Advanced Workforce
Strategies

Identifying Critical Roles, Easier Said Than Done!

A best practice approach to addressing the missing link in talent management

By Colin Beames

BA (Hons) Qld, BEng (Hons), MBA, MAPS
Corporate Psychologist

" Colin Beames is a global thought leader in SWP. His content is more advanced than typically what has existed on this subject."

Mike Haffenden, CEO, Corporate Research Forum, UK

The Business Case for Identifying Critical Roles

The business case for identifying Critical Roles is compelling. By investing disproportionally in the people and resources associated with such roles, this will have maximum leverage on enhancing organisational performance, contribute to the achievement of strategic and business objectives, and provide longer-term competitive advantage.

Role differentiation (e.g., "make" versus "buy" roles) constitutes the essence of developing an effective workforce strategy, starting with the identification of Critical Roles.

However, definitions of what constitutes Critical Roles abound, many of which are piecemeal or *ad hoc*, lacking in rigour, and/or of limited utility. Furthermore beyond the rhetoric around Critical Roles, there is very little available by way of a framework, model and methodology for identifying Critical Roles. Thus the identification of Critical Roles in practise is easier said than done!

Consequently there is a danger of relying on "gut feel" and opinion with politics filling the gap, resulting in unintelligent people investment decisions and less than optimum organisational outcomes.

Critical Role Traps, Considerations, Value Creation and Strategic Impact

We highlight three common traps in identifying Critical Roles and discuss a number of other Critical Role considerations. We also explore role value creation and strategic impact as key concepts in the identification of Critical Roles. We conclude that the identification of Critical Roles is an exercise in complexity. There is a need to understand the deeper characteristics of roles and how roles create value and contribute to strategic impact.

A Critical Role Model Best Practice Approach

We present the Advanced Workforce Strategies (AWS) Skills-Based Workforce Segmentation Model, adapted from the work of Lepak and Snell (1999), as a "best practice" approach to the identification of Critical Roles.

This model serves as a basis for identifying various role types (Critical Roles, "make" roles, "buy" roles, roles suitable for outsourcing). It is based on analyzing roles according to two dimensions of skills: (1) skills value and (2) skills uniqueness. Critical Roles are defined as having higher skills value (i.e., impact on business outcomes) and higher skills uniqueness (i.e., cost).

Case Studies in Critical Roles

We present three case studies that illustrate the adverse consequences of failing to identify Critical Roles. These consequences include poorer performance, higher turnover and unintelligent or misplaced investment decisions in people.

Conclusion

The "best practice" approach to the identification of Critical Roles, including a model and associated methodology, accommodates all of the Critical Role considerations, common traps and limitations outlined in this white paper. Such a rigorous approach that has been lacking in the HR domain, constitutes a vital missing link in talent management and Strategic Workforce Planning.

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The Business Case for Identifying Critical Roles

> The quickest route to increasing shareholder wealth is to increase employee performance in critical positions. (Becker, Huselid & Beatty, 2009)

The identification of Critical Roles should be a key focus for organisations in their people investment decisions. By investing disproportionally in the people and resources associated with such roles, this will have maximum leverage on enhancing organisational performance, contribute to the achievement of strategic and business objectives, and provide longer-term competitive advantage.

Roles come first before people without diminishing the importance of the latter. A role exists, as part of the organisational structure, to perform a function that ultimately contributes to the provision of products and services that the organisation provides. Not all roles are of or create equal value, so it follows that the people in those roles are also not of equal value in terms of their contribution to business outcomes.

> **Note.** Irrespective of the value of people, they still need to be treated with respect, honesty and fairness.

This role differentiation (e.g., "make" versus "buy" roles), including the identification of Critical Roles, constitutes the essence of developing an effective workforce strategy.

Many Definitions of Critical Roles

As is the case with many concepts in the Human Resources domain, there is no universally accepted definition of what constitutes a Critical Role. This is a somewhat "grey" area with some Critical Role definitions and approaches being piecemeal or *ad hoc*, lacking in rigour, relying on

"gut feel", and/or are of limited utility.

We contend that two key considerations in identifying Critical Roles are value creation and strategic impact.

Value Creation

Value can be manifested in a number of ways, e.g., enhanced customer satisfaction, cost reduction, improved quality, greater efficiency or time to market, improved systems and processes, improved financial performance (e.g., ROI, cash flow), product and services innovation, etc. So roles need to be assessed according to the various types of value that they create (i.e., against a value creation framework), including the impact of this value creation (e.g., whether localized or widespread across the organisation).

Strategic Impact: Linking Roles to the Business Strategy

Determining the strategic impact of roles involves linking the business strategy and outcomes to the concept of "Role Criticality". For example, if the business strategy is to improve the quality of its products and services, then roles associated with quality assume greater importance. Alternatively if the business model is changing to a web-based model, then roles associated with improved processes and systems (including design implementation and maintenance of IT systems) assume greater importance.

Another strategy consideration is the critical capability(s) of the organisation and how certain roles may be more closely linked to the maintenance and strengthening of this capability(s).

> **Note.** The critical capability(s) or an organisation is what differentiates it from its competitors. It is the reason why customers buy its products and services.

For example, it may be the case that an organisation's critical capability is its cheaper products (i.e., the organisation competes on cost and price). Therefore roles associated with controlling costs and increasing internal efficiencies become more significant as these roles are more closely linked to the critical capability of the organisation and the preservation of its longer-term competitive advantage.

