

CHAPTER 14

**“So, What Do You Do?”:
The Answer Your CEO
Will Love!**



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Rick Park partners with executive business leaders to create a competitive advantage through people. He has held specialized roles in assessment design and validation, workforce development, rewards, performance management, culture, and organizational effectiveness.

Rick's passion for business strategy prompted him to transition into HR executive roles supporting CEOs and other executives with global responsibilities. He has worked in technology (Dell, Microsoft), manufacturing (Georgia-Pacific, KSB SE & Co. KGaA), and HR consulting (AON).

Today, Rick leads an HR consulting firm called Talent Alignment, LLC. He brings a practical approach to the firm's clients by focusing on delivering a competitive advantage through people. Rick's ability to speak to executive leaders in business terms is much appreciated by his partners and their clients.

Rick earned a Ph.D. in Industrial/Organizational Psychology to help prepare him for a career in HR, talent management, and OE.

His volunteer work involves coaching incarcerated individuals and groups. He enjoys playing guitar, cycling, announcing high school sports, and home projects. He and his wife, Lisa, enjoy traveling, exploring restaurants, and spending time with their two adult children, Lauren and Michael, and their dog, Dempsey.



You're sitting next to a CEO on a plane. The two of you exchange pleasantries and chat for a while, and then the conversation turns to work. You listen to her intently as she talks about the business she leads. She has such a passion for her customers!

She ends her story with a question for you:

“So, what do you do?”

You reach into your mental filing cabinet to find a tab called “What I Do” and, without any thought, regurgitate what you find in there.

This chapter may compel you to purge your “What I Do” file and replace it with one labeled:

“I create a competitive advantage.”

Read that again. The rest of this chapter assumes that this is the mindset you adopt and promote at work.

Your neighbor will be very intrigued by the “Competitive Advantage” file, so let's review what's in there.

START WITH STRATEGY

“Business strategy” is based on educated guesses about the future of a market. Executives evaluate both external factors (competitors, suppliers, customers, product substitutes, etc.) and internal factors (company competence, culture, work processes, talent, etc.) to decide how and where their business should compete.

Why “strategy” in a book about the workplace?

1. Business strategy *should* create a competitive advantage, and
2. Establishing a competitive advantage depends on the number of employees who a) understand their role in strategy execution, b) can contribute to strategy execution, and c) work diligently to do so. Plus, a good strategy.

For example, manufacturing employees will deliver a collective eye roll at “yet another ‘trivial’ product change” unless they know that customer needs are central to the company’s strategy and customers benefit from the changes.

You start to answer your travel partner’s question about your role:

“I create a competitive advantage. Establishing a competitive advantage depends on the number of employees who a) understand their role in strategy execution, b) can contribute to strategy execution, and c) work diligently to do so. Plus, a good strategy.

“My role is to partner with CEOs and other managers to help them help employees with these three things.”

She asks, “Do you work in Communications?”

Establishing a competitive advantage depends on the number of employees who a) understand their role in strategy execution, b) can contribute to strategy execution, and c) work diligently to do so. Plus, a good strategy.

You respond, “Not in the traditional sense. Delivering a competitive advantage starts with breaking strategy down into what employees do and what capabilities they need to do it well. It’s also important to consider the impact that culture and structure might have on employee productivity. There’s more to it than speeches, meetings, and newsletters.”

She hails a flight attendant, orders drinks for both of you, and with a hint of skepticism asks, “Okay, but how?”

Now she’s hooked!

Most employees toss around the word “skills” to reflect the core capabilities they think incumbents need to perform a job well. But “skills” is simply too nebulous and narrow when you are faced with leveraging workforce capabilities to win in your markets. A better alternative is the K(nowledge), S(kill), A(bility) and PC(Personal Characteristics), or KSAPC, taxonomy:

- Knowledge – Learned technical facts, like the content that tax lawyers need to know about tax law.
- Skill – Competence gained over time, typically “hands-on” work. For example, machinists often complete multi-year apprenticeships dedicated to hands-on maintenance and repair.
- Ability – Mostly stable innate capabilities, like problem solving.
- Personality Characteristics – Sometimes referred to as “soft skills.” Collaboration and extraversion represent this category.

Job analysis is a process that experts use to catalog job activities and translate them into their underlying KSAPCs. Commonly used job analysis tactics are interviews, observations, journaling, and questionnaires.

