



Companies Reinvent Their Workforce, Talent Management Systems

8/6/2010 By Sandra Davis and David Nosal

As HR leaders grapple with myriad workforce planning issues post-recession, so too are they presented with a unique opportunity to enhance their hiring models to capitalize on changes in talent available in the labor market. In fact, given the strong focus that CEOs are now placing on enhanced people management strategy and processes, HR departments that do not adapt to the new hiring paradigm may risk their relevance, according to Michael Rendell, partner and leader of human resource services for PricewaterhouseCoopers (PwC).

“There is some debate about whether HR did its job during the downturn and whether the function is broken, particularly in terms of the reward models it champions and its ability to cultivate an agile, flexible workforce,” said Rendell in a statement about PwC’s 13th annual CEO survey released February 2010. “If not satisfactorily answered, some speculate that these questions could jeopardize HR’s opportunity to prove itself, and see it reduced to an administrative function. Preparing for the upturn is a clear platform of opportunity for HR.”

For example, Salem, Ore.-based Holiday Retirement and St. Paul, Minn.-based Ecolab are examples of how HR can positively influence the hiring process.

New Era for Holiday: From Real Estate to Retirement Services

In many ways, the talent needs of Holiday Retirement symbolize the profound workforce changes occurring within many companies as they seek to improve, grow and capitalize

on significant demographic changes in the market.

Holiday is one of North America's largest retirement community providers, with more than 85,000 units in 313 independent living communities in the United States and Canada. More than 10,000 Holiday employees provide residents with a host of all-inclusive services, including three chef-prepared meals daily, weekly housekeeping and linen service, and free cable, utilities, laundry, parking and fitness facilities.

When the company originated in 1971 as a family-owned business, it primarily focused on real-estate development. In 2006 Holiday was acquired for \$6.8 billion by the global alternative asset management firm Fortress Investment Group, and the breadth and complexity of the company's talent needs changed substantially.

Holiday needed to position itself to meet the discriminating service and quality expectations of baby boomers as they began entering retirement. When Holiday CEO Jack Callison came on board in 2008, his first priority was to enhance the company's human resources department and develop a workforce to match the company's strategic standards for excellence and its prospects for growth.

One of the department's first hires was Dorothy Beek, director of human capital services. A 30-year HR veteran, Beek had extensive prior experience in the hospitality industry having previously worked for Hilton, Marriott and Omni Hotels, among others. She immediately grasped the human capital similarities between hospitality and independent retirement living.

"Holiday features an all-inclusive array of services for our residents, which is very similar to my hospitality experience, particularly in my native home of Jamaica," Beek explained. "When seeking individuals to hire for our communities, we look for those who are very much service-oriented, willing to go above and beyond expectations, and willing to think of our communities as 'home.'"

Besides defining the type of employees Holiday seeks to attract, the company needed to formalize the operations of its HR department.

"The 'old' Holiday was wildly successful but was also a very paternalistic culture, owing [that] to its family-owned heritage," Beek said. "As a result, policies and procedures were inconsistent, and we didn't have much in the way of systems. In some ways, we've been like a 30-plus-year start-up in terms of introducing the systems and processes we need to be competitive in the future."

Assessment of Holiday's High-Impact Positions

Beek recommended that the company begin using a behavioral assessment process to determine the specific attributes and competencies needed for high performance and success in specific jobs from the company's managing and regional directors to its facility managers and co-managers. Once the company had completed competency

modeling for key positions, it began using position profiles as a basis for determining the appropriateness and viability of job candidates.

Perhaps the most critical roles for Holiday are its facility managers and co-managers, who reside on-site at the communities and manage operations and the care of the residents. These roles are literally the “face” of Holiday.

“For each of our communities, we hire two sets of couples for these roles to ensure we have an on-site manager available to residents at all times,” Beek said. “We interview the couples as a team. Our goal is to have a better understanding of the people you are interviewing and hiring, in order for our resident operations to be successful.”

Holiday also uses the assessment results in its new employee orientation and onboarding processes to help make them aware of areas of strength and growth, according to Beek.

“We also share the results with other team members as a team-building tool,” she explained. “With this knowledge, our employees are better able to understand where other employees are coming from, thus utilizing all of the strengths while developing the growth areas of the team.”

