How to Align Personnel Capability with Business Strategy: Evaluating and Measuring Workforce Capability (Part I)

Presented By:
Otto Laske and Steve Stewart
Laske & Associates
Key Concepts in Human Resource Management

by Jonathan Sutherland and Diane Canwell

Available at the BetterManagement.com Store
FEATURED BOOK

HR and its Implications for Corporate Strategy

by Philip Holden

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Emerging Human Resource Practices
by Mako Csaba

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The HR Scorecard
by Brian E. Becker, Mark A. Huselid and Dave Ulrich

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October 26-27, 2005
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BALANCING YOUR SCORECARD:

How to Align Personnel Capability with Business Strategy:
Evaluating and Measuring Workforce Capability (Part I)

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www.cdremsite.com
www.interdevelopmentals.org/leadership.html

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Road Map

1. Objectives
2. Case Introduction
3. Competency/Capability Intersection
4. Measuring Cognitive Development
5. Measuring Social-Emotional Development
6. Mapping Capability Levels to Organizational Structure
7. Future Music – June 23rd Webcast
Objectives

Using a Strategic Initiative Example to:

• Demonstrate that focusing on traditional Competency measures only may mask Scorecard Imbalances

• Explain what Capabilities are, and show their impact

• Show how to measure and interpret Capabilities, to determine whether there is Scorecard Imbalance

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Case Introduction
Example Strategic Initiative:
A Consortium Building a Large Internet Banking Product

Large U.S. Banking Client – Goal: Streamline Banking Operations

SYSTEMS INTEGRATION CONSORTIUM

Large Internet Service Provider (ISP)

CONSULTANT’S ROLE

Join Consortium?

Member 1
Member 2
Member 3
Member n

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Client’s Strategic Job Family

- Central Consortium Coordinator
- 6 Middle Team Managers
- 6 Software Engineering Teams, with expertise ranging from design to testing
- Chief Technology Officer
- Chief Financial Officer
- HR Personnel to pursue additional hiring

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Central issue: Can the ISP deliver on time, within budget?

Questions:
- Do we have the competencies?
- Do we have the capabilities for optimal use of competencies?
- What capabilities underlie competencies?
- What is our portfolio of performance measures?
- What new performance measures do we need?
- What capability measures do we need?
Competencies Considered Crucial

We assessed and measured:

- Corporate Culture Index – ‘Need/Press Fit’ between Self & Corporate Behavioral Expectations
- Job Satisfaction Index
- Technical Know-How – Software Design, Testing, & Integration
Other Factors Considered

• Technical Teams:
  - Geographically distributed
  - Virtual
  - Teams of different competency levels

• Technical Team Managers
  - Team leaders centrally located
  - Competencies not optimally matched (with responsibilities)
  - Team leaders personally at odds with each other
Capabilities Measured

- **Cognitive Grasp & Reach** – Attributes of general cognitive development (CD)

- **Social - Emotional Grasp** – Attributes of general social – emotional development (ED)

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Competency/Capability Interface
Competence & Capability Interface

∑ OF COMPETENCY INCREASES WITHIN TIME = GROWTH IN CAPABILITY ACROSS TIME SNAPSHOTS

WORK & LIFE EXPERIENCES
TRAINING
EDUCATION

CD & ED GROWTH

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Measuring Cognitive Development
Measuring Cognitive Development

• **CAPACITY** = Available Working Space = Σ of Depth & Breadth

  ➢ **ACTIVE PROCESSES (In Workspace)**

    ANALYSIS - How clearly we discriminate concepts

    SYNTHESIS - How skillfully we combine concepts

    REINTEGRATION - How well we reorganize & combine concepts to form new ones

• **IDEA FLUENCY** = Capacity x Active Processes
Dimensions of Cognitive Development Measured

SYNTHESIS – Depth of Thinking

Degree of Reintegration = Insight

CONCEPTUAL GRASP & REACH

IDEA FLUENCY

ANALYSIS – Breadth of Thinking

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Cognitive Development Measure

Summary

CD is all about:

- **COGNITIVE ‘GRASP’ & ‘REACH’**
  The SIZE of one’s mental working space = Breadth x Depth of thinking

- **IDEA FLUENCY – ‘PRODUCTIVE THINKING’**
  “Extent of actively processing in work space” is a \( f \) of Analysis x Synthesis x Reintegration

- **QUANTITATIVE MEASURES:**
  - Systems’ Thinking Index (STI) – Actual Workspace
  - Growth Index (GI) – Future Potential Performance

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Measuring Social-Emotional Development

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Social-Emotional Development – Central Issues

Why do I do what I do? – For whom?
What do I value?

