

I N A C T I O N

# Recruiting and Retaining Call Center Employees

ELEVEN

CASE STUDIES

FROM THE

REAL WORLD

OF TRAINING

JACK J. PHILLIPS

SERIES EDITOR

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EDITOR

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# Introduction to the *In Action* Series

Like most professionals, the people involved in HRD are eager to see practical applications of models, techniques, theories, strategies, and issues relevant to their field. In recent years, practitioners have developed an intense desire to learn about the firsthand experiences of organizations implementing HRD programs. To fill this critical void, the Publishing Review Committee of ASTD established the *In Action* casebook series. Covering a variety of topics in HRD, the series significantly adds to the current literature in the field.

The *In Action* series objectives are as follows:

- *To provide real-world examples of HRD program application and implementation.* Each case describes significant issues, events, actions, and activities. When possible, actual names of organizations and individuals are used. Where names are disguised, the events are factual.
- *To focus on challenging and difficult issues confronting the HRD field.* These cases explore areas where it is difficult to find information or where processes or techniques are not standardized or fully developed. Emerging issues critical to success are also explored.
- *To recognize the work of professionals in the HRD field by presenting best practices.* Each casebook represents the most effective examples available. Issue editors are experienced professionals, and topics are carefully selected to ensure that they represent important and timely issues. Cases are written by highly respected HRD practitioners, authors, researchers, and consultants. The authors focus on many high-profile organizations—names you will quickly recognize.
- *To serve as a self-teaching tool for people learning about the HRD field.* As a stand-alone reference, each volume is a practical learning tool that fully explores numerous topics and issues.
- *To present a medium for teaching groups about the practical aspects of HRD.* Each book is a useful supplement to general and specialized HRD textbooks and serves as a discussion guide to enhance learning in formal and informal settings.

These cases will challenge and motivate you. The new insights you gain will serve as an impetus for positive change in your organization. If you have a case that might serve the same purpose for other HRD professionals, please contact me. New casebooks are being developed. If you have suggestions on ways to improve the *In Action series*, your input will be welcomed.

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# Preface

**T**rainers have understood for a very long time that recruiting the right people with the right skills and providing them with great training is the key to creating a great business. With the advent of measurement and return-on-investment calculations for these key business activities comes the acknowledgement from all facets of business professionals that performance management does make a difference to profits, sales, and customer satisfaction. As trainers, HR professionals and managers learn the language to explain how business is affected, the more focus (time, energy, and resources) can be placed on them without the typical resistances of the past. This book provides information about training, recruiting, and evaluating programs that you can use as models and guides. In addition, we have included cases on process and technology to provide a full range of options in creating your call center solution.

## **Need for This Book**

This casebook provides numerous examples of performance management programs in diverse applications. One basic premise remains constant in all of the applications: People matter most, and, when they adopt a relationship-based leadership style, the workplace becomes successful. Performance management involves all willing participants creating a learning environment together.

With a company's need to recruit and keep the best talent, performance management is its best strategy for remaining competitive in the global marketplace in which employees have more choices than ever before. As illustrated by the cases in this book, performance management is used to improve both personal and organizational skills. The primary purpose of this book is to illustrate the various ways people can reach their potential and thereby contribute to the bottom line, making all more profitable by creating stronger and more stable companies that can offer higher wages and excellent benefit packages. A company's success is the employee's success.

## **Target Audience**

CEOs, chief operating officers (COOs), and general managers as well as human resource managers and training and development specialists will find the information in this book helpful in strategically planning new programs in their organizations or in strengthening and expanding their existing development programs. External and internal knowledge management consultants will be able to point to the techniques of some of the pioneers to design programs to preserve the knowledge and skills for the next generation of workers. Team leaders and coaches will find successful recruiting, training, and evaluation techniques and activities. These cases can also be used in human resource development classes at universities and colleges as discussion for best practices.

## **The Cases**

The most difficult part of developing this publication was in deciding which cases to use because the topic of training, recruiting, and evaluation is so wide reaching. We tried to provide a variety of applications to appeal to all audiences. In addition, we wanted to offer technology and process solutions as well as the standard chapters. The chapters on benchmarking should help with the implementation and measurement as readers begin to make changes to their current programs.

