PROFILES IN OUR AGE: MOVING TO A STRATEGIC VIEW

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Introduction

The Human Resource profession has typically viewed *employee profiles* from a mostly tactical perspective, i.e., the way in which they support unified user interfaces (UIs) and the operation of applications that need to share and aggregate workforce data. We now need to also view how the flexibility and adaptability of employee profiles can support insight, flexibility, and adaptability in creating, or modifying, as well as executing your workforce and business strategy in reaction to changing circumstances, new market data, competitor moves, etc.

While a company's strategy about "where" to compete might be fairly stable, the "how" is often a matter of understanding capabilities and is also subject to modification in reaction to changing circumstances. Employee profiles are tools that give you the ability to define and change what you are tracking in your workforce and its capabilities in order to better define and execute your strategy.

Why Employee Profiles? The Tactical Perspective

The concept of employee profiles was created mainly as a way to consolidate pertinent information about individuals in one place, i.e., demographic, education, previous work experience, role, performance, compensation, learning and development, work preferences, career plan, etc. Prior to that, information about individuals was scattered across many disparate systems across an organization (including manual paper files). For example, contact information, job and organization information, competencies, performance ratings, previous jobs, education, certifications, etc. were all contained in separate places. Any attempt to gather this information together in an ad hoc manner was doomed to failure, and not just for lack of technical integration. Not only was it difficult to know where to search, you also never really knew what form you'd find it in, in terms of data completeness, quality, and standardization of definition. But why did people want this information all in one place?

The tactical uses of employee profiles – having all the pertinent information about an individual employee consolidated in one place (an aggregate UI was seen as best) – made it much easier for a manager to get a "360-degree view" of that person in order to make better decisions about: "fit" for a role or assignment; whether to transfer the person over to their team; what development the person needed; and, to compare that person against others when contemplating those actions. It also helped HR get a kind of "dossier" on someone for similar purposes. For instance, maybe the individual should be put in a "fast-track" program or be nominated for an international assignment tour. Rather than rely on people's faulty memories or impressions alone, you could bring together all the data in order to have a complete picture of the employee and their suitability for a given role assignment.

Eventually, the idea of capturing pertinent data about jobs, roles, assignments and so forth in terms of what was needed, required, or recommended started to take hold in some organizations. The notion of the "Job Profile" versus the "Employee Profile" was formed. This allowed performing a “gap analysis” of a person against a job/role/assignment (or even an organization) to get a sense of how well they would fit, or if they would fit at all, in addition to what attributes needed to be addressed to make for a better fit. For example, someone might already be in a role because they have met a sufficient level of the requirements, but they still could benefit from additional development. Examining the gaps they have in their current job could give them some ideas on what to develop in order to improve performance.

In addition, there was a tactical application architectural advantage. If you had many different human capital management (HCM) and other business applications that might end up sharing common information about individuals or jobs/roles, but you still wanted some flexibility, it was advantageous to put them all on top of a common profile, i.e., both employee, as well as job profile, model. That way, for instance, a performance management application could share information with a learning management application, which could share with a service organization’s customer service application or a manufacturing organization’s scheduling application and so on. By having a “loosely coupled” connection to a common profile platform instead of tightly integrated point-to-point connections between each application, you could add new applications (or switch out applications) without having to rewire everything. In a way, profiles can act as a “workforce capabilities bus.”

Programs and Processes – The Operational Perspective

A slightly less tactical use of profiles is in the analysis of program and process effectiveness. That is, if you have, for example, set a target that X percent of your workforce needs to be Y percent more capable in some area, you can measure the effectiveness of your programs and processes in achieving that target through the use of employee profiles.

Let’s say that you have forecast a need to increase the number of Java-skilled programmers in your workforce. You might implement programs that involve both the recruitment of more talent in that area, as well as the development of those skills in your existing workforce through training. How will you know that your programs are working? By having a consistent approach to identifying whether someone has the desired skill, whether they were recruited or trained, makes it much less error-prone. For instance, if the fact that whether someone has a Java skill or not is found sometimes by looking at their parsed résumé information, their training records, and by their assessment records, you introduce possible error in missing a new source, in mismatching proficiency levels, or in not calibrating or validating one source against another.