3 Common Traps and Limitations in Identifying Critical Roles

Many organisations are locked into obsolete mindsets and models that have exceeded their "use by" date in the identification of Critical Roles. To that end, we have identified three common traps.

1. Identifying Critical Roles by Job Evaluation/Salary Levels

> The conventional approach to job evaluation is static, inflexible and primarily focused on internal equity... There is a need to move away from conventional approaches to determining job importance and job-worth to a model that focuses on future value creation, strategic job worth and competitive advantage. (Becker, Huselid & Beatty, 2009)

The above quote says it all and reinforces the importance of value creation and strategic impact referred to previously. With respect to salary levels, to a certain extent they are a reflection of market forces and internal equity considerations, and may not necessarily reflect the true value of a role's contribution to the business (i.e., value creation, competitive advantage). Furthermore paying all people in the organisation at the same salary benchmark level (e.g., at the market mid-point) constitutes

a "blunt" approach. It indicates a lack of understanding of the true value of a role in relation to the business, the lack of a workforce strategy, and is an exercise in mediocrity!

2. Identifying Critical Roles Based on Organisational Structure Considerations
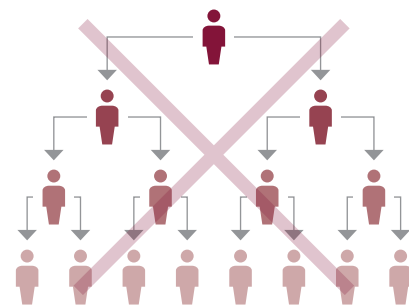
Some organisations may adopt a hierarchical model of determining Critical Roles based on organisational charts and job title considerations. Whilst this hierarchical model may be suitable for defining reporting arrangements and determining limits of authority, it doesn't explain how roles create value and how they are linked to the business strategy and business outcomes.

Put another way, it is nonsense to think that jobs at the same level in an organisation:

- Contribute equally to the achievement of the business strategy and outcomes; or
- Have the same Employment Value Proposition or Pyschological Contract or cost of turnover.

If Critical Roles are determined by organisational structural considerations, by continuing to invest in talent/roles by hierarchical level, and not by value creation and strategic impact, the danger is that over time, this results in an underinvestment in some roles and an overinvestment in other roles.

This misplaced investment includes consideration of selection and recruitment,

remuneration and benefits, learning and development, engagement and retention, availability of resources, etc. Furthermore, given that we are moving towards more networked organisations and away from hierarchy, the hierarchical segmentation model is becoming less relevant anyway.

3. "Hard to Fill" Roles Are Not Necessarily Critical

Some organisations may equate "hard to fill" roles with being Critical Roles. "Hard to fill" adds to the costs associated with the role (or role uniqueness – see later) in that most likely the role is vacant for a longer than normal period (i.e., compared to other roles) when the incumbent leaves. Hence the cost associated with lost performance due to this vacancy as well as the additional effort and cost incurred in sourcing candidates is typically higher.

However, "hard to fill" is more a reflection of a shortage of supply (i.e., external factors) rather than internal organisational factors, including role characteristics and how the role adds value. Furthermore, "hard to fill" roles may not necessarily be high value adding roles or have limited strategic impact (e.g., tradesman in a large mining processing plant). Such roles should not therefore be automatically categorized as being Critical.

> **Note.** The concept of "hard to fill" is further elaborated upon later in this white paper.

4 Other Critical Role Considerations

1. High Risk Roles

Some organisations may equate high-risk roles with being Critical Roles. High-risk roles are those roles where the making of a mistake may result in severe or catastrophic repercussions.

Such mistakes are therefore likely to damage the reputation of the organisation (including its OH&S record) resulting in heavy compensation pay outs and/or loss of customers. Hence this loss of reputation impacts adversely on the value creation of the role (i.e., destroys value). High-risk should therefore be taken into consideration in identifying Critical Roles.

2. Legally Required Roles

Some roles are required for legal and compliance reasons. Without these roles being occupied by appropriately licensed or qualified staff, the organisation is unable to operate (legally) and would be in breach of legislation or licensing conditions. Any such role vacancy would most likely cause a shut down of operations with an increase in costs and/or a loss of revenue. These roles may therefore adversely impact on the value creation (i.e., destroy value). Required roles should therefore be taken into consideration in identifying Critical Roles.

3. Disproportionate Influence of the Role

It may be the case that a role has a disproportionate impact on business outcomes such as reducing costs, increasing sales or revenue, innovation with the development of a new product or service, etc. In other words, the role has value adding creation over and above what would normally be the case. Under such circumstances, this value adding impact should be taken into account in identifying Critical Roles.

4. Critical Roles: A Fluid Concept

Some may argue that all roles are critical. To use a sporting analogy, it is important that all players are on the field to remain competitive but depending on:

- The state and duration of the game;
- The strengths and weaknesses of your team;
- The strengths and weaknesses of the opposition team;

some positions will be more Critical than others at a particular stage of the game (e.g., defensive versus attacking positions).

As in the case of business, the identification of Critical Roles is a fluid concept not fixed. As the business strategy changes, so will the classification of some of the roles (i.e., from Critical to Non-Critical and vice versa.

Critical Roles: A Complex Concept

From the above common traps, limitations and considerations, there is some degree of complexity in the identification of Critical Roles. In short, Critical Roles are not easy to identify.

