

Note: Russell Consulting, Inc. provides these PowerPoint slides and handouts to interested people for their personal use only. RCI has copyrighted all materials and retains all international rights over its proprietary work. Those who download our materials agree to respect our copyright and agree to not use or duplicate our material for use by others. All commercial use of this copyrighted material is prohibited. Those who download our materials also agree not to represent our material as their own.

If you wish to use these materials for use beyond your personal use, please contact RCI for licensing and cost information at RCI@RussellConsultingInc.com.

The HR Dashboard

Developing a Powerful Measure
for tracking HR Results



Lee Wiersma and
Jeffrey Russell



Our Objectives

1. Identify the purpose and importance of measuring HR's effectiveness.
2. Discuss the two types of measures: *lagging* and *leading* – and how to use each.
3. Identify the **prerequisites** for developing an “**HR Dashboard**” of leading indicators.
4. Describe **methods** for developing the HR Dashboard.
5. Identify how the HR Dashboard is used to **influence** HR, HRD, and OD policies and practices.

Improving Human Performance



- How can HR and HRD professionals move an organization toward improvement in human performance?
- What HR initiatives enable great performance as an organizational outcome?

Measuring HR Results . . .



- How do you know if your HR efforts are **successful**?
- How do you **measure** the effects or results of these HR, training, and OD efforts?
- How will you **know** that your efforts and initiatives have paid off?

Measuring Human Health



- What are the key signs of *human* health?
- How do you *know* if you are healthy or unhealthy?
- Which of your “*vital signs*” might you chart over time?
- What might happen if you *ignore* these vital signs?

Measuring Health After the Fact

- Tracking your “vital signs” along the way can give you an early warning of emerging health concerns.
- Failing to measure these vital signs – or ignoring the signs can lead to . . .



Lagging Indicators

Lagging indicators are *outcome measures* that help you gauge your HR progress by examining the final end result or *outcomes* of your collective efforts.

Use of the “lagging” term reflects the *delay* or *gap* between your actions and a change in the final end result.

Characteristics

- Outcome measure.
- Indicates the *end result* of the system.
- Tells you what happened, not what *is* happening.
- Less effective at measuring the effects of specific changes made to the system.

Lagging Indicator Examples

Non-HR Examples . . .

- **Health** – heart attack, liver failure, stroke, death, etc.
- **Automobile** – arrived safely at destination (or not), engine failure, blown tire, citation from traffic enforcement, etc.
- **Economy** – GNP growth, national debt, unemployment rate, etc.

HR Examples . . .

- Employee retention.
- Employee performance.
- Organizational performance.
- Customer retention.
- Employee productivity.
- ?

Lagging indicators have a **direct** bearing on a company's bottom line. There is a business interest in and financial benefit from improvement in these areas.

Leading Indicators

Leading indicators are *process measures* that help you gauge *incremental* progress you are making toward key HR outcome (lagging) measures.

- Since leading indicators measure the results from your *processes*, there is less of a *delay* between your actions and a change in the system.
- They are the *performance drivers* — the key factors that enable the overall end result (outcome) you want to achieve.

Characteristics

- Process measure.
- Immediate feedback to the system.
- Tells you what is happening now.
- Can be tracked over time.
- Provides an “early warning” of emerging results.
- Very responsive to changes in the system

Leading Indicator Examples

Non-HR Examples . . .

- **Health** — Heartbeat, body temperature, blood sugar levels, cholesterol levels, blood pressure, etc.
- **Automobile** — gas gauge, engine temperature, speedometer, odometer, oil level, indicator lights, rumble strips on the roadway, GPS coordinates, etc.
- **Economy** — home starts, capital equipment purchases, layoffs, stock market value, public confidence, exchange rates, etc.

HR Examples . . .

- Employee absenteeism.
- Employee sick leave use.
- Customer satisfaction surveys.
- Employee satisfaction surveys.
- ?

Leading indicators have an *indirect* bearing on a company's bottom line. While there is a business interest in improvement in these areas, there is not often an immediate financial benefit to the company.



UW Credit Union

About the Organization

1. Our history
2. Our environment
3. HR Issues
4. Data-driven decisions



History

- **Founded in 1931.**
 - **88 members, \$2,500 in assets.**
- **90,000 Members.**
- **\$650 million in assets.**
- **Third Largest Credit Union in Wisconsin.**
- **10 Branches,**
 - **Madison, 6 branches.**
 - **Milwaukee, 2 branches.**
 - **Green Bay & Whitewater, campus branches.**



Our Environment

- **Volatile Environment**
 - Strong tradition of member service.
 - High Tech / High Touch.
 - Increased competition with markets.
 - Local
 - Non-traditional, internet, insurance companies, etc
- **Active and Progressive Board of Directors.**
 - Strong ties within UW Madison community.
 - Commitment to being “Employer of Choice”.



All yours. All the time.

HR Issues

- **Cultural Change Ongoing**
 - Negotiate change
 - Introduce level of accountability.
- **Shift in Business Focus**
 - Known as “Student Bank” in past.
 - “Order Takers” to “Retail Environment”.
 - Appropriate growth.
- **Human Capital Improvement**
 - Improve retention
 - Attract talent
 - Performance measurement
 - Skill training



Data Driven Decisions

- **Critical Measures (Balanced Scorecard)**
 - **Member Measures**
 - Satisfaction, retention
 - **Financial**
 - ROA, OPM, Deposit Growth, ETA
 - **Staff Satisfaction**
 - **Compensation/Rewards**
 - **Internal Customer Satisfaction**

What is the HR Dashboard?

