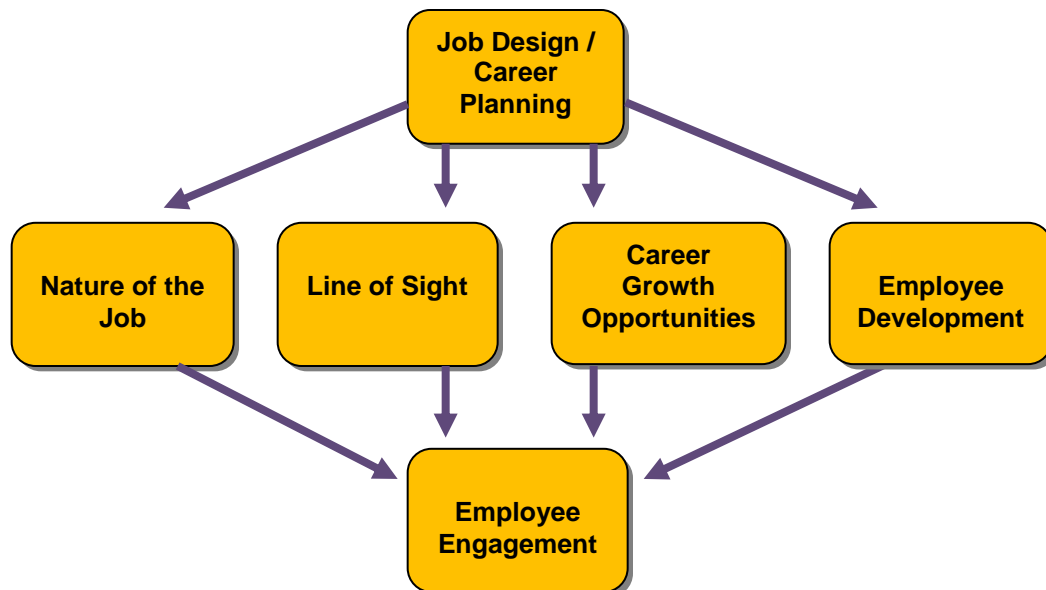
Much has been studied and written about the power of employee engagement in recent years, but there is still uncertainty about how companies can access greater commitment, enthusiasm, and discretionary effort from their employees. This year The Conference Board released a summary of world-wide engagement research and, in this report, described the 8 fundamental drivers of employee engagement (Employee Engagement: A Review of Current Research and Its Implications. Conference Board, 2008).

The importance of the research for this article is that 4 of the 8 factors that power employee engagement are directly related to the design of their jobs.

## 8 Drivers of Employee Engagement

1. Trust and Integrity
2. **Nature of Job**
3. **Line of Sight between Individual Performance and Company Performance**
4. **Career Growth Opportunities**
5. Pride about the Company
6. Co-workers / Team Members
7. **Employee Development**
8. Personal Relationship with One's Manager

## Career Management Powers Engagement



### WHAT ALL OF US WANT

From my perspective, each of the career management factors that underpin engagement directly impact our human need for meaning and purpose. For the vast majority of employees at any level in the organization, the feelings of self-respect that come from clearly knowing what is expected, how their actions help the team, that there could be a future career, and that they can develop new skills, tap a unique source of energy within them. While some employees may have barriers that prevent engagement, most will eagerly respond to an employment opportunity that satisfies these needs. To design and build a culture and organization that creates jobs and job environments that engage the employee on this critical level takes thoughtfulness, effort, and planning. Isn't this a main purpose of leadership?

## A GREAT CASE STUDY

BHI jointly presented a case study with a client at a national HR conference that clearly shows the benefits of a competency based employee job design and career development process. Bravo Development, Inc. (BDI), a national growing fine dining company, estimates that they are currently saving over \$5.5 million yearly in turnover costs alone. Along with these measureable cost savings, there are other significant benefits that were not directly measured but were critical in driving the retention of the hourly and management team members. Anecdotal and observational information from BDI's leadership support the opinion that the creation of crystal clear success competencies at key operating positions and selecting, promoting, and developing the employees based on these standards transformed the employee value proposition at BDI. Employee engagement soared, retention went up and increased results followed. Jeff Ramm, V.P. of Education and Development for BDI, championed this organization transition from the start and the C.E.O., Saed Mohseni, showed deep understanding and unflagging support for the HR initiative that transformed the company's talent equation.