For example is the Marketing Director more critical than the Director of Services? The answer to this question will depend on the characteristics or nature of the business, including the business strategy. There is no magic wand or silver bullet solution - each business needs to be assessed taking into account all of the above considerations.

Despite the rhetoric about the importance of Critical Roles, a simple google search reveals there is little by way of a model and methodology in the definitive identification of Critical Roles. What is required is a framework of understanding, a model and a methodology that:

- Takes into account the above limitations and considerations;
- Is comprehensive, rigorous and has the utility to apply to any organisation of any composition and size.

The AWS Skills-Based Workforce Segmentation Model

> The most prominent conceptual model remains Lepak and Snell's (1999) architectural theory of HRM (Cappelli and Keller, 2014)

Advanced Workforce Strategies (AWS) has developed a Skills-Based Workforce Segmentation Model adapted from Lepak and Snell's (1999) HRM architectural model, as illustrated in the diagram below.

This workforce segmentation model of roles is based on two dimensions of skills: (1) skills value, and (2) skills uniqueness, relating to the delivery of products and services. Critical Roles are defined as having higher skills value (i.e., impact) and higher skills uniqueness (i.e., cost).

Note. Unfortunately there is a gap between research and practice in the HR domain, as is often the case in other fields. This skills-based model has not necessarily made its way into the mainstream HR space despite its prominence in the academic field. Many HR professionals are not necessarily *au fait* with journal articles, research and what some of the HR gurus are advocating and have adopted, or contrived other models that are less rigorous and of lesser utility.

High

Skills Uniqueness

Quadrant 4
"Specialists"

- **PC** Long term (Relational)
- **$** Higher initial investment
- **T** 1.5–2.5

E.g. Train drivers, air traffic controllers, casino dealers, etc. Associated with firm specific systems, procedures, equipment, or products.

Quadrant 1
"Criticals"

- **PC** Long term (Relational)
- **$** Higher investment
- **T** 2–2.5

E.g. managers, designers, etc. Have tacit knowledge which may be path / supply chain dependent.

Quadrant 3
"Doers"

- **PC** Short/long term (Transactional)
- **$** Low investment
- **T** 0.3–0.5

E.g. Manual labour, admin.

Quadrant 2
"Professionals, Skilled / Semi Skilled"

- **PC** Short/long term (Hybrid)
- **$** Lower investment
- **T** 0.5–1.0

E.g. Nurses, CPA's, project engineers, etc. Generic skills, influence costs, efficiency, customer benefits and services, etc.

Low

Low   **Skills Value**   **High**

PC Psychological Contract Type   **$** Investment in Training & Development

T Turnover Multiple of the Salary of the Job

Valuable Skills

Valuable skills may create lower costs, increase revenue, contribute to innovation, or enhance internal organisational efficiency. They comprise up to nine key value drivers:

1. Revenue/sales,
2. Stakeholder relations,
3. Cost and efficiency,
4. Quality,
5. Innovation,
6. Organisational capability,
7. Reputation/risk management,
8. Financial, and
9. Processes/systems.

Various roles will comprise one or more of these value drivers, with their impact ranging from localized to widespread across the organisation, and can be analysed accordingly.

Some of these value drivers may be more important than others to the achievement of the business strategy at a particular point in time. As referred to earlier, it may be that a key business strategy is to improve the quality of products and services. Roles that are associated with quality therefore become more important in that they have greater strategic impact.

> **Note.** The business strategy must precede the workforce strategy otherwise the latter will exist in isolation – it will be disconnected from the needs of the business. Many organisations are delusional about their workforce strategy claims. Having bundles of HR policies and undertaking *ad hoc* HR initiatives (e.g., leadership development, talent development, succession planning) falls well short of having developed a whole of workforce strategy. For further information, access the AWS white paper entitled "How to Avoid the 12 Deadly Traps of Strategic Workforce Planning".

Unique Skills

Unique skills are organisational specific, unlikely to be found in the open market, hard to replace, and may be difficult for competitors to imitate or duplicate. These skills need to be nurtured over time, given that they are not developed and acquired overnight. Hence organisations are more likely to invest in the education, training, and development of these skills (i.e., they have a higher cost tag associated with them). This investment may be in the form of on-the-job training over a period of time, or specific upfront in-house training before the individual is able to undertake the job.

"Hard to Fill" Roles

As referred to earlier, "hard to fill" is a *de facto* component of uniqueness but uniqueness is a more fundamental and broader concept. "Hard to fill" doesn't get to the heart of the total cost of the role that the concept of uniqueness does. This total cost includes the "hard to fill" cost (extended time to replace plus the additional sourcing cost), plus the time to acquire adequate performance in the role, and/or the initial investment in training required before the person is able to undertake and/or perform adequately in the role.

Four Role Types

With the AWS Skills-Based Workforce Segmentation Model, various roles within an organisation can be analysed and classified according to four possible employment roles or skills quadrants:

- **Criticals** – high skills value and high skills uniqueness;

- **Professionals, Skilled or Semi-Skilled** – high skills value and low skills uniqueness;

- **Doers** – low skills value and low skills uniqueness; and

- **Specialists** – low skills value and high skills uniqueness.

As referred to earlier, whilst various opinions abound as to what constitutes a Critical Role, the AWS Skills-Based Workforce Segmentation Model offers a sound framework for defining such roles.