## **Case Authors**

The case authors for this book represent a wide spectrum of knowledge and expertise in the field of consulting, performance management, and coaching. Some are widely known in their fields, and you will immediately recognize their names. Some are newer contributors to the field. Some are well known in other areas of HRD yet their chapter makes valuable contributions to this popular and fast-growing field. Collectively these authors represent a stunning amount of talent, knowledge, and expertise, which they have willingly shared with us in these cases. All are experienced practitioners, as you will see once you read their cases. It has been a great pleasure for me to work with all of these case authors, some old friends and colleagues and others new friends and colleagues.

## **Acknowledgements**

I would like to thank the authors of the cases for the time and effort they put into them. I have learned a lot from working with each



individual author, and the programs they have developed have enriched my understanding and appreciation for this field. I also want to thank the organizations, companies, and individuals who have graciously allowed the use of their names and details of their programs for this publication. I am grateful to the American Society of Training & Development; Series Editor Jack Phillips; and Patti Phillips, Kelly Perkins, and Joyce Alff of the Chelsea Group for this opportunity. I owe a special thanks to Joyce for keeping me on schedule, despite all the issues that came up.

Finally I wish to thank all my friends and family that were so patient during the writing of the case study book and for their support and understanding. Especially fun for me was working with my sister, Tanya, who wrote one of the cases studies. And I want to acknowledge the management team at [www.BenchmarkPortal.com](http://www.BenchmarkPortal.com) and Jon Anton, who allowed me to work on this book as a contribution to the field of performance management, call centers, and human potential.

Natalie L. Petouhoff  
Santa Monica, CA  
December 2001

# How to Use This Casebook

**T**his book presents cases with a variety of approaches for recruiting, training, and evaluating call center employees as well as cases on business processes and technology. The chapter on benchmarking provides a way to determine the “as is” and “could be” states of your organization to maximize performance and reduce costs. Most of the cases deal with recruiting in some fashion, several of the cases describe training programs in organizations, two cases deal with technology and process, and one case describes benchmarking practices in call centers. Several of the chapters talk about the use of assessments in the recruiting and training process. Each case describes different strategies and approaches to improving human performance and promoting lifelong learning, retention, and increased productivity. The cases offer a wide range of settings representing sales organizations, financial services organizations, a power company, airline ticket sales, and private individuals. The cases represent practices of leading consultants, educators, coaches, practitioners, and researchers in the fields of mentoring and coaching. Table 1 provides an overview of the cases. It provides descriptions of the cases in the order that they appear in the book and should be useful as a quick reference source for readers.

Prepared by practitioners in the field, the cases are a rich source of information in the field of recruiting, training, and evaluating call center employees. Each case does not specifically represent the ideal approach to each situation. Part of the lifelong learning process is continuous reflection and improvement. Each case presents teaching questions designed to stimulate discussion and encourage the reader to analyze the cases, understand the issues, and suggest improvements. Many of these cases represent programs that have undergone quality improvements since their first implementation.

## Using the Cases

There are several ways to use this book. It will be helpful to anyone interested in recruiting, training, or evaluating employees. This applies to HRD consultants, practitioners, organizational managers,

**Table 1. Overview of case studies by industry, programs, and target audience.**

<b>Case</b>	<b>Industry</b>	<b>HRD Program</b>	<b>Target Audience</b>
Health-Care Corporation	Health care	Management/HR consulting	HRD professionals, business, industry
Edcor	Call center operations services	Managing and operating call centers—people and technology	HRD professionals, business, industry, government
Inuit	Software and Internet financial services	Recruiting and training	HRD professionals, business, industry, education, sales associates
Wireless Voice and Data Service Company	Wireless voice and data services	Measuring training effectiveness	HRD professionals, business, industry, government
Trans American Airways	Airline	Mentoring in education and connecting with business	Education, HRD professionals, business, industry
Data and Voice Communication Service Company	Data and voice communication services	Training through call simulations	HRD professionals, business, training staffs
Duke Power	Electric utility services	Self-directed training	Training professionals, HRD professionals, government, business, industry
Financial Institution	Financial services	Call center benchmarking and ROI	HRD professionals, government, business, industry

Braun Consumer Service Center	Consumer products	Dealing with the human aspect of change	Training professionals, HRD professionals, business, industry
Financial Services Company	Financial services	Recruiting, training, and retaining via holistic means	HRD professionals, government, business, industry
Purdue University	Customer service	Using selection benchmark to increase customer service	HRD professionals, government, business, industry

educators, and researchers. The reader can read the cases, analyze the processes described in each application, and choose the pieces that are helpful.