It’s important to note that conventional wisdom regarding the value of some KSAPCs does not always coincide with research.

Research on the value of “experience” shows it has no value in improving job performance. One hundred employees with two years of experience will perform no better or worse than one hundred employees with twenty.

Goleman's version of emotional intelligence is not a personal characteristic. He never meant it to function as a standalone soft skill. It's only a label that represents twelve PCs. Research has yet to establish whether some of the twelve consistently contribute to job performance (e.g. emotional self-control, positive outlook).

Back to the CEO sitting next to you. You continue...

"...Both the business and its employees are better positioned to deliver a competitive advantage when employees have a specific blend of knowledge, skills, abilities, and personal characteristics that connect to strategy."

She confirms what she's heard. "Strategy should trickle down into what employees do. What people do requires certain KSAPCs. And culture and structure influence what people do, too."

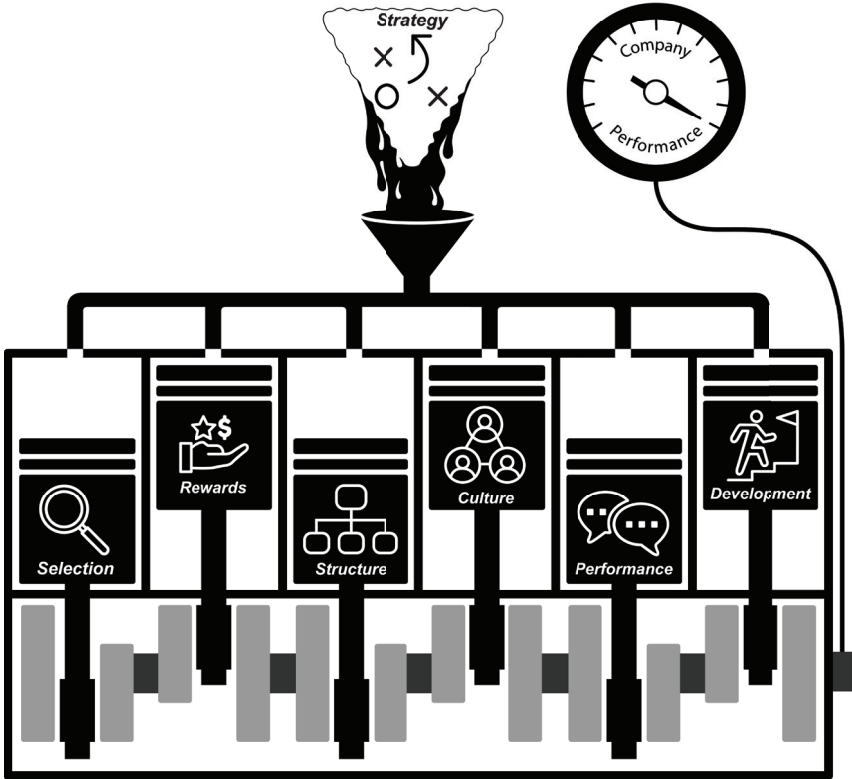
Then she asks, "How do organizations go about reinforcing this with employees?"

"Great question!" you reply. "The good news is that most organizations already have 'levers' in place to reinforce strategy-consistent behavior. You mentioned two levers already—culture and structure. Businesses also have selection, rewards, performance, and development levers to help employees help the business compete.

"Think about it like an engine with six cylinders. Organizational strategy fuels each cylinder. Each cylinder works in a different way to elicit strategy-consistent behavior from workers."

“SO, WHAT DO YOU DO?”

***The People Engine:
Six Cylinders that Convert Strategy to Company Performance***



“Now we’re getting somewhere,” says your travel partner. “Executives are like mechanics. They adjust *The People Engine* to deliver business strategy, which results in a competitive advantage.”

“Exactly!” you reply. “Grab a torque wrench!”

You reach into your new mental folder labeled “I Create a Competitive Advantage” and pull out your notes on *The People Engine*. You both discuss the file’s content—cylinder by cylinder.

Author’s Note – Visit www.talentalignment.net/ThePeopleEngine for supplemental content on each cylinder.

CYLINDER 1 – SELECTION

A quick story.