## CHANGE MOTIVATION

The precipitating state of affairs at BDI for this change was the fact that the hourly turnover in the restaurants was 125% and increasing; management turnover was 32% and also on the rise. Since they had significant growth plans and the cost of hourly turnover was calculated to be \$1,500 per individual and the management cost was \$30,000 per person, BDI made the commitment that change was absolutely necessary to achieve their growth goals and maintain profitability. The evaluation of the talent function started with a focus on the effectiveness of their recruiting and hiring methodology. BDI soon realized that they needed significant help in these tasks and ultimately chose BHI to customize and implement assessment tools that would target individuals who could be successful in their system. After a successful implementation and the development of a success profile of managers, BDI realized that they needed to create a methodology to overhaul their total performance evaluation and leadership development process. BDI & BHI embarked upon a complete competency model project that created detailed success competencies and behaviors for both hourly and management positions.

Once these success factors were identified, behaviorally based interview guides and training were created, and performance evaluations that targeted these specific competencies were developed and implemented. Ultimately, these performance evaluation tools were built for all positions and included all managers, chefs, and multi-unit managers throughout the organization.

In addition to BDI's hiring, training, and promoting individuals based on competencies, leaders were trained to review, coach, and reinforce on a day-to-day basis their direct reports' progress on these standards. BDI's commitment from senior leadership, human resource professionals, and field operators to this program over the long haul created a performance based environment while also creating enthusiasm and increased engagement at all levels in the organization.

## RESULTS

This deep commitment to and implementation of a best practices career management process resulted in a significant decrease in hourly turnover from 125% to 94% as well as a significant decrease in the management turnover to an *industry leading low* of less than 20%. BDI's own analysis estimated the gross savings in 2008 to be over \$5.5 million in just the hourly and management turnover alone. While BDI did not implement pre- and post-engagement surveys to assess the level of engagement across the organization, anecdotal information from human resources and other leaders in the organization indicate that the level of engagement was also dramatically increased.

## BEGINNING STATE OF BDI

- 38 Restaurants Total
- Hourly turnover was at 125% and rising
  - Compared to 126% industry average
  - Hourly turnover cost = \$1,500 (average) per individual
- Management turnover was 32% and rising
  - Compared to 35% industry average
  - Management turnover cost = \$30,000 (average) per individual

## COMPETENCY BASED COMPONENTS OF BHI / BDI'S CAREER MANAGEMENT PROGRAM

- Custom Competencies for hourly and management positions
- Custom Selection Process
  - Position-specific assessments
  - Behavioral based interview guides
- Competency Based Performance Evaluations
- Career Path
  - Competency progression across all positions
  - Visual map

- Management Selection – Immediate point of pain
  - Implemented management assessment tool
  - Resulted in improved talent / fit and lower turnover
- Hourly Selection
  - Implemented regional roll-out of hourly assessment tool
  - Significant improvement to turnover numbers
  - One year later, it was adopted company wide
- Customization of Selection Process
  - Position specific benchmarks to capture best performers' characteristics

### 3-YEAR RESULTS OF CAREER PROCESS

- 72 Restaurants
  - Hourly Turnover down from 125% to **94%** (6,500 employees)
  - Management Turnover down from 32% to **19.5%** (500 managers)
  - Estimated gross savings in 2008
    - Hourly **\$3,510,000**
    - Management **\$2,160,000**
- Total 2008 Gross Savings            \$5,670,000**

Our recommendation is that if you are looking to increase the level of service or change operating systems across the organization, you would be well-advised to assess your own effectiveness of career management in your organization. BHI's career management process not only addresses the specifics of job effectiveness, efficiency, and engagement, but it also serves as an organizational change lever since organizations don't change unless individuals change. The career management process is an excellent method of helping individuals overcome the barriers to change. It reduces ambiguity about expectations, helps people understand new habits and behaviors, and shows them what behaviors to eliminate. It is a methodology for driving change down and across the organization when slogans, rallies, and organizational communications and retraining fail to provide the clarity of direction necessary for each employee to be successful.

## Critical Questions to Evaluate Your Employee Career Management Effectiveness

	Our company has...	No	Somewhat	Yes
1.	Clearly defined competencies in our major job families.			
2.	A professionally designed selection process that includes position-specific assessments and behaviorally based interview guides.			
3.	Competency based performance evaluations.			
4.	A clear employee career path with competency progression across all major positions with a visual way for easy communication of expectations			

Please contact Scott McTague, Sr. Vice President of Talent Solutions or Bret Henley, Vice President of Business Development, if you are interested in learning more about Employee Career Management.

T. Scott McTague  
 T: 469-241-9701  
 Fx: 469-241-9837  
[smctague@batrushollweg.com](mailto:smctague@batrushollweg.com)

Bret Henley  
 T: 469-241-9701  
 Fx: 469-241-9837  
[bhenley@batrushollweg.com](mailto:bhenley@batrushollweg.com)