You’ll likely want to measure program and process effectiveness by using or comparing large numbers of the workforce, and that’s good for two reasons. First, programs and processes are intended to affect your workforce in the large scale anyway in order to amortize the costs of these programs and processes. Second, individuals in the workforce are unique and subject to a lot of uncertainty and variability in measurement, even when performing relative measures such as “before and after” measures. Measuring levels in aggregate helps to filter out the individual variability, but take care when using averages and standard deviations; they can mask changes in the distribution that might otherwise be important.

So far we've shown that profiles provide some great value. However, this is all still mainly tactical or operational in nature. That's fine for helping to keep the lights on, adapting to changing applications, smoothing the transactional interoperability of applications, and also making managers' jobs easier by aggregating lots of data for convenient viewing. But more can be done with profiles and it stems from starting to think about the way "gaps" are viewed and treated and their purpose in the first place, the intended purpose of your programs and processes, and what it means to have a "workforce capabilities bus" in terms of strategic impact for your business.

Business Needs – The Strategic Perspective

First, we need to ask: "How do we know what the job, role or position should require, need or recommend?" In other words, knowing people's gaps compared to a job or organization's requirements helps us to know if they are a good fit or what development they would need to become a better fit. But, how do we know that a good match between a person profile and job profile will really make a positive difference? In addition, since there is always a cost involved, will the difference be worth it? One way to approach that is to do classic job definition creation and decide what the attributes should be based on analysis of function and process, etc. Another way to approach answering the question would be to compare the performance of current holders of the jobs and roles against their respective employee profiles and see if there are significant correlations in any of the attributes. Perhaps a little of both approaches should be used along with survey data that asks the employees what they need. Whatever the case, the data can and should be analyzed to see if it supports or questions the original assumptions.

Second, we need to ask: "How do we know what attributes across our workforce really do matter in aggregate, and in what ways or with what level of impact on our business performance?" In other words, does our organization as a whole have what it really takes to compete in our markets now and going forward?

Third, we can go to the next step and ask: "If we were to change our strategy today or in the next year, do we have the capabilities in whatever areas will be impacted (and in some instances across the whole organization) to successfully meet our goals? If not, what capabilities would we have to fill in or develop?" An even more flexible organization might ask: "What new strategies that we hadn't considered before now make sense for us to investigate given our workforce's capabilities?"

The interaction between strategy, its execution, and workforce capabilities is one of the major values that employee profiles can support but has yet to be exploited fully. One useful example in popular media is using employee profiles to find what attributes matter that your competition has identified or undervalued. *"Moneyball: The Art of Winning an Unfair Game*,*"* by Michael Lewis, [1] describes how the Oakland A's baseball team used this approach to field teams that consistently outperformed others while having a much smaller payroll. They did it mostly by not blindly following the conventional wisdom of the day as to what was important to winning, but by identifying, hypothesizing, and testing what attributes really did show significant impact. What's great for companies in businesses outside of baseball is that there are often many fewer constraints in determining what it means to win or the ways in which you can become a winning team.

An approach that focuses on the key aspects that seem common amongst the recent literature (Becker,[2] Boudreau,[3] Lawler,[4]) and examples they cite is to focus attention on: 1) "pivotal" skills and jobs, and 2) understanding the relationships between talent measures and business performance versus "absolute" levels of talent. In other words, it is more effective to understand the percentage improvement in business performance as a function of a percentage improvement in a skill. This supports the idea that some skills have a greater impact on job performance than others, and that some skills and jobs have a greater impact on business performance than others. Spending your limited analytical resources on those pivotal skills and jobs will, therefore, pay off more than focusing on less pivotal skills and jobs. Identifying which are the pivotal skills and jobs is achievable through a combination of analysis and logically deriving the links between your business strategy, the function of the jobs, and the way the skills can impact job performance.