Jo was tapped to launch a warehouse with the help of a consulting team. She considered the consultants' recommendations regarding technology, shelving, jobs, forklifts, etc.

After job analysis established KSAPCs for the jobs in the warehouse, the consultants bought or developed tests, role-plays, simulations, and interviews to screen candidates.

Jo's comment about the screening process after startup:

"I worried about a lot of things while we were starting up this warehouse, but I didn't worry about how we assessed and selected our people. We hired great employees!"

How did the consultants do this? The answer has its roots in 310 pages of monotonous but critical professional and legal guidelines published by the *American Psychological Association (APA)*, the *Society for Industrial and Organizational Psychology (SIOP)*, and the *U.S. Equal Employment Opportunity Commission (EEOC)*.

Here are highlights from these guidelines...

Start with a *job analysis* to document what people do and KSAPCs (no surprise). Most Office of Federal Contracts and Compliance Programs (OFCCP) auditors will expect to see job analysis results, at a minimum... Have them ready!

The guidelines also stress the importance of two metrics related to assessment tool quality:

Reliability – A *reliable* car gets you where you want to go, every time. A reliable assessment tool produces (nearly) the same score—every time.

If a tool is unreliable, it cannot be valid.

Validity – While a reliable tool measures “something,” validity determines whether the tool measures a skill that is critical to job performance.

Don’t be fooled by marketing collateral. Just because a test produces a score doesn’t mean the score has any value.

Say you’re selecting firefighters based on KSAPCs and assessment tools below. The APA/SIOP guidelines describe three validation methods. Each method is presented in **bold text**, followed by examples:

- **Content Validation** – *Safety during forest fires (knowledge)*. Prepare a test with content that “matches” what a firefighter needs to know in this situation.
- **Content Validation** – *Using fire hydrants (skill)*. Candidates demonstrate what they need to do on the job using an actual fire hydrant.
 - Assumption – Expert assessors are trained to observe and evaluate candidates using relevant, standardized protocols.
- **Criterion-Related Validation** – *Problem solving (ability)*. Firefighter knowledge is *not* required. Collect data that shows firefighters with higher test scores are also better performers (and vice versa). A significant statistical relationship (correlation) between candidate scores and measures of job performance is required.
- **Construct Validation** – *Creativity (personal characteristic)*. Firefighter knowledge is *not* required. Test scores have a history of measuring and predicting on-the-job creativity for similar jobs in other parts of the region.

CYLINDER 2 – REWARDS

Another story.

Ed, an engineering manager, takes a seat in your cube. He's concerned about his direct report, Eli. Ed explains that Eli has one foot out the door.

“He's too critical to lose. Finding a replacement will be impossible. We need to give him more money.”

Ed spent weeks “selling” a retention increase to company executives. The CEO agreed to a 3% (\$3,000) annual increase. Ed proudly delivers the news to Eli.

Eli leaves six weeks later to broaden his skills and to support a company vision that aligns more closely with his personal values.

Ed finds a talented replacement in five weeks.

Nineteen exit interviews conducted *six months or more after employees left* tell the same story. “It wasn't the money.”

Tom McMullen, Korn Ferry's Rewards Practice Leader, puts it perfectly:

“...financial rewards are often critical in getting workers in the door, but nonfinancial rewards tend to keep people in organizations.”

CONNECTING REWARDS TO STRATEGY

Rewards practices rely on a *rewards philosophy* to connect them to strategy. This is a “formal statement documenting the company's position about employee rewards. It explains the ‘why’ behind employee rewards and creates a framework for consistency (SHRM.org).”

Rewards philosophies often address issues like:

- Strategy and targeted customer market(s)
- Retention assumptions
- Benefits:
 - Financial
 - Health/Wellness
 - Perks
- Individual/Organizational performance
- Business critical issues:
 - Vital professions?
 - Key markets?
 - Geography?
- Equity and risk tolerance

Don't forget about non-monetary rewards like unexpected time off, flexible hours/locations, discounts, transit/parking, occasional praise, etc.

Consistently delivered rewards are like wallpaper to your workforce. Nobody even notices them until they change. Reducing them leads to widespread angst.

Change management helps soften the impact of reduced rewards. Kotter and ADKAR are useful change management models that can help mute an otherwise visceral workforce reaction to rewards changes.