As indicated in the diagram on page 8, each segment has a different psychological contract (or employer/employee relationship including an EVP), different levels of investment, and a different turnover multiple as elaborated upon below.

Intelligent Investment

Given that there is a finite limit for organisations as to what and where they should invest in their people (and roles) in order to maximize the ROI in their people, the question arises as to how should such investments be allocated. The AWS Skills-Based Workforce Segmentation Model provides a framework for determining intelligent investments in roles, including the individuals occupying those roles, with "make" roles (i.e, Quadrants 1 and 4) obviously requiring higher levels of investment in learning and development.

Similarly levels of investment in recruitment and selection should also vary with "make" roles attracting a more intensive process. The cost of making a mistake in a poor selection and recruitment decision (i.e., risk) becomes much greater for "make" roles (i.e., higher cost of turnover – see example below).

Calculating the Cost of Turnover for Critical Roles

The cost of turnover can be defined as the turnover multiple for the role in question by its salary level. The cost of turnover of a role, or more specifically its turnover multiple, will vary according to what segment it belongs to.

Consider the following example where for a Critical Role (Quadrant 1), say the turnover multiple is 2.5 and the salary level is $200k per annum. The cost of turnover for this role is therefore $500k.

Consider now 20 Doers leaving (Quadrant 3) where the turnover multiple is 0.5 and the salary level is $50k per annum. The cost of turnover for these 20 people leaving is also $500k, which is equivalent to one person leaving in a Critical Role! This fine grained calculation of the cost of turnover underpins an accurate assessment of a potential key people risk to the business.

This is why reporting turnover for the organisation as a whole (or any other metric for that matter), is an exercise in futility! It fails to identify the true cost and associated risk.

External Focus of the AWS Skills-Based Workforce Segmentation Model

The focus of this AWS Skills-Based Workforce Segmentation Model is external, as opposed to the internal relativity focus of typical job evaluation models. The AWS Model provides a basis for:

- Understanding the deeper characteristics of roles (including classification of role types);

- How and where roles create value; and

- Linking the importance of, and impact of the role on, the delivery of products and services.

In the case of the latter point, this after all is the reason as to why the organisation exists in the first place.

Note. Advanced Workforce Strategies has developed the Skills Segmentation Questionnaire (SSQ) consisting of 52 items, that enables roles to be analysed and plotted according to these two dimensions of skills. There is also provision in the scoring of this questionnaire to:

- Weight the relative importance of the nine skills value drivers to the business strategy, thus linking roles to that strategy;

- Accommodate "hard to fill" roles in the scoring of the uniqueness component;

- Recognise the risk of making a mistake and the value destroying implications;

- Accommodate the disproportionate impact of a role on the business.

Investments in talent/roles can then be optimized to ensure the maximum ROI in people. Refer to Appendices A and C for further information.

About these Case Studies

A series of case studies follow that demonstrate a failure to accurately identify Critical Roles and the associated adverse consequences. They include examples of:

- A misplaced emphasis with unintelligent people investment decisions;
- Poorer performance due to underestimating the impact of the role and the required capability;
- Higher turnover and poorer performance through a failure to provide adequate training and support.

1 | Case Study: A Misplaced Emphasis by Relying on Organisation Charts: Unintelligent Investment
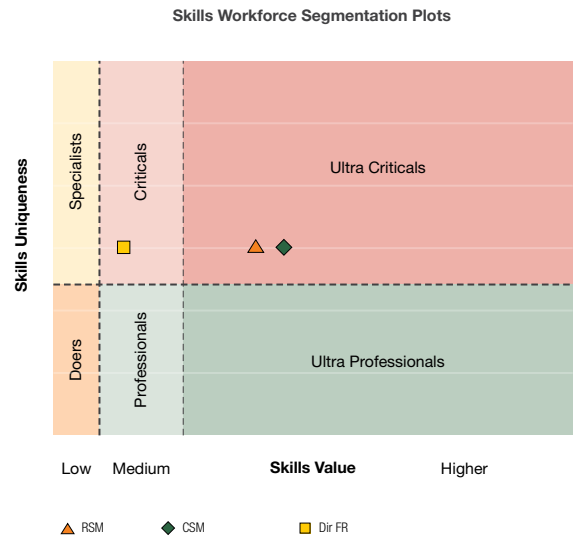
The Scenario

- A Nor-for-Profit (NFP) organisation in the health services, disability area experiencing rapid growth.
- A National Disability Insurance Scheme (NDIS) is about to be introduced that will impact on the existing business model.
- The organisation needed to transition to a more customer-centric organisation in an increasingly competitive market.

