Results from the July, 2010 Leadership Confidence Pulse

Focus on confidence, energy at work and Fast HRM

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Welcome Bill Cushard

THE KNOWLAND GROUP™

Business Development Solutions for the Global Hospitality Industry

Knowland University℠

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Agenda

- Review summer Leadership Pulse results
- Focus in on the Fast HRM Story
- Bill's example of Fast HRM in practice
- Preview of results from the Fall 2010 Leadership Pulse – "hot off the press"
- Discussion and Questions

Build Confidence Grow the Business Go Fast

- TOP LINE FINDINGS
- Leadership Confidence overall decreased between 2009 and 2010.
- All questions comprising Leadership Confidence decreased, except for confidence in the economic climate, which increased from 2009.
- Employee energy at work increased since the last Leadership Pulse; however too many people are still not in their optimal energy zone.
- Fast HRM is associated with the highest levels of confidence and higher levels of firm performance.

677 respondents; wide industry, job level, firm size, and firm performance representation.

Leadership Confidence Scores and Trends

Leadership Confidence Questions

Sorted high to low based on mean score

Dialogue: *How does this compare to what you are seeing in your own organization?*

QUESTION SUMMARY Question	Very Confident *to* Confident Neutral Not Confident *to* Not at all Confident	Mean (SD)[a]	Breakdown (%)
Your own personal leadership and management skills.		4.07 (.62)	88 9 2
Your organization's leadership team overall.		3.79 (.90)	72 17 10
Your organization's ability to execute on its vision.		3.60 (.91)	64 23 14
That your organization has the right people and skills.		3.49 (.91)	57 26 17
Your organization's strategy making process (the method your organization uses for creating your business strategy).		3.45 (.94)	54 29 17
Your organization's ability to change as needed.		3.43 (.97)	55 24 21
The economic climate for your organization.		3.41 (.95)	55 25 21

[a] *Average(Standard Deviation)*

Although economic climate is the lowest scoring question, it is the only item that increased from 2009 to 2010 (see next slide for trend data).

Leadership Confidence Change from 2009 to 2010

Percentage of Confident and Very Confident Responses

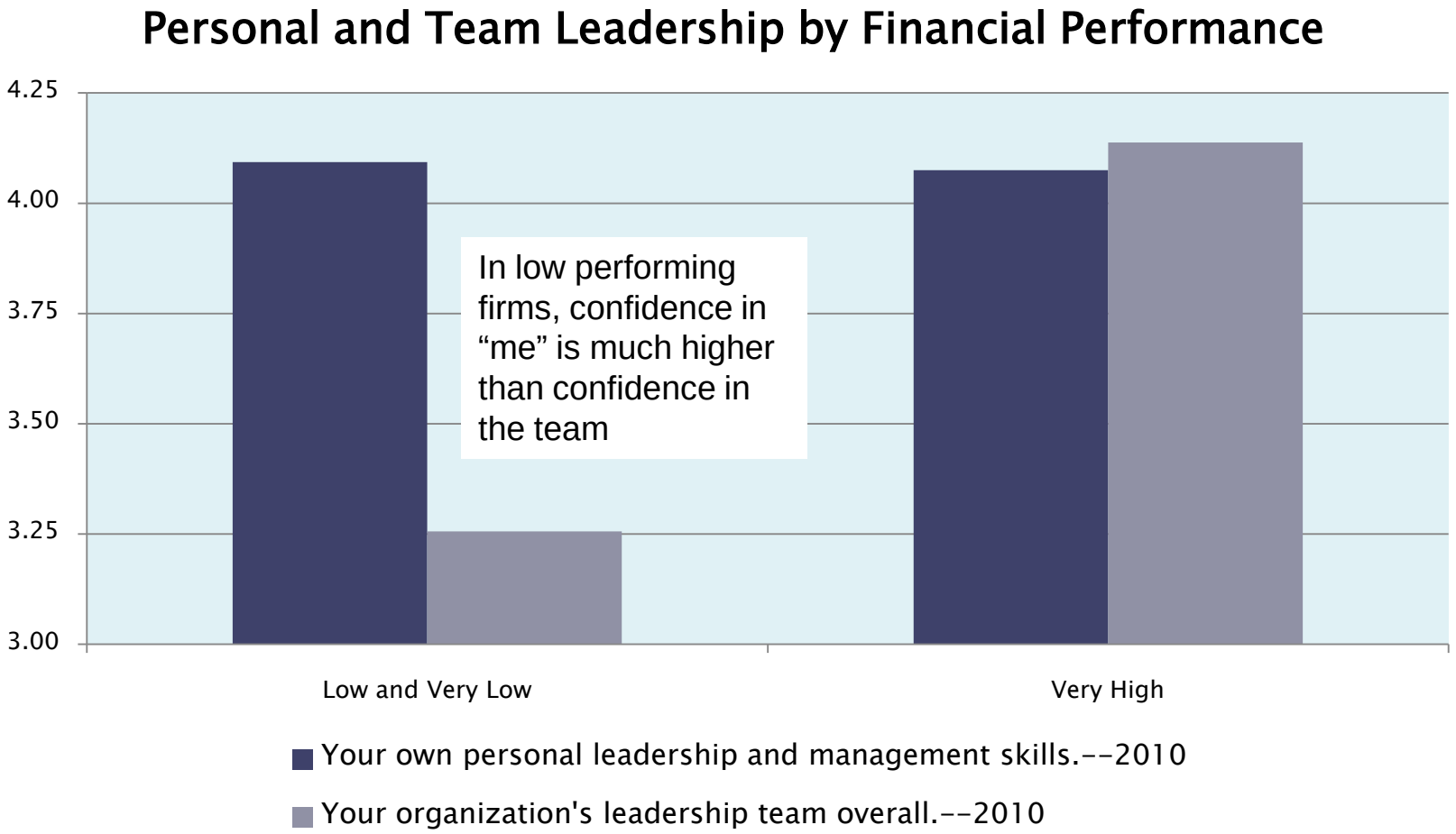
Economic climate is the only item that increased from 2009 to 2010.