What I think of myself
What I think others think of me

My Self Concept

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Levels of Social-Emotional Potential

Level is NOT strictly bound to age!

Focus on SELF

Focus on OTHERS

Stage 2 (ca. 15 years)

Stage 3 (ca. 25 years)

Stage 4 (ca. 40 years)

Toward Stage 5

* R. Kegan, 1982
Social-Emotional Development – Adult Stages

Stage 2
Self
"I" Imperial, Conquest, Careerist

Stage 3
Other
"WE" My Company, Country, Friends, etc.
‘I’ I am my Institution

Stage 4
Self
‘WE’ Humanity

Stage 5
Other

TIME

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## Social-Emotional Development – Adult

### Stage Portraits

<table>
<thead>
<tr>
<th>VALUES:</th>
<th>‘Law of Jungle’</th>
<th>Community</th>
<th>Self-Determined</th>
<th>Humanity</th>
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<td>Careerist</td>
<td>Good Citizen</td>
<td>Organizational Leader</td>
<td>System’s Leader</td>
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<tr>
<td>Orientation</td>
<td></td>
<td></td>
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<td>Communication:</td>
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<td>Exchange 1:1</td>
<td>Dialogue</td>
<td>True Collaboration</td>
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<td>Need to Control:</td>
<td>Very High</td>
<td>Moderate</td>
<td>Low</td>
<td>Very Low</td>
</tr>
<tr>
<td>Self-Awareness:</td>
<td>Low</td>
<td>Moderate</td>
<td>High</td>
<td>Very High</td>
</tr>
<tr>
<td></td>
<td>Stage 2</td>
<td>Stage 3</td>
<td>Stage 4</td>
<td>Stage 5</td>
</tr>
</tbody>
</table>

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Distribution of levels: Nobody makes meaning on a single level, but acts from a Center of Gravity (L), risking regression (L-1) and open to surpassing self (L+1)
‘Risk-Clarity-Potential Index’ (RCP) Example: How ‘Firm’ is my ‘Center-of-Gravity?’

Score Example*  
3/2  \{3 :7: 4\}

* In this ‘RCP,’ P=potential outweighs R=risk, the main level being expressed clearly

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Mapping Capability Levels to Organizational Structure
Humans Tend to Structure Organizations Hierarchically to Their Own Native Capabilities

Accountability Architecture = Levels of WORK COMPLEXITY

Capability Architecture = Levels of Actual & Potential CD & ED

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Levels of Cognitive Development (CD) & the Structure of Organizations

C-Level II – create complex systems; organize acquisition of resources; create policy; structure outside world-views – global CEO; largest time horizon

C-Level I – oversee & run global operations; Exec VP, Global Operations

Direct complex systems – SBU CEO

Taylor resource allocations to interdependent subordinate units – Division Director

Develop & execute plans to implement policy/missions – Branch Chief, Second Line Supervision

Anticipate/solve current, immediate problems – First Line Supervision

Manual & clerical work; smallest time horizon

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Stages of Social Emotional Development (ED) & the Value Structure of Organizations

- **Stage 2**: Self - Other
  - CI & II Level Executives

- **Stage 3**: Other - Self
  - SBU CEO & Division Directors – Can de-center

- **Stage 4**: Other - Self
  - ‘WE’ 1st and 2nd Line Supervision

- **Stage 5**: Self - Other
  - ‘WE’ Non-Supervisory Personnel

TIME

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Cognitive x Social-Emotional Development = Potential Effectiveness & Growth Potential

CD Level

ED Stage

Effectiveness & Growth Potential

Center of Rationality - Principles

Center of Values - Responsibility

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Summary & Transition to June 23rd

Summary:
We introduced an actual case to show:

- The difference between traditional competency measures & Capability measures
- What the Capabilities are & their measurement characteristics

June 23rd WebCast – We will show:

- How Capabilities, not traditional competencies, determined strategic outcome
- How assessment outcomes from Capability metrics are interpreted
- What trade-offs can be made to overcome Capability gaps
- Research to support the case study – So What?

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Were your learning objectives met for this seminar?

Yes, my objectives were exceeded.
Yes, my objectives were met.
No, my objectives were not met.
LASKE & ASSOCIATES LLC &
Center for Executive & Organizational Growth

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What gets measured, gets managed!

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