Organisational Structure

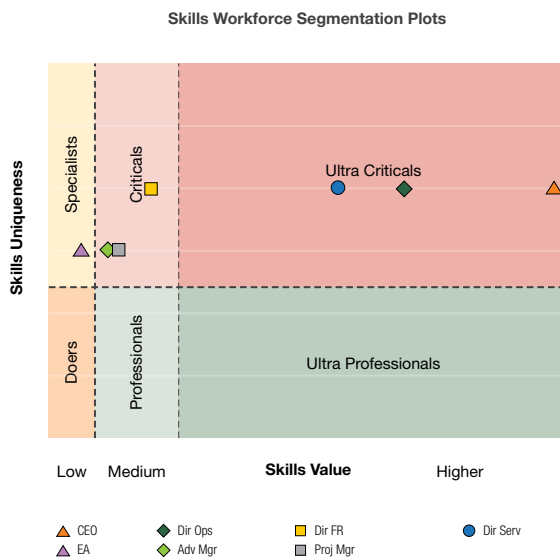| | Ultra critical roles | Critical roles | Professionals |
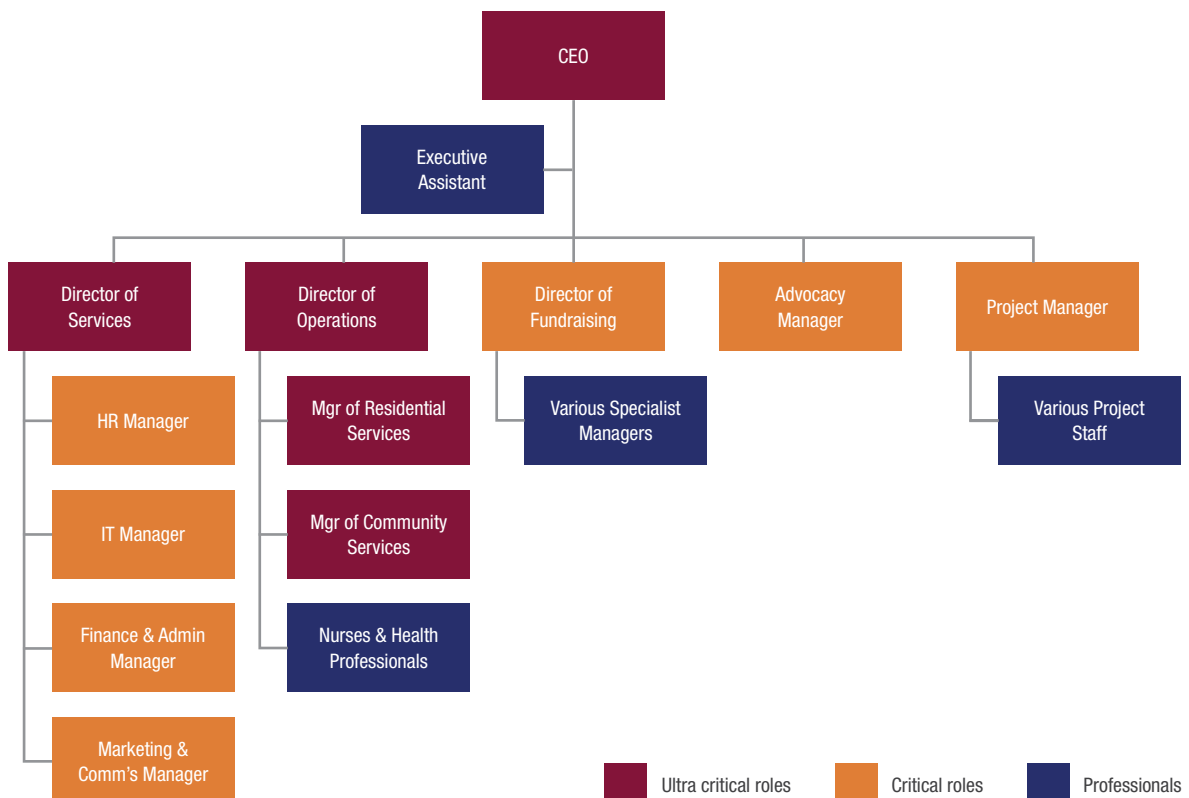
- The core business of the organisation includes provision of the following services:
  - Live in accommodation;
  - Education, information and support;
  - Physiotherapy and nursing services.

- Fundraising is given prominence in the organisational structure, including events, donors, grants, lotteries, philanthropy, etc., with Managers appointed in each of these sub-areas.

- Fundraising is important to the survival of the organisation as an important source of revenue (it is a means to an end), even though it doesn't constitute core business.

Analysis

Direct Reports to the CEO

Skills Workforce Segmentation Plots

Comparison of Three Roles: Director of Fundraising (Dir FR), Residential Services Manager (RSM) and Community Services Manager (CSM)

Skills Workforce Segmentation Plots

- The organisational structure doesn't reflect the relativity of Critical Roles with:
  - The CEO, Director of Services, Director of Operations, the Residential Services Manager and the Community Services Manager being ultra-critical roles, with the latter two roles not reporting directly to the CEO;
  - The Director of Fundraising (who reports directly to the CEO) is a critical role, but not an ultra- critical role (i.e., less critical than the Residential Services Manager and the Community Services Manager).

- There is a danger of the organisation losing its way being seen as, or becoming, a fund raising and events organisation that provides health related disability services as opposed to the reverse. In other words, there is a danger of over emphasizing the importance of and investing in fund raising positions at the expense of its core business.

Note. The AWS Skills-Based Workforce Segmentation Model and associated Skills Segmentation Questionnaire (SSQ) and plotting tool enables diverse roles within this organisation to be compared in terms of their relative "criticality".

Solution

The organisation needed to invest in improving its delivery of quality services (see above) so it remains the "organisation of choice" in the niche disability services area that it operates in.

| 2	Case Study: Mistaken (Role) Identity: High Cost of Turnover

Scenario

- A global IT Company providing business intelligence software solutions to clients ("blue chips").

- IT Professionals were working on site at clients' offices installing software packages.

- There was a lack of training of these IT Professionals in these software packages.

- These IT Professionals were floundering and leaving (turnover 35%) because they felt frustrated and inadequate.