Dialogue: *What trends are you seeing? Why?*

Note that throughout the report, we ran analyses with an overall confidence scale that did not include economic conditions (due to this one trending up and others down), and results were the same. The reliability coefficients and these data indicate that we continue to keep economic conditions as part of the overall scale score.

Last year's story: Hope and Humility

This year: Same story



Change in Leadership Confidence Scores by Rate of Change

Sample Comments

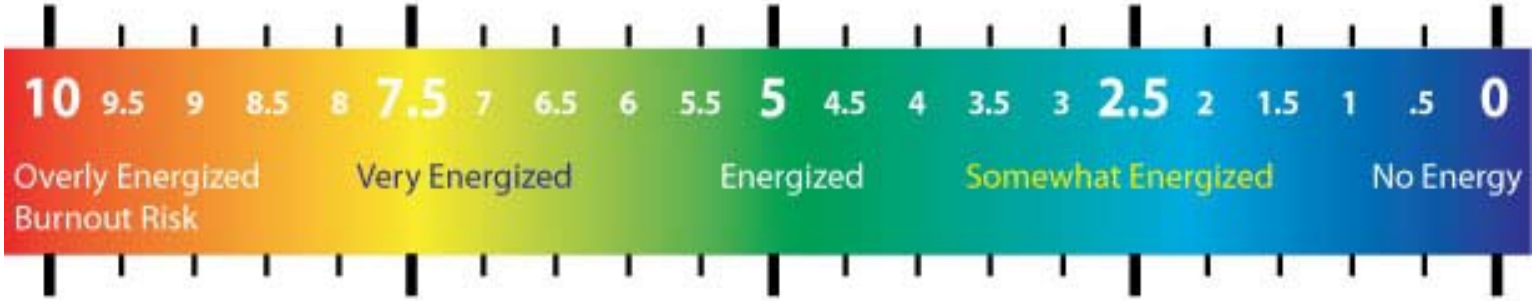
- “Highest-level leadership not changing with the changing political and economic climates and there is reluctance to move executives out.
- I have seen reluctance to change from our senior leadership.
- It is extremely hard to get the owners to change.
- Strategy can be made; execution is weak.”

Energy Pulse

Degree to which employees are energized at work

Energy Pulse Question:

Where are you today ? Where are you most productive?



The Energy Pulse question has been used since 1996 to study firm performance; it was validated with hundreds of thousands of individual data points in thousands of firms, using case study work and larger, muti-firm studies.

Energy is an optimization construct; it is equally bad to be at both the high and low ends of the scale. Too much energy stimulus leads to burnout risk, which if not altered, results in burnout (going from 10 to 0). We ask where energy is today and where an individual is most productive.