Ecolab: C-Suite Talent Management

Founded in 1923, St. Paul, Minn.-based Ecolab is a pure business-to-business products and services provider. It develops and markets cleaning, sanitizing, pest control, infection prevention and maintenance and repair products and services for hospitality, institutional, health care organizations and industrial companies. Ecolab serves customers in more than 160 countries around the world, has approximately \$6 billion in annual sales and employs more than 26,000 associates worldwide.

But unless you work in one of the industries served by Ecolab, or have noted one of the company’s distinct white and blue service vehicles, chances are you’ve never heard of the company—a fact not lost on Mike Meyer, a relative newcomer to his role as senior vice president of human resources, which he took on when he joined the company in 2008.

“Many of the people we recruit have never heard of Ecolab. In fact I had never heard of it before I was contacted about joining the company,” said Meyer, who had previously worked for health care giant Abbott Laboratories. “Getting people to come to Ecolab is a lot like what they say about coming to Minnesota (because of the state’s cold weather). It’s hard to get ‘em here, but once they join us, they don’t leave!”

Indeed, the average tenure of an Ecolab employee is about nine years, Meyer said. The company prides itself not only on the longevity of its employees, but on its strong ability to promote from within—a testament to the strength and success of the company’s

hiring practices.

Meyer is consistently impressed with the high degree of attention Ecolab CEO Doug Baker pays to the company's human capital needs. "I think he gives about as much attention to talent planning as he does financial planning."

"HR's contribution has been one key to our past success and will be even more important going forward," said Ecolab CEO Doug Baker, reflecting on the company's growth and success-oriented environment. "HR acts as stewards of our culture, helping to shape it so that people can continue to do their best work. And HR leads our comprehensive approach to leadership assessment and development, ensuring that our executives have the requisite capabilities and experiences to be leaders in our increasingly complex global business environment. Whether we are moving an executive internally or recruiting one to join us, HR's contribution is essential to making the best decision."

Talent Council, Pipeline

Two CEO-championed initiatives set the tone for HR at Ecolab:

A senior-level talent council, which meets monthly to discuss the growth, development and needs of the company's talent.

A talent pipeline, a proactive, companywide initiative to support development for all employees.

The Ecolab talent council is made up of the company's CEO and CFO, the leaders of the company's six business units, the head of marketing and Meyer. The group's meetings, which last 60-90 minutes and are noteworthy for their discipline and rigor, are held primarily to discuss executive-level openings, promotion opportunities and key employee changes, such as when an expatriate employee returns home.

The group also meets annually to review succession pools for key positions, such as general managers and sales leaders, and to discuss the talent pipeline.

Based on the 2001 book, *The Leadership Pipeline* (Jossey-Bass, 2001), Ecolab's talent pipeline is meant to ensure the company will continue to acquire and develop the leadership talent it needs to encourage growth and achieve the company's goals as outlined in its strategic plan. Foundationally, the talent pipeline is grounded in Ecolab's strong organizational culture, which is based on five key operating principles:

Sharing Talent. Leadership talent is a company resource, not something that belongs to a particular division, function.

Promoting from within. Development is the key activity that makes transition from one role or level to the next possible.

Developing all associates. It is everyone's responsibility.

Developing all talent consistently. Talent development should be implemented consistently across the entire organization.

Performance alone does not equal potential. Readiness to move to the next level can be defined and developed.

In conjunction with Ecolab's line managers, HR cross-referenced the following five business drivers with each of five organizational levels in the company:

- Managing oneself (an individual contributor).
- Managing others (front-line leaders).
- Managing managers (mid-to-senior level leaders).
- Managing a function (leaders responsible for an entire function).
- Managing a business (leaders responsible for an entire line of business).

The result: A comprehensive guide for Ecolab employees that provides a detailed description of the skills, knowledge, attributes and success criteria needed at each organizational level in the pipeline for each Ecolab business driver. The company publishes and provides all employees worldwide with the *Talent Pipeline Guidebook*, which explains what the talent pipeline is, why it was created and how it benefits individual associates and Ecolab as a whole. The guidebook integrates development planning with performance management, outlining expectations for development and providing associates with tools and resources they can employ for greater success and potential career advancement.