- Clients were also becoming dissatisfied as a result of the IT professionals' performance difficulties.

  Note. The above was also confirmed by a combination of interviews and survey findings.

Segmentation and Role Characteristics Plot

- The role (IT Professional) was being treated as a Professional role (Quadrant 2 "buy role") but it was actually a Critical role (Quadrant 1 "make role"), because of the necessity to acquire unique knowledge associated with the products, as illustrated in the role analysis and plot.

Skills Workforce Segmentation Plots
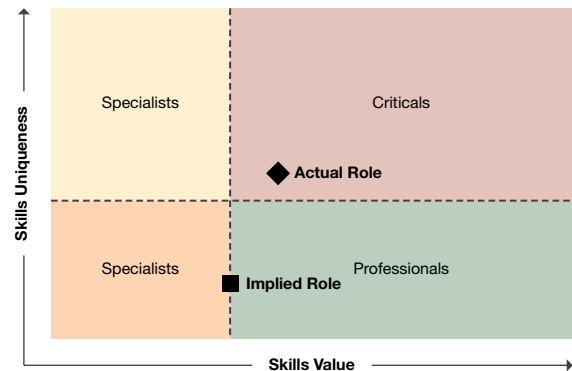
- This is an example of a role being under misrepresented with the consequences of high turnover and poorer performance.

Solution

- There was an increased focus on improving the training and development of IT Professionals, both at the initial employment stage and ongoing.

- Also a key manager (who some of these IT Professionals reported to) was transferred to a more strategic and technical role, to which he was better suited.

- Turnover was reduced to 20% in the first 12 months with annual savings of $4.1m.

3

Case Study:
Not Seeing the Wood from the Trees: Role Importance and Performance Issues

Scenario

- A global coal mining company was suffering from a shortage of Mine Planners and experiencing production inefficiencies at a number of their mines.

  Note. These were large mining operations (e.g. 1,000 people working at various mine sites, operating 24/7).

  There are a number of activities involved in open cut coal mining including: overburden removal, drilling and blasting, loading and hauling, blending, processing, stockpiling, and loading out.

  Within a mine site there are a number of pits over large area (e.g. 70km long). Variations in coal quality exist between these pits with various types of coal blended and produced for client requirements.

- Integration of the various mining activities was critical to mine operating efficiency (i.e., a Critical capability).
- The role that impacts most on integration was that of Mine Planner.
- The company employed junior (inexperienced) engineers in Mine Planning roles as part of their career development.
- The company also employed contract Mine Planners who were unfamiliar with the mine operations.

- Consequently mistakes were being frequently made resulting in production inefficiencies, and also short-term decisions made that were not in the best interests of the longer-term economic development of the mine.
- The company hadn't recognised the impact and importance of the Mine Planning role.

Segmentation and Role Characteristics Plot

- The role was being treated as a Professional role ("buy role") but it was actually a Critical role ("make role") because of the necessity to acquire unique knowledge associated with the operations and characteristics of the mines, as illustrated in the role analysis and plot below.

Skills Workforce Segmentation Plots
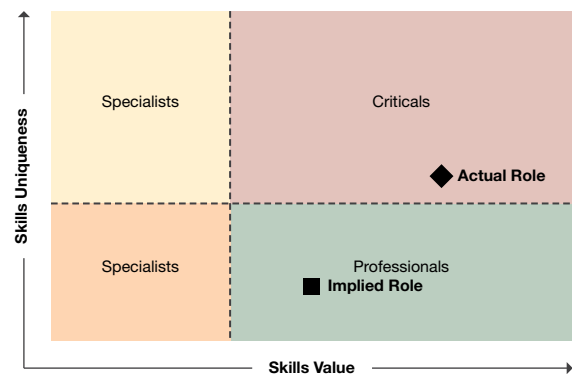
Note. This Mine Planning role importance issue was identified as a peripheral issue to a larger consulting assignment. The obvious solution was to direct greater effort towards the management, training and development of Mine Planners.

17   Conclusions

The Last Word on Critical Roles

We have advocated the need for Executives and Managers, including HR professionals to:

- Develop a Critical Role mentality;
- Understand the deeper characteristics of roles and how roles create value and contribute to strategic impact.

The "best practice" approach to the identification of Critical Roles, including a model and associated methodology, accommodates all of the Critical Role considerations, common traps and limitations outlined in this white paper. Such a rigorous approach that has been lacking in the HR domain, constitutes a vital missing link in talent management and Strategic Workforce Planning.

> **Note.** In Appendix C, we have set out nine key steps in integrating Critical Role identification as part of a Talent Management Program.

18   References

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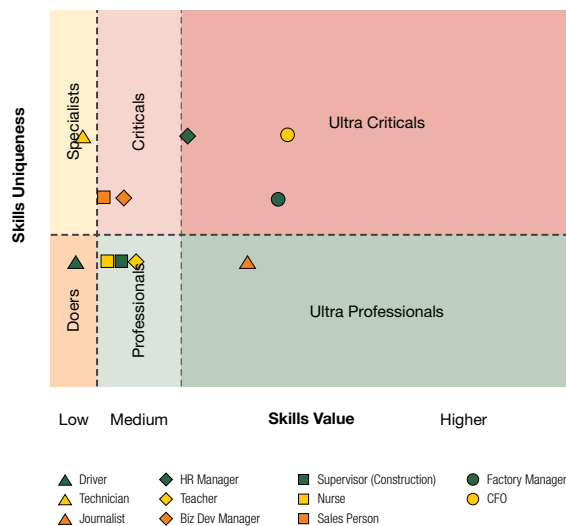Cappelli, P., & Keller, J. R. (2014). Talent management: Conceptual approaches and practical challenges. The Annual Review of Organisational Psychology and Organisational Behavior, 1, 305-331.