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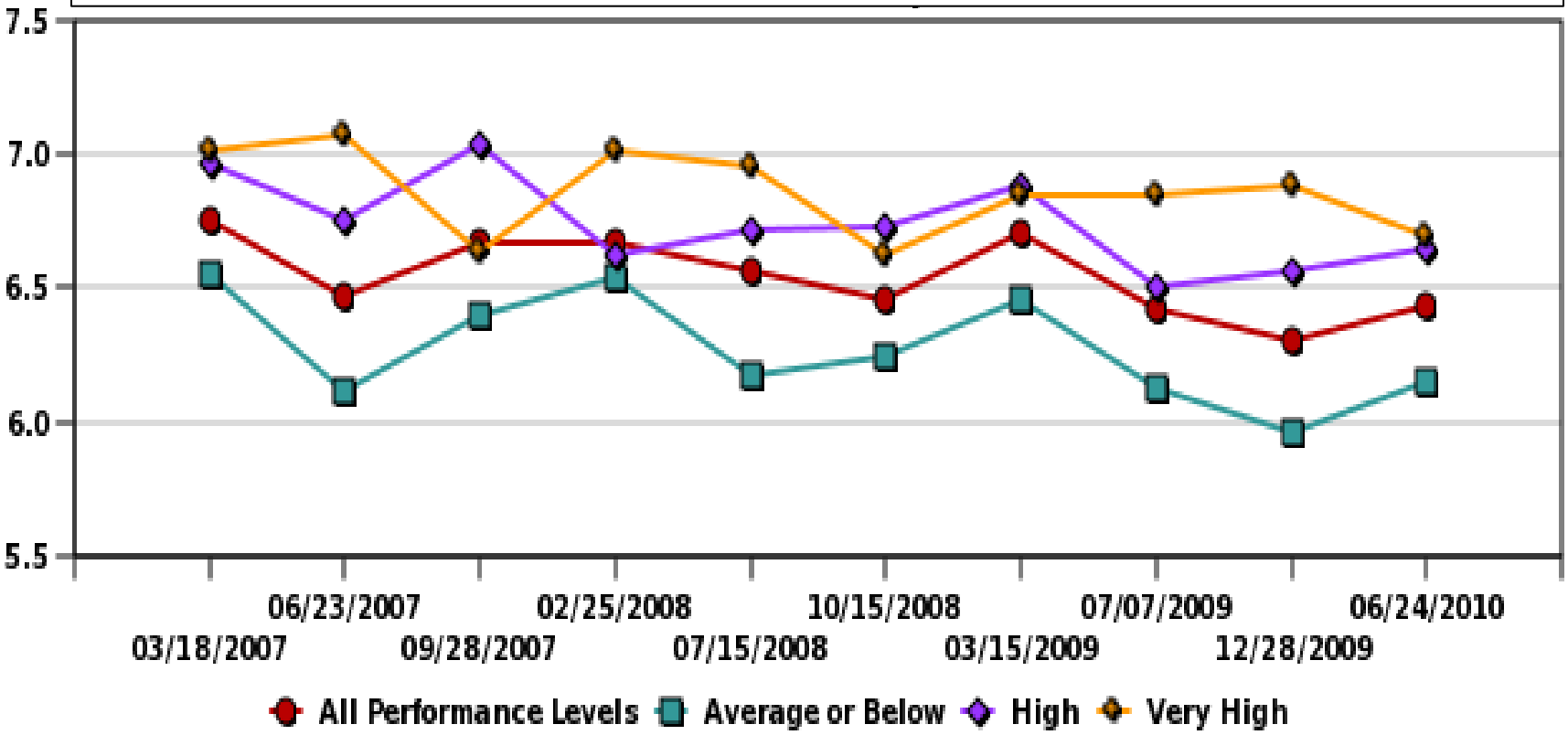
Energy Trend by Firm Performance

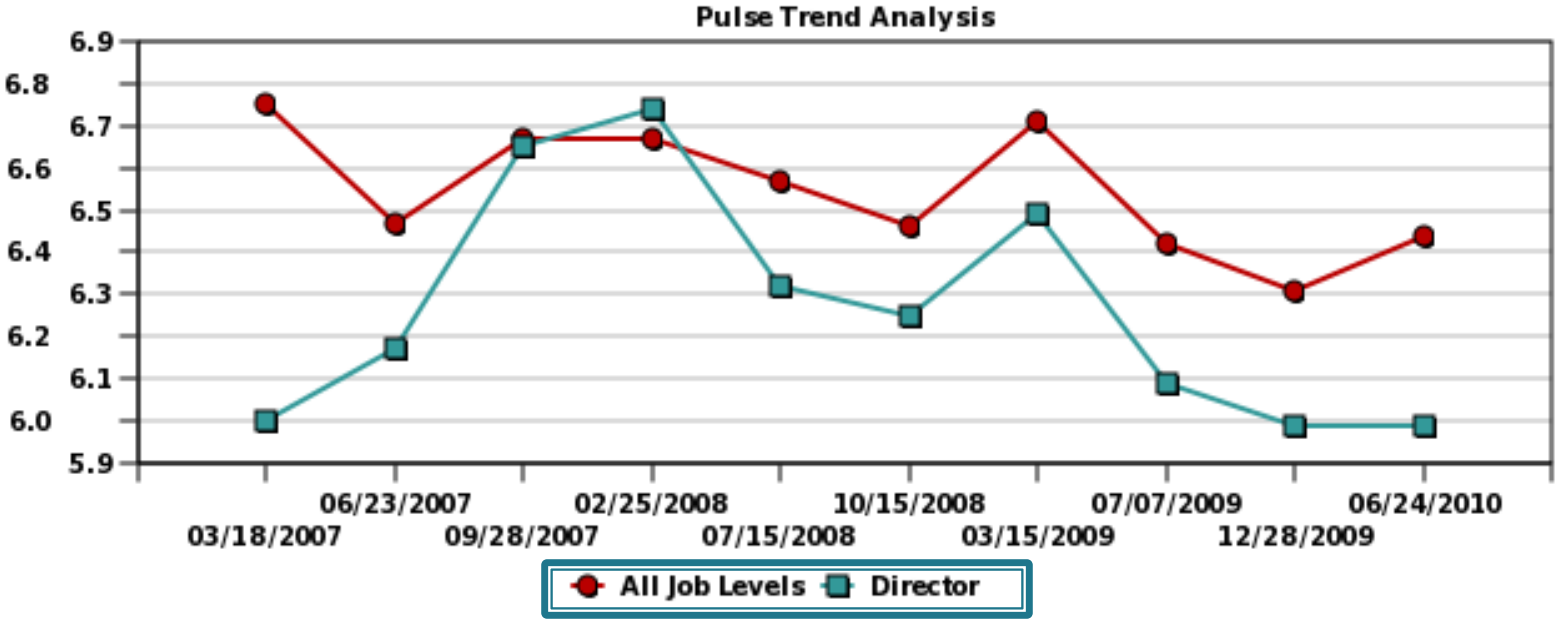
Higher performing firms (orange color line) have higher levels of energy overall when compared to the lower performing (green color line) firms.