CYLINDER 3 – STRUCTURE

Imagine working for a company that has established a competitive advantage in next-day delivery. Internal efficiencies rule the day.

Meetings start and end on time—and almost every meeting focuses on eliminating pesky exceptions. And profit soars.

Now, imagine a new SVP of Sales changing the organizational structure.

Confusion and frustration follow:

- Who approves price changes?
- Who's my new boss? (Yes—this really happens.)
- Why have customer complaints increased?
- Why is Competitor X “advertising” our problems?
- Why did our stock price drop?

While part of this mayhem is the result of poor change management, the rest comes from destroying familiar information and workflows.

“Hire great people and stay out of their way” is simply naïve. Even great people are susceptible to the crush of deeply embedded, inefficient or unknown workflows, wonky metrics, and market changes.

But structure is only one part of an integrated web of organizational features. Changing structure without changing workflows, internal customers, goals, jobs, etc. hobbles a company.

“Hire great people and stay out of their way” is simply naïve. Even great people are susceptible to the crush of deeply embedded, inefficient or unknown workflows, wonky metrics, and market changes.

This is the stuff of *organizational design* (OD).

Here are some important OD principles:

- Start with strategy and extract “must have” organizational competencies like:
 - unmatched program/project management or

- frictionless services supported by technology.
- Evaluate today’s organizational competencies against the “must haves.”
- Identify “must change, eliminate, or add” organizational features (IT, approval chains, etc.).
- Plan for each change, elimination, or addition.
 - *Remember change management!*
- Implement.
- *Stay engaged!* Monitoring and correcting are vital to success!

Results from OD efforts will never be perfect, but they’re never permanent, either. OD is both an art and a science—and an invigorating professional challenge!

CYLINDER 4 – CULTURE

Watch what happens when you ask a group this question:

What is culture?

Uncomfortable giggles, averted gazes, and occasional looks of indignation follow. Sometimes the question comes back to you like a boomerang and you get to experience the same tension.

To be fair, Edgar Schein isn’t convinced that culture should be defined:

“Culture” is a messy and divergent concept [...] it does not lend itself to clear definition and measurement.

But, expected workforce behavior is a good starting point. It reflects the subconscious assumptions that employees accumulate over time.

Sara – “Why do we do this?”

Bill – “I don’t know. There *must* be a reason, though.”

Amazon doesn’t publicize their strategy or culture, but they do publish a vision, guiding principles, and leadership principles (behaviors). Some excerpts:

- *Vision – The Most Customer-Centric Company on Earth*
- *Guiding Principles/Behaviors (Leadership Principles – LPs)*
 - *Guiding Principle 1 – Customer obsession rather than competitor focus*
 - *Behaviors – Customer obsession*
 - *Start with the customer and work backwards.*
 - *Pay attention to competitors but obsess over customers.*
 - *Guiding Principle 2 – Passion for invention*
 - *Behaviors – Invent and simplify*
 - *Always find ways to simplify.*
 - *Look for new ideas from everywhere.*

Amazon’s recruiters ask interview questions that drill down on candidates’ use of LPs in work situations. Their cylinders (performance, rewards, development) and day-to-day employee interactions are designed to:

- Extinguish behaviors that run counter to LPs, and
- Promote behavior that is consistent with LPs.

The “why” becomes embedded in widely-held, subconscious employee values (aka culture) and is only accessible by people from the outside (Schein).

Culture is susceptible to external forces, too. Location, industry (“law” versus “landscaping”), customers, and other external features can influence the way employees work.

Want to change culture? Focus on changing and aligning vision, values/guiding principles, and employee behavior. Embed all three in the six cylinders... and watch culture change over time.

CYLINDER 5 – PERFORMANCE

You’re on a team charged with improving the company’s performance management system. It doesn’t take long before the whiteboard is *filled* with variables that impact performance management quality.

Scale points, timing, definitions, goals, and more.

However, the manager/employee dialogue is conspicuously missing, despite being the centerpiece of performance management. Everything else should make this dialogue better.

Strategy should fuel performance management through its two components:

1. *“The What” – Goals and responsibilities*
2. *“The How” – KSAPCs*

“The What” is shorthand for what an employee is expected to accomplish. It’s represented by goals and responsibilities:

- *Goals* – The most valuable motivational tool in a manager’s arsenal—“good” goals just work. What’s a “good” goal? Specific, measurable, attainable, realistic, and time-bound (SMART). Noticeably missing—the connection between the goal and strategy (SMARTS!).