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Appendix A: The Skills Segmentation Questionnaire (SSQ) and Plotting of Roles

Advanced Workforce Strategies has developed a questionnaire — the Skills Segmentation Questionnaire (SSQ) — a 52 item questionnaire that enables roles to be analysed, classified and then plotted according to the AWS Skills-Based Workforce Segmentation Model (see example role plots below).

Skills Workforce Segmentation Plots

Symbol	Role	Symbol	Role	Symbol	Role	Symbol	Role
▲	Driver	◆	HR Manager	■	Supervisor (Construction)	●	Factory Manager
▲	Technician	◆	Teacher	■	Nurse	●	CFO
▲	Journalist	◆	Biz Dev Manager	■	Sales Person		

The Benefits of the SSQ

With this generic tool, various jobs or roles within an organisation can be classified according to four possible employment roles or skills quadrants:

- Criticals (includes the two sub-categories of Criticals and Ultra-Criticals);
- Professionals, Skilled or Semi-Skilled (includes the two sub-categories of Professionals and Ultra-Professionals);
- Doers; and
- Specialists.

Thereafter, appropriate HR strategies can be applied to the various roles.

The Structure of the SSQ

The SSQ comprises four components:

1. Assessing the skills value (includes nine skills value drivers) relative to the role;

2. The impact of these skills on the provision of the products and services to external customers (i.e., localised or widespread);

3. The optional weighting of each of the nine skills value drivers, according to their importance to the business strategy; and

4. Assessing skills uniqueness (includes both specific and generalized unique skills) relative to the role, as reflected in time and/or intensity of training required to acquire these skills.

These drivers are: (1) revenue/sales, (2) stakeholder relations, (3) cost and efficiency, (4) quality, (5) innovation, (6) organisational capability, (7) reputation/risk management, (8) financial, and (9) processes/systems.

An External Orientation

Thus the SSQ has more of an external orientation relating to the provision of products and services to external customers and value creation. After all this is the very basis for the existence of the organisation.

> **Note.** Access to the SSQ and associated plotting of roles is only available in the Advanced Version of the Develop a Strategic Workforce Plan Pack.
>
> The Basic Version of this Pack can be purchased on line from the Advanced Workforce Strategy Web Site.

Appendix B: The Workforce Strategy Audit Survey (WSAS)

Advanced Workforce Strategies has developed a "cutting edge" workforce strategy audit survey comprising 11 sections and 65 items.

This audit survey represents arguably the most comprehensive and advanced approach to assessing the state of development of an organisation's workforce strategy and people management practices.

Benchmark survey data has been collected from a significant number of organisations across Australia, both in the private and public sectors and also in the UK.

Questions that the Workforce Strategy Audit Report is able to answer include the following:

• How do the workforce management practices in your organisation rate against best practice?

• Do you really have a workforce strategy?

• How aligned is this workforce strategy with your business strategy?

• What are the areas that you need to focus on in further developing your workforce strategy and people management practices?

This comprehensive Report includes the following key nine sections:

1. Alignment between business and workforce strategies

2. The documentation, scope, involvement and process in developing your workforce strategy

3. Workforce segmentation and role differentiation

4. Collection, integration, analysis and interpretation of HR data

5. Acquisition of human capital (i.e., recruitment and selection)

6. Utilisation/engagement and retention of human capital

7. Development of human capital (i.e., learning and development)

8. Deployment of human capital

9. Implementation and outcomes of your strategic workforce planning

Targeted recommendations are then provided to address areas of perceived deficits.

For further information contact Advanced Workforce Strategies at:

info@advancedworkforcestrategies.com

Appendix C: Critical Roles and Talent Management

How Does the Concept of Critical Roles Integrate with a Talent Management Program?

We suggest the following nine key steps in integrating Critical Role identification as part of a Talent Management Program. Unless the Talent Management program is linked to the business needs and role importance, it will exist in isolation and such a non-strategic approach will result in a waste of resources and less than optimal business outcomes.

Please note that:

• We start with role considerations first as part of a strategic approach;

• These steps have been simplified for the purposes of outlining and demonstrating the approach;

• The order of these steps, whilst following a logical sequence, may overlap and will require continual refinement.

> **Note.** Roles exist for the purposes of performing a function that contribute to the provision of products and services to clients or customers.

Step 1: Analyse roles with the SSQ to determine the number of Ultra-Critical and Critical roles and their relativities.

> **Note.** 1. These relativities will determine levels of investment decisions relating to various roles as not all roles are of equal value or contribute equally to business outcomes.
>
> 2. Where there are strong similarities between some roles, they may be grouped together.

Step 2: Determine the future requirement for these roles in terms of numbers of roles (consider optimistic and pessimistic scenarios), including the associated experience and skill requirements.