The firm performance scores are self rated; however, we have validated them against financial records for the public firm subset. These data are for the overall mean; on the following pages you will find trends for selected subgroups where there is more variance and change over time.

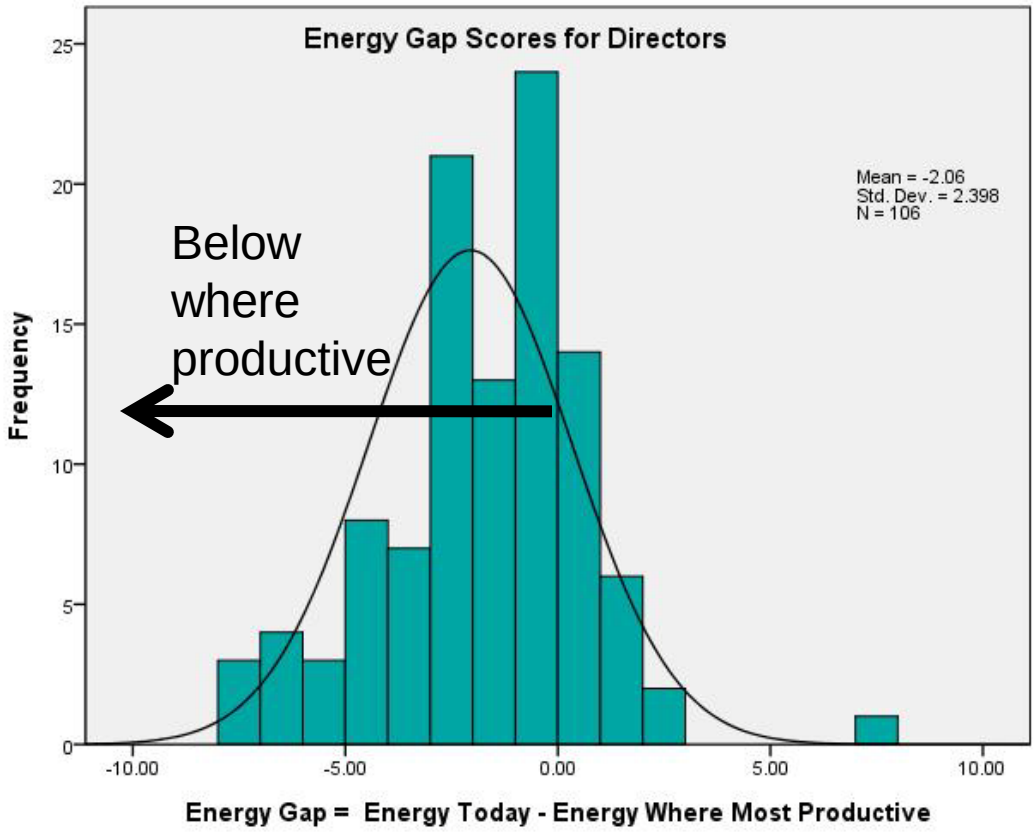
Director Job Level Stuck in the Middle?

Dialogue: *How are director-level employees doing in your organization?*



Continued evidence of "neglected warrior" syndrome?

More on Director Energy Scores



78% of the directors are reporting they are now working at an energy level below where they are most productive (below the zero score). At more than 1 point below, data shows increase in turnover risk; at more than 1.5 points below, turnover and other withdrawal behaviors (e.g. low performance, health problems, etc.) become an issue (if unchecked).

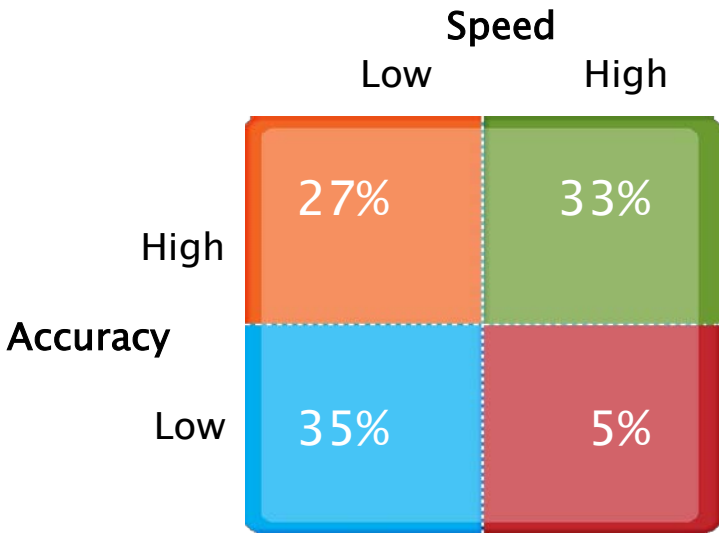
Dialogue: *What does it look like when a director level executive's energy level is below where he/she is most productive?*