Is “lowest cost” part of your strategy? Consider a cost reduction goal. Entering new markets? Set goals that reflect attracting new customers.

This template helps create strategic goals:

Step 1 - <WHO?> is going to do <WHAT?>
by <WHEN?> and <WHY?>.

Step 2 - <METRICS?>

- *Responsibilities* – “Blueprint Design and Management” is a responsibility. It might involve gathering requirements, choosing materials, using engineering standards, and quality checks. This content is usually found in job descriptions.

Goals and *responsibilities* should combine to cover most of an employee’s job while avoiding a level of specificity that makes a meaningful dialogue difficult. Five to seven goals and/or responsibilities usually cover a job reasonably well.

“*The How*” is shorthand for critical KSAPCs like “Business Acumen” or “Collaboration.” These can help to:

- reduce the likelihood of inappropriate behavior associated with meeting goals “at all costs,” and
- provide a blueprint for development discussions.

CYLINDER 6 – DEVELOPMENT

Dale had a dilemma. She wanted to be a supervisor but had no experience managing a team.

She was an active member of the program committee for a local chamber of commerce. When it was time to find a new committee chair, she volunteered. She and the committee established an operating model, introduced networking events, and engaged chamber members in identifying program topics.

The year she spent leading the program committee developed her ability to manage and lead. The stories she told interviewers about running the committee were impressive. And she became a supervisor.

“MIND THE GAP” is a phrase that reminds London commuters to pay attention to the space between the train and the platform.

“MIND DEVELOPMENT GAPS” is far more complex. Development gaps are evident when:

- Performance standards are unmet.
- Employees transition to new roles.
- Strategy changes.
- Successors are considered.

There are several frameworks that can help expose performance expectations. Here’s one that we use:

- *Business Strategy* – This has a direct impact on what employees are expected to do.
- *Structure and Job Tasks* – Information/workflow and job descriptions can help illuminate expected employee performance standards.
- *Internal and External Customers* – Customers know what they want. Just ask!
- *Culture* – A valuable source of internal norms regarding performance.
- *Performance Management* – A repository of performance expectations (and a starting point for finding development gaps).

WHEN PERFORMANCE FALLS SHORT OF EXPECTATIONS

Don't limit yourself to training!

Finding “the right” development activity to narrow performance gaps is an exercise in creativity. Here are just a few development solutions to get you started:

- Reading
- Video
- Coaching
- Mentoring
- Special projects
- Volunteer assignments
- Job shadowing

YOUR PLANE STARTS TO DESCEND...

The CEO next to you says, “That was an interesting chat! I took a lot of notes, but can you recap?”

Before you close the “I Create a Competitive Advantage” folder you opened, you say,

“Sure!

“I create a competitive advantage. Establishing a competitive advantage depends on the number of employees who a) understand their role in strategy execution, b) can contribute to strategy execution, and c) work diligently to do so. Plus, a good strategy.

“My role is to partner with CEOs and other managers to help them help employees with these three things. Both the business and its employees are better positioned to deliver a competitive advantage when employees have a specific blend of KSAPCs that connect to strategy.

“The ‘People Engine’ is how I think about creating a competitive advantage. Business strategy configures and fuels the engine’s six cylinders:

1. *Selection* – ‘Screens in’ candidates with strategic KSAPCs.
2. *Rewards* – Reinforce strategic behavior.
3. *Structure* - Creates predictable information and workflows (along with OD).
4. *Culture* – Reinforces acceptable and extinguishes unacceptable behavior.
5. *Performance* – Establishes goals, responsibility, and KSAPC standards for workers.
6. *Development* – Enhances skills to narrow performance gaps.

“In the end, I help executives create an ‘engine’ that a) is as unique as their strategy, b) helps deliver what our customers need, and c) is very difficult for competitors to replicate.

“That’s how I help my company win in the marketplace.”

“I’ll drink to that!” she replies. “Now, where’s my torque wrench?”

You both have a good laugh!

She leaves the plane a more sophisticated HR consumer, and you leave content, knowing that another business leader is better equipped to deliver strategy through their employees!

Want more? Visit www.talentalignment.net/ThePeopleEngine