This book will be useful in training sessions, with the cases serving as a basis for discussion. HRD professionals will find these cases useful for comparison of current practices in mentoring programs and the different perspectives presented. Because the cases are based on real-life situations, the outcomes can provide valuable data for program planning.

This book can also supplement other training and development textbooks. Each case contains discussion questions to optimize its use in a seminar format.

## **Follow-Up**

Each case author has suggested questions that can be used to initiate discussion; however, feel free to suggest questions of your own. Each case is unique. What has worked well for one organization may not work well for another. It is not the intention of this book that the readers simply seek to duplicate the approaches presented here. However, the book does provide a rich variety of strategies and suggestions from which to adapt one's own approach.

To provide a variety of cases, it was necessary to limit the length of the cases, and some cases may be shorter than both the authors and the editors might prefer. If additional information on a case is needed, the lead author may be contacted directly via the email or street address at the end of each case.

# Tools to Increase Human Potential and the Bottom Line

Natalie L. Petouhoff

In the past, decision makers and stakeholders did not understand that there is a connection between human potential and a company's profit. Even if leaders had a sense that there was a connection, they did not know what to do about it. This chapter is to help anyone in a call center increase the effectiveness of the selection, recruitment, training, and development processes by providing a new business paradigm and tools that increase human performance. This chapter describes the tools fully, including how and when to use them, what they do, and how they do it. The purpose of detailing these tools is to showcase them as part of a new management theory called human performance management (HPM). HPM provides the foundation for connecting the bottom line to corporations' human potential value (HPV). Some of the benefits of implementing these tools are reduction of turnover, increased customer service, and increased profits and sales. The return-on-investment (ROI) for using the HPM can be as high as 1,000 percent.

## **What Does Human Performance Have to Do With Business? Nothing?**

Early in my consulting career, an assessment of a call center demonstrated to me how systemic and prevalent is the practice of not valuing people as a business asset. Members of the assessment team and the author evaluated the call center, determining its “*as is*” and “*could be*” states, and made a business proposal for change. While part of the team's change proposals were focused on technology, process, organizational structures, resources, capital, and the like, none of the team members had considered people as a strategic part of the plan. In my proposal, I suggested the connection of people to the bottom line in

a colloquial, but pointed, slogan: “Bad performers, bad business. No people, no business.” My teammates intuitively understood what I was saying, but queried me further. I answered, “Do the machines run by themselves? Can the process remember how to follow itself?”

It is clear to me (and to thousands of other people I have interviewed over the past 15 years) that the main ingredient in any business is people because without them businesses cannot run. This is true whether it is a call center or any other business. However, no matter how loudly the phrase *no people, no business* has rung in many of my colleagues’ ears, they admit that they do not know how to quantify or measure the value of people to the company. In many cases the measure of the value of human performance has stayed ignored. In addition, decision makers and stakeholders are not sure how to improve the people or human capital aspect of their business.

In interviews I had with managers over the years, they have said without hesitation that the most time-consuming and difficult aspect of their job was dealing with people issues. Whether the issue was the day-to-day motivation and management of people, training people on new technology, setting up new teams, implementing change, or resolving conflict, managers dreaded the work, saying it took an extraordinary amount of time they wanted or needed to spend on other things. Even when they did spend time on the people part of business, they were not able to get the kind of performance or behavior changes they really needed to make the business successful. I began asking them, “What is the cost of dealing with people and the return-on-investment?” and I found they did not have an answer, though most felt dealing with people had some effect. The unanswered questions are: How do we

- fight and win the war for talent? (recruiting)
- invest in and receive a return on intellectual capital? (training)
- evaluate employees to create a true learning environment and increase the intellectual capital? (evaluating)
- create real value that could be seen on a profit-and-loss (P&L) sheet? (ROI for HPM).

## **Training Example: Training to Increase Conflict Resolution Skills Capabilities**

To properly set the stage for the value of the upcoming tools, I wanted to provide a real-life example of how training, for instance, could have a great impact on the business. This example looks at the ROI for training a manager to have more efficient and effective conflict resolution skills when dealing with her employees.

The formula for calculating ROI is:

$$\text{ROI} = \frac{\text{Net program benefits}}{\text{Program costs}}$$

This example spotlights two managers, Stacey and Kevin. Stacey has a poor relationship with her employees and spends approximately six hours per day in conflict with them. She needs management training. Kevin has better management skills and spends only about two hours per day resolving people issues in his department. Both earn \$50 per hour, approximately \$100,000 per year.