HR Speed versus HR Accuracy

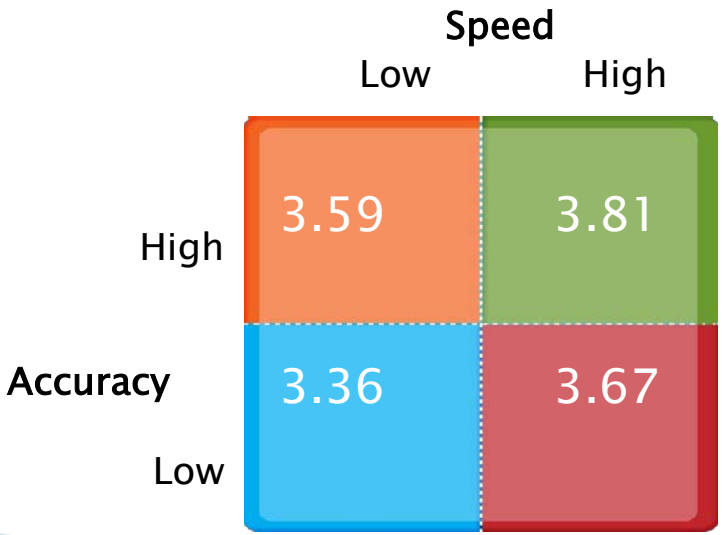
If HR goes fast, does accuracy suffer?

HR Speed versus HR Accuracy

To the right you will find the distribution of the sample.

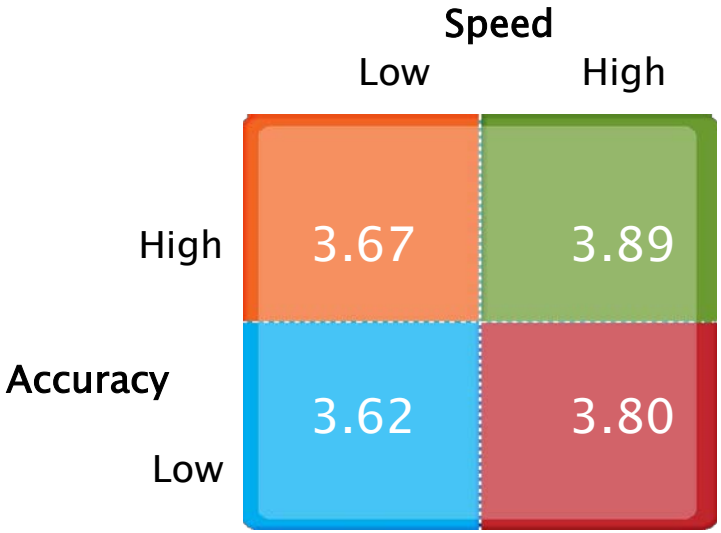


Mean Overall Leadership Confidence Scores Per Quadrant



The data show that Fast HR plus Accurate HR leads to the highest confidence scores. It matters because confidence drives future performance. Just like consumer confidence predicts spending, leadership confidence predicts "above and beyond" behaviors at work. **If you have to choose fast or accurate, the data shows the more confident respondents go with Fast HRM (3.67 vs. 3.59).**

Fast, accurate and performance



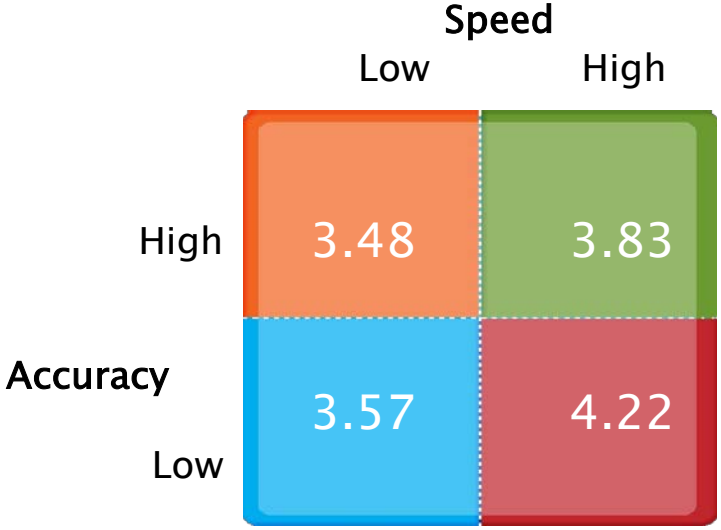
Dialogue: *Is fast a useful lens for thinking about HRM work?*

Using the performance data we obtained in the Leadership Pulse, we plotted firm performance in the fast – accurate quadrants. Similar to what we found with confidence, fast and accurate leads to the highest level of performance, and fast with low accuracy beats out slow with high accuracy (3.80 vs. 3.67).

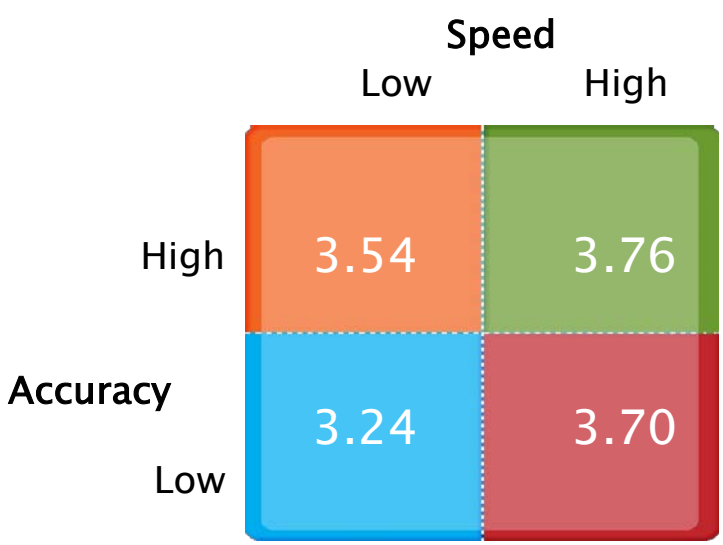
The performance data are obtained from respondents. We ask them to rate, using a 1 to 5 scale, how well their firm is performing compared to other firms of their same size in their same industry. The metric is compared to firm performance measures obtained via archival financial sources, and we find statistically significant correlations with these metrics.