One common thread that also stands out in the literature on this subject is that the pivotal jobs tend to be found mostly at the "edges" or boundaries of the organization. This can be both at boundaries between the organization and its partners, customers, regulatory agencies, etc., as well as boundaries between key strategic units within the organization itself. This makes some intuitive sense. The "core" of a somewhat mature organization has become fairly well-honed, relatively speaking, and the interactions within it have become fairly routine, or at least there are procedures in place for handling exceptions. This is because most of the things that could be encountered have been encountered at one time or another and a process has been worked out for dealing with them. Of course, there are always "black swans," i.e., something that has never been encountered before. However, these tend to occur more frequently where interactions with things not under your control happen, i.e., the boundaries. Markets are changing constantly; regulatory agencies are still as active as ever despite cycles of deregulation (in addition, with increasing globalization, more interactions with a more diverse set of regulatory agencies are bound to happen); and, increasing competition, as well as access to information has made customers, partners, suppliers and channels much more challenging to deal with.

The boundary between the organization and the other entities it deals with is also where much of the profit is to be made. What does that mean for pivotal skills and jobs? It means that the person filling a role at the boundary is more likely to find themselves using a key set of skills that, in turn, will help them assess the new circumstances, exercise sound judgment, communicate and negotiate effectively, and make the right decision in a timely manner, i.e., the better their skills, the better their ability to perform their role, and the better the performance of the business as a result.

The upshot is that employee profiles can start creating value immediately through tactical, transactional process and UI efficiencies, but don't let that limit where you go from there. Continue to build upon that foundation and expand to more operational wins and then start examining how you might use this goldmine of information to develop better strategies, as well as execute them more effectively.

How to Proceed?

If we agree that there is value in viewing employee profiles through a strategic lens, then what's the best way to go about actually doing so? Do we follow a strictly top-down strategy first, followed by tactical, then, finally, an operational approach? Do we work our way up from the operational, gradually building tactical analyses, and then, finally, connect the dots with our business strategy? Like most things that go from the narrow to the broader scope, you're likely to have more success with doing a little of both by keeping the bigger picture in mind while starting with the concrete and tactical, making adjustments as you proceed. The adage, "You can't steer a ship that's not under way," applies here. That is, if your ship is at anchor, and you have a destination in mind, you can turn the helm all you want and it won't help. Once your ship is under way, however, you can set the overall course and make corrections as you go.

That means identifying the key employee and job profile attributes that help you track your business strategy, but also being ready to make adjustments along the way. Because as you learn more about what really impacts performance and your ability to execute successfully, and as conditions change that affect how those attributes impact your successful execution of your strategy, and as you, on occasion, have to change your strategy in order to succeed or even survive, you are bound to have to make those adjustments. *An approach that supports making those adjustments, which are the least disruptive to your systems, is going to be very valuable.*

Conclusion

Employee profiles provide value in many ways and at many levels in your business. From enabling more useful user experiences and providing actionable advice for individuals, to helping operations increase their effectiveness, to helping formulate and execute strategy. Employee profiles can be a central piece for measurement, tracking, analysis, and developing insight into business performance. In our world of ever-increasing change and disruption from globalization, deregulation, and technological innovations, the more that employee profiles support your changing needs, the more valuable they become.

Endnotes

[1] Lewis, Michael, *Moneyball: The art of Winning an Unfair Game,* New York: W.W. Norton & Company, April 2004.
[2] Becker, Brian E., Mark A. Huselid and Richard W. Beatty, *The Differentiated Workforce: Transforming Talent into Strategic Impact*, Boston: Harvard Business School Press, April 2009.
[3] Boudreau, John W. and Peter M. Ramstad, *Beyond HR: The New Science of Human Capital*, Boston: Harvard Business School Press, June 2007.
[4] Lawler, Edward E., *Talent: Making People Your Competitive Advantage,* San Francisco: Jossey-Bass, April 2008.

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