Executive Interview

The Talent Management Agenda at Varian Medical Systems

An interview with Ellen Johnston

Over the past three years, Varian Medical Systems has launched a series of projects aimed at progressively deploying a talent management platform. Ellen Johnston, director for Leadership Development at Varian, has been at the forefront of this effort. We met with her to see how those projects have been defined and managed, what the outcome is as of today, and what key learning she could share with us about this experience.

WSR: Could you tell us how it all started? What were the triggers for the launch of those initiatives?
Ellen Johnston: The HR leadership team was looking to implement a talent management platform and had built a roadmap for its deployment. We felt that, for the first time, HR could deploy a platform that would be a business platform rather than an HR one. Goals were tracked through spreadsheet, when they were tracked; compensation was done regionally with SAP in the U.S., with Excel and an access database outside of the U.S., and through ad hoc processes in other countries; succession planning was done using a custom application deployed mainly to support the requests from the board for the succession of the top executives; learning was on Saba; recruitment on BrassRing. None of those systems were talking to each other and it was almost impossible to drive any meaningful global talent management (TM) strategy.

We were fortunate to have a very supportive IT organization. The deployment roadmap was used to approach vendors, the overall funding for this roadmap was approved, and this multi-year initiative was launched in April 2011.

The adventure, though, started way before with multiple sessions within HR first, and with our leaders afterwards, to design what should constitute some of our key TM processes.

WSR: Can you expand on this last point? What did you do, and what were the conclusions of this effort?
E.J. We knew that we had a huge opportunity to redefine our TM processes when deploying a TM platform, but had a limited amount of time to identify and validate with our executives the key concepts that would guide this deployment. Human Resources managers wanted to focus on their strategic role and minimize traditional HR policing. We wanted to enhance the capabilities of managers to lead and we wanted employees to feel motivated and engaged. We looked at performance management. We had a traditional annual performance review. As we browsed through the most current literature on annual performance reviews, it

became clear to us that this was not a valuable exercise and it needed to be replaced. The keys to the new process were the introduction of managers as coaches, a forward-looking approach, a focus on clarifying expectations, and providing the line of sight.

Instead of reassessing the performance appraisal process and tweaking it each year, why not reassess whether we needed it at all and decide to replace it with other processes. When I suggested that to the HR leadership team, I got a resounding "Yes!" They were all willing to take the risk. Even if HR was the "guardian" of this process, the leadership team acknowledged that it was not providing value and, sometimes, was counterproductive. Presented to our top executives, this idea was also welcomed. For some, this was an easy excuse the avoid completing performance appraisals from several years back, but, more genuinely, it was felt that the organization was ready for something else.

WSR: Intriguing. So, you decided to eliminate annual performance reviews?
E.J. That is right. We now have a continuous performance management process where employees set goals at the beginning of the year and have quarterly check-in meetings with their managers to review the results achieved and to look forward. The year begins with a coaching meeting where employees and managers discuss (at the same time) business goals, development goals and career aspiration. At the end of the year, there is no need to write a "backward-looking" review. It is all there (see Figure 1).

We moved away from continuing to apply a paternalistic approach to the role of management to enable an approach aligned with the needs of our time here in the 21st century.
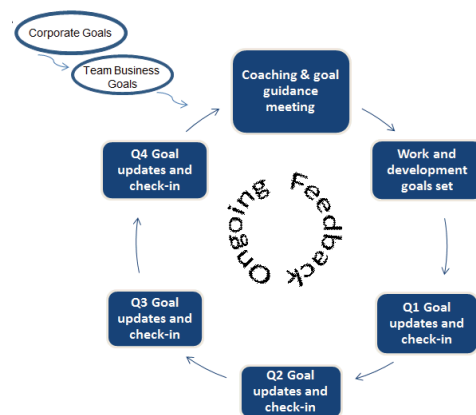
WSR: How did employees and managers perceive that change?

Figure 1. Continuous Performance Management Process.

E.J. Employees and managers wholeheartedly embraced the idea of eliminating annual performance appraisals. Employees, though, were concerned that managers would

not be able to spend the time required to have meaningful check-in meetings each quarter. The fear of managers was that they would now have to spend much more time with employees, and perhaps some were concerned that they might not have adequate coaching skills.