Step 3: Determine the existing risk of the incumbents in these roles. This includes reference to the type of risk and approaches to assessing that risk as outlined below:

• The risk of leaving (survey findings and past turnover analysis)

• The risk of lower engagement (survey findings)

• The risk of retirement (age analysis with numbers of people approaching retirement)

• The risk of skill deficiencies (performance management system)

• The risk of inexperience (age and length of time in current role analysis)

• The risk of poorer performance (performance management system)

> **Note.** We distinguish between engagement and retention risk as we consider they are different constructs.

Step 4: Based on the analysis of Steps 2 and 3, project future people/talent requirements for each of these various roles or role groupings.

Step 5: Determine numbers of likely successors available now and in the future (e.g., 1 to 3 years, 3 to 5 years, 5 to 8 years) for each of these various roles or role groupings.

Step 6: Assess current numbers of high potentials (assuming they have been identified) for each of these various roles or role groupings.

> **Note.** Many high potentials may be suitable for various roles.

Step 7: Determine the appropriate balance in numbers between developing from within versus recruiting externally for the various roles or role groupings.

> **Note.** There will be an optimum balance between investing in and developing from within versus recruiting externally.

Step 8: Depending upon this balance in Step 7, determine forecast requirements and progressively recruit additional people/talent as required.

Step 9: Determine development plans for existing high potentials for the various roles or role groupings in question, taking into account role relativities from Step 1.

Colin Beames

BA (Hons) Qld, BEng (Hons), MBA, MAPS

Managing Director, Advanced Workforce Strategies

Colin Beames is an author and thought leader in workplace trends and human capital, with a deep and expansive knowledge of these subjects. In his first career life, Colin worked as an engineer in senior management and consulting roles in the mining and resources sectors. Then in the early 90's, he made a mid-life career change to organisational psychology.

The topic of Colin's psychology honours thesis was mid-life career change. His Master of Business Administration included a dissertation on psychological contracts in the workplace and the development of the Workplace Relationship Development Indicator (WRDI®) diagnostic employee engagement and retention tool.

Colin's organisational consultancy experience includes assignments in Australia and overseas, both in the private and public sectors, across a wide variety of industries. More specifically, these assignments have included: assessment centres, career development, change management, coaching, development and commercialisation of diagnostic surveys including administering and reporting on the same, employee engagement and retention, high performance teams in alliances and large multi-disciplinary projects, HR, human capital measurement, M/A, OH&S, organisational reviews and development, psychometric testing, selection and recruitment, start-ups, strategic workforce planning and business improvement, talent management, and TNAs.

Apart from developing and commercialising the Workplace Relationship Development Indicator (WRDI®) diagnostic survey tool, Colin has also developed and commercialised a number of other diagnostic survey tools (all based on a model of the psychological contract applied to different contexts), and other HR tools and IP. The latter includes the development of a Strategic Workforce Planning Pack.

Colin has presented workshops on Strategic Workforce Planning, both throughout Australia and overseas, including such illustrious HR bodies as the Corporate Research Forum and the HR Society in the UK.

He has written and published two books:

- "Aligning Workforce and Business Strategies: Mobilising the 21st Century Workforce".

- "Transforming Organisational Human Capital: Emerging Stronger from the GFC and Beyond" (now in its 3rd edition). In this book, Colin examines emerging trends of management and organisational studies over the past two decades and how these can be harnessed to guide management practice and improve organisational performance.

These books are available for purchase from the Advanced Workforce Strategies web site at: www.advancedworkforcestrategies.com

" Colin Beames is a global thought leader in SWP. The content presented in the recent 1 day SWP workshop, which was one of most successsful events being oversubscribed with 170 participants ranging from HR Directors/Managers from national and global firms, was more advanced than typically what has existed on this subject."

— Mike Haffenden, CEO, Corporate Research Forum

Advanced Workforce Strategies (formerly known as the WRDI Institute), is a boutique Australian consultancy firm specialising in the development and provision of a range of "cutting edge" human capital consulting services, products, tools, and resources.

We believe in the adage that if you can't measure it, then you can't manage it! Our work is holistic, rigorous and innovative, combining latest empirical research and "best practice" frameworks, models and architecture underpinned with sound methodologies, applied in the form of practical solutions that work.

We are committed to enhancing people management and performance, and raising the importance of the people factor in organisations – arguably the biggest single driver of business success. To that end, we assist organisations, their executives and HR professionals to:

- Adopt better people measures and reporting;
- Align their business strategies with their workforce strategies;
- Address the people challenges and complexities of the 21st century workplace;
- Manage people risk, maximise the ROI in people and make better people decisions; and
- Improve performance and achieve enhanced business outcomes.

Consulting Approach

Our consulting approach is highly collaborative, resource rich, high yield and designed to maximise the transfer of learning and knowledge. We aim to build capability and self-sufficiency in our clients, whilst minimising our consultancy input.

Our client list includes global, national and SME firms including NFPs, both in the private and public sectors.

Workshops

We run public and in-house workshops on strategic workforce planning, workforce segmentation and HR analytics.

Online Resources

Resources available from our web site include the *Develop a Strategic Workforce Plan Pack*. This comprehensive and resource rich Pack includes a Workbook and Guide, Templates, a Sample Workforce Strategic Plan, Excel Tools, etc.

Contact Details

Postal:
Locked Bag 4012, South Melbourne
VIC 3205, Australia

Tel: + 61 0411484923
Fax: + 61 3 9505 9044

Email: info@advancedworkforcestrategies.com
Web: www.advancedworkforcestrategies.com

www.advancedworkforcestrategies.com