The first thing to look at are productivity calculations, which show where the two employees' time and energy are being spent. A productivity calculation for Stacey tells upper management that she has only two productive hours out of eight, and the company is not getting the most out of her. The calculation for Kevin, who spends most of his day doing productive work (six out of eight hours), shows that he is 75 percent productive.

Following are the productivity calculations for Stacey and Kevin:

$$\text{Stacey: } 2/8 \text{ hours} = .25 \times 100 = 25\% \text{ productive}$$

$$\text{Kevin: } 6/8 \text{ hours} = .75 \times 100 = 75\% \text{ productive}$$

It is more impressive to look at the next level of measurement, which compares the cost of a training solution as corrective action with the cost to the company of Stacey's lack of management skill. Since Stacey is always dealing with people issues, she is only productive 25 percent of the time. The following calculations show that Stacey is earning \$75,000 to be in conflict with her employees.

- Productive Work
  - Stacey:  $.25 \times \$100,000 = \$25,000$
  - Kevin:  $.75 \times \$100,000 = \$75,000$
- Being in Conflict
  - Stacey:  $.75 \times \$100,000 = \$75,000$
  - Kevin:  $.25 \times \$100,000 = \$25,000$

The impact of the cost hits home if you ask yourself, What if that salary were coming out of my wallet?

Now consider the cost of a training solution. An average management training course can be estimated to cost about \$2,000 for a day. Often that training day can include other managers, so the return can be even higher. In this case we will just look at the impact of changing Stacey's management skills.



The benefit of the solution is an 80 percent improvement in Stacy's time dealing with conflicts. An 80 percent improvement in a \$75,000 cost of conflict amounts to \$60,000, as the equation shows:

$$.8 \times \$75,000 = \$60,000$$

The cost of the solution is the cost of the day of training, which is estimated at \$2,000. To calculate the ROI, you subtract the cost of the solution from the benefit of the solution, divide that amount by the cost of the solution, and multiply that answer by 100, as follows:

$$\text{ROI} = \frac{\text{Benefit of solution} - \text{cost of solution}}{\text{Cost of solution}} \times 100$$

$$\text{ROI} = \frac{\$60,000 - \$2,000}{\$2,000} \times 100$$

$$\text{ROI} = \frac{\$58,000}{\$2,000} \times 100 =$$

$$\text{ROI} = 29 \times 100$$

$$\text{ROI} = 2,900\%$$

The ROI is 2,900 percent, so the cost of training Stacey is well worth the investment.

With this kind of simple yet direct calculation, executives and managers can clearly see the value of using the tools available to increase their organization's human performance.

## Theories Transformed Into Tools

Business has traditionally measured the bottom line in one of two ways: the quantity of gross profits or the quantity of net profit. New measurement systems to measure the true value are becoming recognized. As little as one-third to one-half of most companies' stock market value is accounted for these days by hard assets, such as property, plant, and equipment. The lion's share of measurement should lie in intellectual property, or what has been coined soft skills or invisible assets. This author would like the business world to regard as assets such items as customer satisfaction, internal business processes, an organization's ability to learn and grow, and the effectiveness of the corporate culture, and to erase the notion that these have no effect on the bottom line. Although they have been excluded from itemization on an accounting sheet because they are deemed not to affect the

bottom line, they have a real effect and value. I would like to challenge the accounting community to reformulate the financial accounting model to incorporate the valuation of the company's invisible assets. The Financial Accounting Standards Board has recently formed a committee to study this. Placing values on these "invisibles," the HPV, requires an entirely new set of accounting tools.

Part of the reason the financial reporting process has not shifted is that it is anchored to an accounting principle developed centuries ago. The process today is highly standardized and governed by a set of generally accepted accounting principles, or GAAP, which are widely recognized by lenders, investors, regulators, and others. GAAP standards tell companies how and when to deduct expenses in the current fiscal year or to amortize them over several years. They describe how to assign other costs such as legal, consulting, and overhead to each widget coming off an assembly line. The key in this current system is objectivity, exactness, and comparability. Inherent in financial accounting is the language of traditional business—concrete, pragmatic, and measurable.

### **Attrition Calculation Tool**

Data is the price to the boardroom. My experience at a high-tech company illustrates what I mean. I had to hire 100 people in six weeks. This was a tall order to fill because it was summer, when many people are on vacation; the company had had many layoffs; it had a high turnover rate; and it had lost its reputation as an employer of choice. The ratio of interviews to hiring in this field was about one to 10. Hiring 100 people meant interviewing about 1,000.