We emphasized the fact that we didn't expect managers to spend more time managing performance, but rather shift their time to focus on different things. The check-in meetings are supposed to be short and focused on the points that required discussion between the employee and the manager, a discussion that, today, may already happen but is not documented.

First, we offered managers training on the basics of "coaching for success." We followed with training on "business execution" to allow managers to set goals, align them and build accountability. "Advanced coaching" training enables managers to have successful, difficult discussions.

WSR: Are you using a competency model to support the discussion that may happen between employees and managers on how they work?

E.J. Yes, we deployed a very simple model of 20 competencies chosen by the CEO and the top-20 most influential executives: five core competencies, five for individual contributors, five for managers and five for executives. Those competencies are cumulative, i.e., an executive will be assessed against the core competencies, the competencies for individual contributors, those for managers and, finally, those for executives (see Figure 2.)

The behavioral statements used to describe those competencies for the three levels of maturity are seen as helpful to the dialogue between employees and managers.

We use those descriptors now to screen candidates and hire against the core competencies.
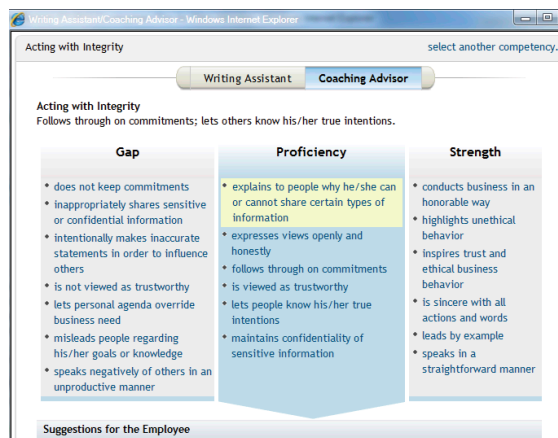
Figure 2. Competency Model.

WSR: So, these were the key concepts used during the first phase of the project. Now, once you had goal management and performance management, what did you implement?

E.J. We deployed salary planning on the TM platform. You may have inferred it, but by eliminating the annual performance reviews, we eliminated the possibility to build a link, through a ranking, between a performance appraisal and sal-

ary planning. This is intentional. In fact, what employees are getting are "base pay increases" rather than "merit increases." Ratings are not needed to spread three percent of budget increase over our population of employees. Their motivation at work is best kept through rich job opportunities or solid bonus programs or other reward mechanisms.

WSR: Please continue. What was next on your calendar?

E.J. Calibration of potential and succession planning. We are trying to differentiate potential by performance over time and learning ability, and build a set of processes that helps each employee to achieve his or her highest potential. Our process is much more focused on providing information that can be useful to people's growth and to strengthening our leadership bench.

Employees have profiles and are able to enter information not kept anywhere else concerning their aspirations, preferences, background and skillsets.

We are testing this new process with our executives, directors and above, with the HR business partners facilitating the discussion after having been trained for that.

WSR: What does the future look like?

E.J. In the future, we'll be looking at possible 360-degree feedback tools and career "pathing," and then recruitment may be next; but it is time now to pause to learn from the past year and a half, and see how to streamline the tool and how we can continue to support HR, employees, and managers as they embrace the new TM processes. We would also like to focus on building a strong metrics program that is needed to drive behaviors, now that we have some good data.

WSR: This seems like wonderful subject for discussion for another interview a year from now. Thank you, Ellen, for the insights shared with us during this interview.

E.J. Thank you.

About Ellen Johnston
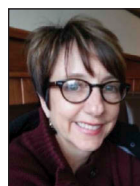
In the nearly seven years she has been at Varian, Ellen Johnston has worn many hats, but primarily she has been responsible for guiding and coordinating teams that are building integrated organization programs, talent development processes, and systems and leadership development programs. Her project work has included acquisitions, talent review and succession management processes, performance management and calibration processes, change management, and building the leadership development architecture. Before Varian, she held positions in management and leadership development at Sun Microsystems and Siebel Systems, and also built and managed the HR organization for software company Interactive Systems in Los Angeles. She has a B.A. from Bucknell University and a MBA in HR Management and Organization Development from U.C.L.A. She can be reached at ***ellen.johnston@varian.com***.

This interview was conducted by Bruno Queerenet, WSR editor.