Results for HR Respondents Only

Overall confidence



Firm performance



When looking at HR respondents only, the pattern changes. HR executives are most confident in the fast HR and low accuracy condition.

Why are HR executives most confident when they rate their own HR function fast and less accurate? Maybe it's because being fast matters to their key stakeholders.

Dialogue: *We had a lot of comments from HR. Many were not very positive. What's your take on the HR view of HR?*

Comments

- "HR reacts **slow and indecisive** most of the time"
- "We need to **speed up hiring**. Very cumbersome for the hiring manager."
- "They have **no staff**. They are only interested in top management opinions. **No foreseeable hope** for them"
- "Firstly the HR function of the organization I am with (but about to leave) didn't have robust processes. It didn't have people who knew those processes – nor the policies. So inconsistency and lack of customer focus meant the service was both **slow and unreliable**."
- "HR to be recognized as a business where **career is possible**"
- "Maybe its a communication issue, but it just feels like things that are worked on by HR are just **very slow processes**"
- "I would like the HR Generalists to be **more conversant** with and capable of using the human resource management system to access data and produce reports. That would enhance both speed and accuracy."

Advice

- "I think we need a **tool that does metrics for us.** Currently, all our HR metrics are done manually using data from our antiquated HRIS. Next, I would tackle metrics."
- "**On boarding** (not aggressive in first 10-30 days with branding) **Recruiting** (not using social media, not using right resources) **Talent Management** (all hand process, no system or automation)"
- "Need to **convert more to self-serve**; streamline pipeline to productivity – recruiting, screening, selection… all facets are currently way too slow. We lose a lot of critical, quality talent because the hiring process takes too long."
- "I think we tend to be too reactive rather than setting the pace. Taking a step back to really **understand the business** and how we can support it for **1-3 and 5 years will really help us.**"

Why Does Fast HR Matter?

- Fast HR is beyond making the HR department fast.

- Fast HR speeds up organizational processes through people.
  - Productivity improvement, brand management, sales, quality, merger integration, culture change, transformations, continuous improvement and more.

- Business needs speed to be proactive in today's business environment, and Fast HR powers fast business.

The Fast vs. Accurate Story

- **Do I give up accuracy if I go fast?**
  - This is not what the data shows.

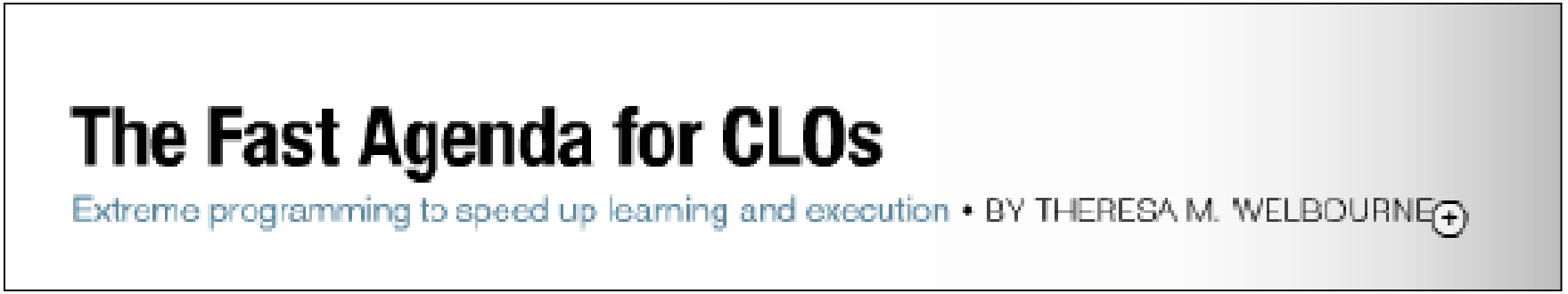
- **Speed may be a competitive advantage.**
  - Very high performing firms had an average score on speed of 4.36, while very low performing firms were at 3.67. **That's a gap of .69 points – *a potential competitive advantage.***
  - Very high performing firms had an average score of accuracy at 4.98, while the lowest performing firms were at 4.83. The difference on accuracy **was only .31 points.**