I took two steps. I created an innovative recruiting program, and I began looking for a root cause for the company's attrition. The question I asked myself and others was, "We could hire more people, but why was our retention so low?" When I asked management if we were concerned about the time and money spent on re-recruiting people, its response was, "People come and they go." However, my intuition said that turnover translated into dollars, but I did not have the data to back that up.

Information from *Inc./Gallup* surveys (1996-2000) and from our own focus groups revealed that retention could be increased if employees felt they

- were part of a learning organization
- were given the opportunity to learn new skills (rather than getting laid off)

- were challenged, growing, and expanding
- had a manager who cared about them (their development and well-being)
- were rewarded for their work, especially after downsizing and the doubling of workloads
- were treated with respect.

Figure 1 illustrates the responses from our employee focus group. The logical conclusion was that our HPM model needed changing—everything from how and whom we were recruiting and hiring to new hire training, employee development, evaluation, and ultimately retention. We needed a new model for cultivating the human potential asset.

Feeling very confident that I had identified the corrective actions needed to solve the root cause of the problem, I asked top-level management for \$6 million for an HPM program that would focus on recruiting, training, employee development, and evaluation. This company, like most, scoffed at adding people to its debt-asset sheet.

Discouraged, but forging forward, I set out to find the data to show the value of a program to increase the human potential and value of the company. I collected information from several respected colleagues and managers, asking them to estimate the cost of replacing an engineer who had been there five years. While it was a rough calculation, everyone came up with similar figures: \$150,000 per employee. I compared this figure with Jack Phillip's (1997) turnover costs analysis (as shown in table 1), and found it to be right on.

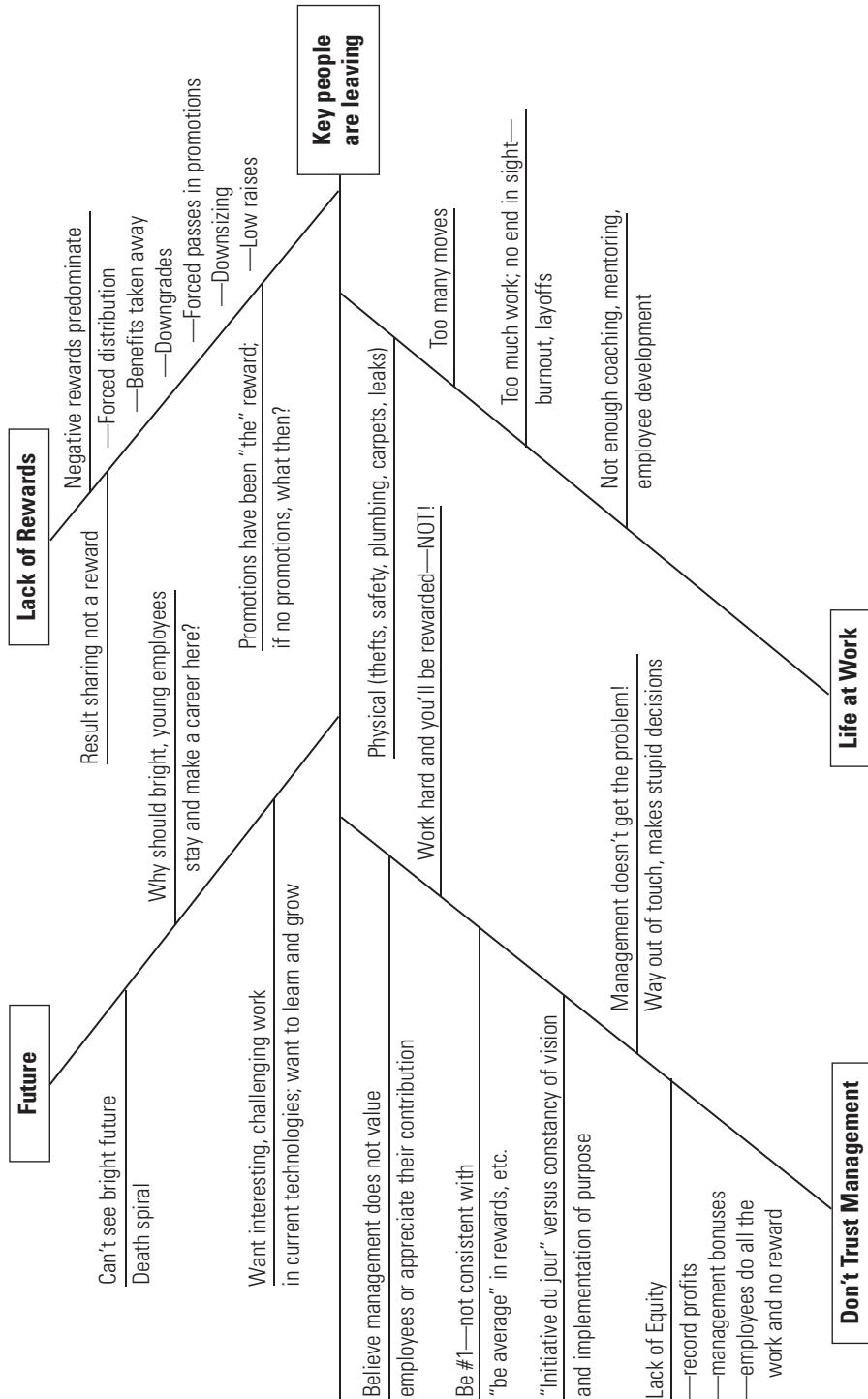
I took no action for two months, during which time 40 people left the company. At the next company meeting, my presentation read:

$$\$150,000 \times 40 = \$6 \text{ million}$$

Top-level management asked, "What is that about?" I said, "You know that six million I asked for? It was spent on attrition." There was silence in the room. I followed with, "And you know in the last year, 200 people left. You do the math." And I ended with, "Even if my numbers are off by 50 percent, that's still a lot of money to be spending on attrition. You wouldn't knowingly waste money like that on anything else, would you?" They quickly responded, "So what exactly did you want that money for?" I had gotten their attention.

That is when I knew data was truly the entry price to the boardroom. The numbers made them instantly interested in what I proposed; the soft skills had just transformed into hard, bottom-line data. When they compared the \$6 million needed for an HPM program with

**Figure 1. Why good employees leave a company.**



**Table 1. Turnover costs summary.**

<b>Job Type and Category</b>	<b>Turnover Cost Ranges as a Percent of Annual Wage and Salary</b>
Entry level—hourly, nonskilled (e.g., fast food worker)	30-50%
Service/production workers—hourly (e.g., courier)	40-70%
Skilled hourly (e.g., machinist)	75-100%
Clerical/administrative (e.g., scheduler)	50-80%
Professional (e.g., sales representative, nurse, accountant)	75-125%
Technical (e.g., computer technician)	100-150%
Engineers (e.g., chemical engineer)	200-300%
Specialists (e.g., computer software designer)	200-400%
Supervisors/team leaders (e.g., section supervisor)	100-150%
Middle managers (e.g., department manager)	125-200%

*Notes:*

1. Percents are rounded to reflect the general range of costs from studies.
2. Costs are fully loaded to include all of the costs of replacing an employee and bringing him or her to the level of productivity and efficiency of the former employee. The turnover included in studies is usually unexpected and unwanted. The following costs categories are usually included:
  - exit cost of previous employee
  - lost productivity
  - recruiting cost
  - quality problems
  - employee cost
  - customer dissatisfaction
  - orientation cost
  - loss of expertise and knowledge
  - training cost
  - supervisor's time for turnover
  - wages and salaries while training
  - temporary replacement costs.
3. Turnover costs are usually calculated when excessive turnover is an issue and turnover costs are high. The actual cost of turnover for a specific job in an organization may vary considerably. The above ranges are intended to reflect what has been generally reported in the literature when turnover costs are analyzed.

*Sources of Data*

The sources of data for these studies follow three general categories:

1. Industry and trade magazines have reported the cost of turnover for a specific job within an industry.
2. Publications in general management (academic and practitioner), human resources management, human resources development training, and performance improvement often reflect ROI cost studies because of the importance of turnover to senior managers and human resources managers.
3. Independent studies have been conducted by organizations and not reported in the literature. Some of these studies have been provided privately to Performance Resources Organization. In addition, Performance Resources Organization has conducted several turnover cost studies, and these results are included in this analysis.

the \$30 million they were spending on attrition a year, they realized that they had to pay attention to my request.

Until the paradigm shifts completely in the corporate setting, the importance of people to the bottom line may need dramatic demonstrations.