Meeting Ecolab's Business Needs

Since its inception in 2003, Ecolab's talent pipeline strategy has proven successful by helping the company increase sales by 256 percent, or to \$5.9 billion by 2009. The strategy has enabled the company to fully place its top two tiers of executive leaders, and its pool of general manager candidates has increased threefold. The company has identified and developed a record number of high-potential leaders ready to assume greater responsibilities, with nearly all of them in developmental roles, and its Talent Council has overseen a record number of job rotations, cross-divisional assignments and expatriate assignments.

And despite tough national economic conditions, Ecolab is still hiring, which to Meyer is both a source for optimism and concern: "I don't want our people needs to hold back our company's progress," he said, "especially in countries with significant sales growth opportunities, like Brazil, India and China, where one big impediment to our success is

our ability to attract top-tier talent.”

In 2009, the company hired 1,500 employees after having reduced its workforce approximately 1,000 due to layoffs and attrition. Meyer said it expects to add another 1,500-2,000 in the U.S. alone in 2010.

What makes Meyer optimistic about Ecolab’s ability to attract and retain top talent is the company’s underlying culture, which permeates and positively influences his department’s efforts.

“There’s a virtuous cycle between our success and the engagement of our people; it’s like a chicken and egg thing in that I don’t know which is first,” he said. “But I do know that engaged employees will give you more discretionary effort, which translates directly to success. We are in an ongoing journey to ensure that our people feel engaged by and proud of their work and their role with our company.”

Counsel for Other HR Leaders

“A lot of this is no-cost and doesn’t require any special technology or parts,” Meyer said. “For example, starting a talent council requires an agenda and a leadership team that will be accountable for development and succession. It’s HR’s role to frame this opportunity for them.”

For organizations seeking to put in place a framework to enhance their own executive hiring effectiveness, Meyer and Beek provide the following counsel:

Don’t wait for senior-level approval. It’s great for an HR department and its leaders to have ongoing support and input from an organization’s top leaders, particularly the CEO. But don’t wait for others to give you “permission” to take the positive strategic steps that need to be taken.

“It’s like in the movie, ‘Field of Dreams,’ where the voice says, ‘If you build it, they will come,’” Meyer said. “If you begin to strategically build your HR competencies, others will take notice. So many of the first [presentation] slides you see at HR conferences include the line: ‘Get senior management support.’ The reality is that you can really control only what’s within your domain of control, so get going.”

Don’t get involved in too many projects. Pick one or two main objectives, put most of the available resources into them, achieve them, then move on to the next one or two objectives.

“Originally we had a lot of grandiose plans [for Holiday’s HR department], but as the year wore on, it became clear that we simply couldn’t tackle everything at once,” said Beek. “We needed to prioritize. It simply wouldn’t have been practical or physically possible to do more; so in year one, we focused on mapping associate positions and

creating a revised policies and procedures manual.”

Remember HR is a driver of results. In the August 2005 issue of *Fast Company* [magazine], Deputy Editor Keith H. Hammonds wrote, “In a knowledge economy, companies that have the best talent win...finding, nurturing and developing talent should be one of the most important tasks in a corporation.” As table-setter to a company’s success, HR should rightfully have a seat at the leadership table, according to Meyer.

“At Ecolab, we are a highly valued contributor that enables our company to achieve its business goals and results,” he said. For HR professionals, this means instead of talking about wanting to become a valued partner” to leadership, be one.

Be directly involved with the executive hiring process. Meyer personally interviews all senior-level candidates for their companies and works directly with his CEO in assessing and deciding on candidates. Even if a company elects to use an external recruiting company to assist with identifying candidates, HR should insist on working directly with the recruiter throughout the process.

“HR will continue to be a vital and thriving part of Holiday,” Beek said. “Since we don’t have HR reps in the field, our headquarters HR team needs to be strategic and responsive to the needs of our facilities across North America. I feel like we now have the structure in place to support those efforts.”

A Fellow of the Society of Industrial & Organizational Psychology, Sandra Davis is founder and CEO of MDA Leadership Consulting and has written extensively on leadership development, succession planning and executive coaching. David Nosal is founder, chairman and CEO of Nosal Partners LLC, and is a recognized top executive search consultant. Prior to founding Nosal Partners, he spent nearly 20 years at executive search firms Heidrick & Struggles and Korn/Ferry International, where he led the company's CEO Practice.