Fast, Lean and Accurate

The Knowland Group Story is Next

Bill and Theresa

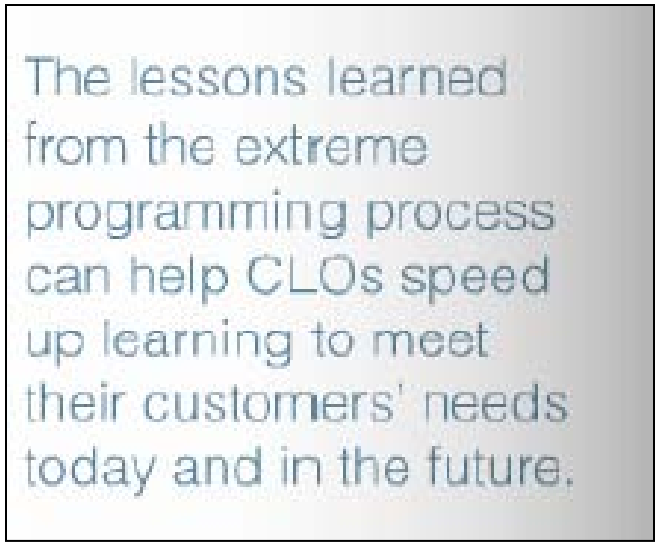
CHIEF LEARNING OFFICER



The Fast Agenda for CLOs

Extreme programming to speed up learning and execution • BY THERESA M. WELBOURNE

Extreme and Agile Programming "power" Fast HRM



The lessons learned from the extreme programming process can help CLOs speed up learning to meet their customers' needs today and in the future.

Bill Cushard

The Knowland Group: Background

- Founded in 2005, the Knowland Group is a proven innovator in developing intuitive marketing products and services that streamline and support event and group sales in the hospitality industry.
- Headquartered in Salisbury, MD
- Serves hotel clients in over 90 markets within the United States, Canada, Mexico, Thailand, the United Kingdom, and the United Arab Emirates.

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Useful Stats

- 2000 + hotel clients
- 15,000+ individual users
- 250,000+ groups in database with booking needs
- Over 2 million events in database
- 2nd fastest growing company in travel industry – Inc. Magazine's Fast 500 list
- Made the 2010 Deloitte Fast Technology 500 list

Deloitte. 2010 Technology Fast 500

Inc. 500
2009 - 222nd Fastest: Overall
2nd Fastest: Travel Industry

2010 Inc. 500
379th Fastest: Overall
2nd Fastest: Travel Industry

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Partial Client List

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Knowland University

- Training for **clients and employees**
- Free and advanced for-fee training for clients.
  - Onsite, in class, and virtual live training
  - Knowledge base and job aides available to clients for download
  - 60 hours of training programs for clients
- Employee development pipeline
  - Hire for character. Teach skills
  - NH Boot Camp > Job Specific Programs at Each Level > Other Training and Development Opportunities
  - All training based on doing

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Training Materials Before

The Knowland Group

Sales Personnel Training Manual

Introduction

This manual will assist you in learning how to conduct sales work for the Knowland Group's online reader board service. It contains an overview of the Knowland Group – an overview of our service, the process you will use to sell the service and an overview of important information about the sales and marketing segment of the hotel or hospitality industry.

Training Schedule

DAY ONE:

PART I:

A. Hotel sales and marketing overview
B. Reader Board Service Intro (what is a reader board service)
C. Reader Board as a Sales Tool
D. Knowland History

(sell the sizzle – amazing growth – we strive to add client value – want our clients to succeed – close new business!)

PART II:

Readers Overview
3 main parts
A. iKnowGroups
B. 8 AM Comp Set Reports

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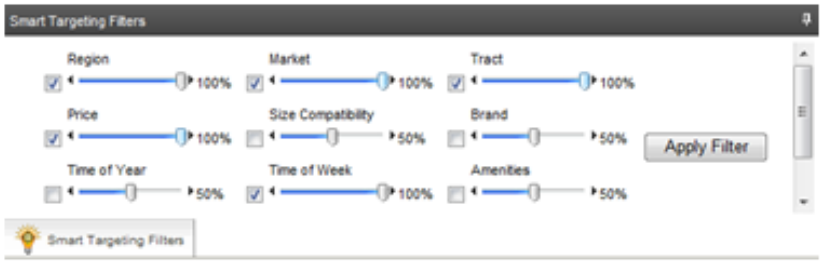
…After

Smart Targeting Filters

Using Smart Targeting Filters, you can filter search results based on specific matches to the preferences that you set. Using Smart Targeting Filters is a powerful way to directly find groups that match your criteria. For example, you can search for groups that always (100% of the time) meet in your market.

Below is an example of how to use the Smart Targeting Filters. Keep in mind that we are searching for groups they are likely to host a future meeting at our Washington, DC hotel client. Flip back to your Smart Targeting Preferences to review how you set your preferences.

Let's walk through this example step-by-step:



Don't Forget

Of course, you want to be as targeted and specific as possible. But if you check too many filters and put them all at 100%, you run the risk of finding zero results. You can be too narrow in your search, so start broad and work into narrowing your search.

Notes:

Ah Ha Moments!