## Human Performance Value Tool

While many decision makers might recognize that intellectual capital does matter, the challenge lies in figuring out what it is and how to increase it. David Ulrich (1999) provides a formula:

$$\text{Intellectual capital} = \text{competence} \times \text{commitment}$$

To make this theoretical model practical, I suggest assigning values to each of these so that an HPV can be calculated to give a quick rough assessment of what the overall value is of the human potential. Then it is possible to determine what needs to be changed in your group or department in the areas of recruiting, training, or evaluating.

Take a quick assessment of all the employees within in your sphere of influence, rating them for commitment and competence. To assess your department or group, ask yourself:

- What category do your employees fall into?
- What category would you like them to be in?

For instance, give a grade on a five-point scale to competence and commitment, such as:

- high competence = 10
- low competence = 5
- high commitment = 10
- low commitment = 5.

If the five employees in table 2 were both committed and competent, then the HPV for this group would have a score of 500. Some of the employees are lacking in either competence or commitment, however, so the score is lower. The result is that the HPV is at 60 percent of what it could be, as the following equation shows. If you are paying someone a dollar, for example, and the person is only doing work that is worth 60 cents, you are losing money.

$$\begin{aligned} \text{Actual/Potential} \times 100 &= \text{Percentage of Total HP Value} \\ 300/500 \times 100 &= 60\% \end{aligned}$$

**Table 2. Assessment of HPV.**

Employee Name	Competence	Commitment	HPV Actual	HPV Potential
Susie	10	10	100	100
Charlie	5	5	25	100
Fred	10	5	50	100
Jane	5	5	25	100
Joey	10	10	100	100
HPV Total			300	500

The goal is to get each employee to strive toward a mark on the HPV scale of approximately 100 percent. Table 3 illustrates the range of values for four employees with a mix of high and low competence and commitment. A company's aim should be to have a competent and committed employee. Companies in which there is high competence but low employee commitment may have talented employees who cannot get things done. In comparison, a company might have very committed employees, who are not as smart as their competitors and make wrong decisions or do dumb things. Both types of employees are dangerous. Companies should assess the HPV at the individual level unit and then for the whole firm. This type of exercise gives management a concrete way to begin to understand the need for improvements in the HPV and in their performance management systems.

The competence part of this model can include items like customer loyalty, productivity, profitability, and prediction of business outcomes. The closer the measure of the actual performance is to the

**Table 3. HPV rating criteria.**

	High Competence	Low Competence
High Employee Commitment	Keeper—star $10 \times 10 = 100$	Provide training to improve $10 \times 5 = 50$
Low Employee Commitment	Give feedback; if no improvement, fire at your convenience $10 \times 5 = 50$	Fire today $5 \times 5 = 25$

measure of the potential, the better the business outcome will be. Individual employees can be measured with respect to increases in knowledge, skill, and their commitment to set and reach goals within the scope of the project, on time, and within budget. Personal assessments can then be accumulated into a collective assessment of the intellectual capital within a unit. The chapter on performance evaluations by Tanya Koons and Jonetta Pettway gives examples of performance management forms and suggestions on very specific measurement criteria for competence.

James Brain Quinn (1999) defines professional intellect as

- cognitive knowledge
- advanced skills
- systems understanding
- self-motivated creativity.

The challenge for managers is to develop and leverage this intellect. Firms with the ability to secure intellectual capital will be more productive, and they will be better able to change in this competitive marketplace, meet customer expectations, and beat their competition.

## **Goal Setting to Manage Human Performance**

HPM is the effort to improve the individual and collective performance in an organization. HPM includes methods, tools, and processes that realize opportunities and redirect, correct, motivate, and maintain performance. HPM is most effective when it is applied at all levels in the organization: to executives, managers, individuals, business units, and the whole organization. This type of application requires that a people strategy be part of the strategic planning and that decision makers begin to embrace people as part of their assets. Following are some of the most sophisticated tools, examples, and scientific methods of enhancing HPM.

### **Start by Aligning Business Goals With Individual Goals**

Human performance management systems can be designed to obtain tangible results measured by improvements in sales, productivity, quality, morale, turnover, safety records, profits, and ROI. The first step is to align employee goals and learning with corporate strategy. Every measurement project needs to begin and end with a clear connection to the business results. Companies often set strategic goals, but do not communicate them in a way that makes clear to the employees what they are supposed to do on a daily basis to reach those goals. In addition, employees are not always measured directly