✓ _____

_____

_____

✓ _____

_____

_____

✓ _____

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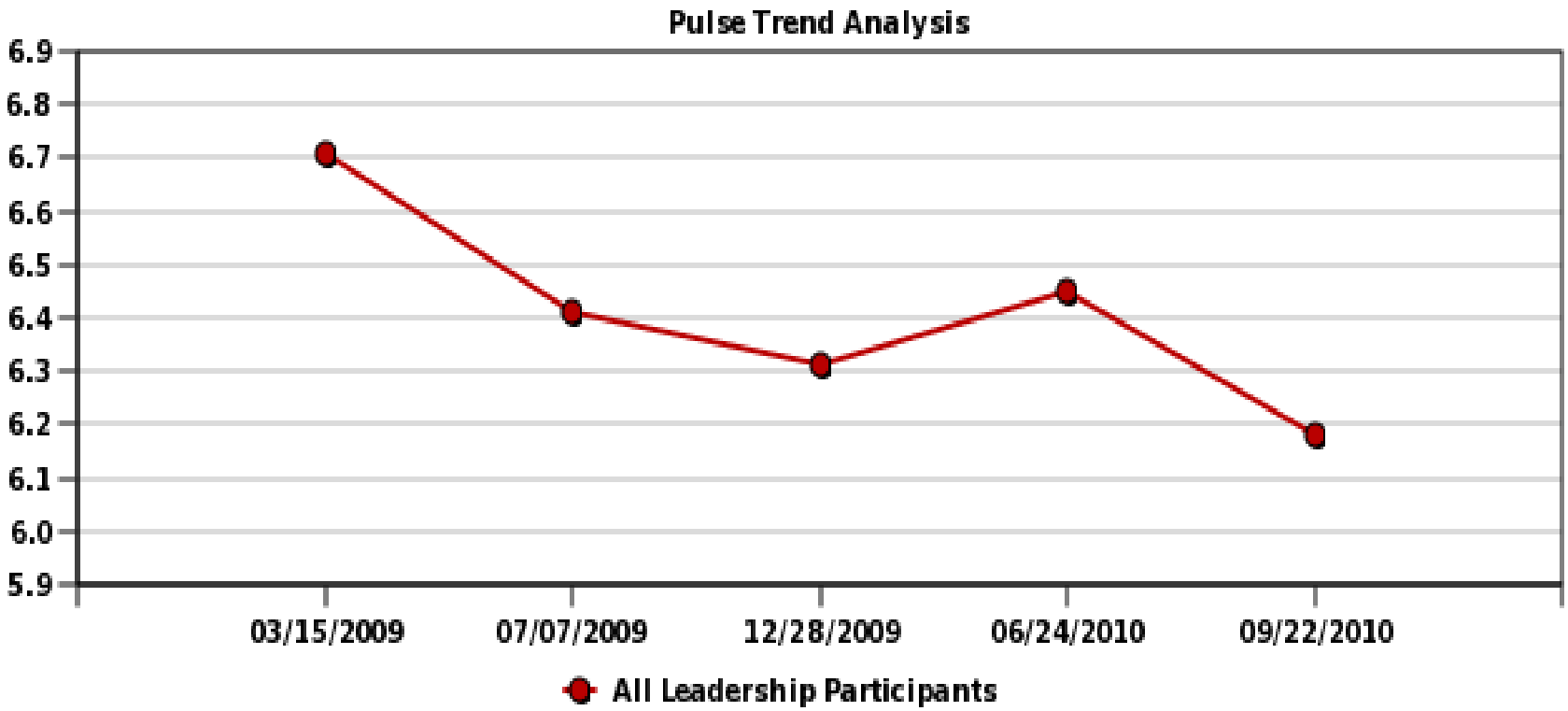
Learning from going fast

- Response from CEO
- Responses from the front line and managers
- My personal reflections
- What I'd do differently
- Suggestions for others in HRM

- Will it only work for smaller firms?
- To what degree is fast growth or high change playing a role in your success?

Hot off the press data



Pay for Performance Data

Strongly disagree (1) to strongly agree (5) response format; questions ordered high to low based on overall mean score

Salary increases are linked to individual performance.	3.71	(1.11)
Performance reviews at my company are used to help improve employee performance.	3.66	(1.08)
Our company's culture emphasizes pay for performance.	3.65	(1.20)
The overall performance management process at our company (setting expectations, evaluating performance, providing feedback, using formal or informal performance appraisals) helps our organization achieve positive business results.	3.52	(1.04)
Company goals and objectives are reflected in the performance evaluation process used for managers (from senior management to first line supervisors).	3.52	(1.10)
Annual bonuses in our company are based on ratings of individual performance.	3.46	(1.26)
In our company, informal rewards are used to recognize high performers.	3.42	(1.14)
The way my company links pay with performance is fair and effective for all employees.	3.27	(1.14)
Our best performers receive significantly greater bonuses than average or below average performing employees.	3.26	(1.28)
Performance evaluations are used to guide all important talent management decisions (e.g. promotions, who goes to training, layoff decisions, succession planning, etc.).	3.20	(1.10)
Our best performers receive significantly greater salary increases than average or below average performing employees.	3.16	(1.15)
The teams in our company that seem to receive more rewards (formally and informally) are clearly the highest performing teams.	3.13	(.99)

Next Steps

- Technical report on the summer data available at www.leadershippulse.com later this week.
- Webinar on the new pay for performance results, Sibson's David Insler will be joining us – watch for the date and time.
- Join the virtual program on pay for performance with Theresa, Ed Lawler and David Insler. See CEO web site for information.
- Call about our work on Fast HRM

- Resources to learn more:
- www.leadershippulse.com
- http://ceo.usc.edu
- www.eepulse.com
- www.energizeengage.com