The UW Credit Union's HR Dashboard is a panel of indicators that present a reading of the relative health/satisfaction of credit union employees on three dimensions: *QWL Score*, *Core Values*, and *Overall Job Satisfaction*.





All yours. All the time.

Why an HR “Dashboard?”

1. Traditional employee surveys too infrequent.
2. Desire to stay connected to employees.
3. The need for timely feedback.
4. Desire to establish measurable targets.
5. The importance of leadership accountability.
6. Enable HR and leadership to make adjustments along the way.
7. A desire to communicate progress on key indicators *along* the way.
8. Ensure organizational alignment.



All yours. All the time.

Pre-Conditions

1. Clarity of vision.
2. Culture of accountability.
3. Integrated performance management system.
4. Technological capability.
5. Intelligent use of the HR Dashboard.



All yours. All the time.

Clarity of Vision

Organizational Alignment Critical

- Purpose:

“Working for members to enable their financial dreams.”

- Strategic Position:

“Grow through respect in our marketplace, and by developing relationships through customer intimacy.”



All yours. All the time.

Culture of Accountability

- **Core Values**
 - Act in the members' best interest
 - Embrace Change
 - Education
 - Teamwork
 - Work/Life Balance
- **Staff perception measured on regular basis.**
- **Leadership expectations defined**
 - Multiple feedback mechanisms utilized including 360 degree feedback.



All yours. All the time.

Integrated Performance Management System

- Traditional performance appraisal system disbanded in mid 1990's.
- Compensation system not up-to-date, inadequate merit type system.
- Connections Process Implemented in 2001.
 - Development of position accountabilities.
 - Development of skill inventories.
 - Consistent & regular feedback, coaching, & alignment.
 - The Cardwell Group, James Cardwell & Karla Norwood.
 - www.connectionsonline.net / 800-395-1410.
- Pay for performance compensation system implemented in 2002.
 - Base pay
 - Bonus (Variable Reward)



All yours. All the time.

Technological capability

- All staff must have sufficient access.
- Use of intranet technologies.
 - Communication
 - Up-to-date and relevant.
 - Share results of data.
 - Procedures, policies, training.
 - Delivery system for “Connections.”
- Use of E-mail systems
 - Delivery of surveys



All yours. All the time.

Intelligent Use of Dashboard

- Define uses for dashboard
- Summarize and organize data
- Do not censure information
 - Complete data available on intranet site.
 - Maintain historical data.
 - Do not share names of individuals mentioned in a bad light.
- Continually reaffirm commitment to it.

Developing the HR Dashboard

Comprehensive *Employee Attitudes Survey* (EAS)
conducted in 1995, 1998, 2001, and 2003.

University of Wisconsin Credit Union

An Assessment of Employee Attitudes and Perceptions

To All Credit Union Staff:

The University of Wisconsin Credit Union has conducted assessments of employee attitudes and perceptions since 1995. The results from these assessments have been used by the Credit Union to respond to employee-identified concerns and as a foundation for building a stronger organization. The attached survey explores employee perceptions and attitudes on many of the same issues that were explored in the earlier assessments. Your honest responses to the survey statements and questions will help the Credit Union in its efforts to build a stronger, healthier, more effective organization.

This survey is comprised of a series of statements about the working relationships and conditions within the Credit Union and also gives you an opportunity to offer your general suggestions for improving the worklife here. All responses on this survey are **anonymous** and only survey averages for each statement or item will be included in the report that we present to the organization.

By completing the last page of this survey—the demographics page—you will enable the Credit Union to receive survey feedback grouped by a number of demographic categories (such as years with the Credit Union, department, etc.). **You should know that Russell Consulting, Inc. (RCI) will never report data from the survey to any Credit Union employee for any groups comprised of less than six people.**

Further, since the completed surveys are the property of RCI and will be destroyed once entered into our database, **no one** at the Credit Union will see your survey. As a result, your survey responses will remain anonymous.

You will receive a summary of the results of this survey. The results of this assessment will be used to help the Credit Union develop specific strategies for enhancing employee satisfaction, improving customer/member service, and helping build a long-range plan for the Credit Union's future.

Jeffrey and Linda Russell, Co-Directors
Russell Consulting, Inc.
(608) 274-4482
www.RussellConsultingInc.com

Dimensions of the EAS

- **Quality of Worklife Dimensions:** *leadership, communication, supervision, pay/benefits, etc.*
[53 questions]
- **Core Values** – Measuring the “gap” between *actions* and *aspirations*.
- **Job Descriptive Index** – six dimensions.
- **Overall Job Satisfaction** – 10-point scale.
- **Open-Ended Questions** – (a) what people like best about working for credit union and (b) ideas to *improve QWL*.

Quarterly HR Dashboard

1. **Quarterly Survey** – (a) 20 questions, (b) five core values, (c) overall satisfaction, and (d) two open-ended questions.
2. **Sample Size** – 60 to 65 employees.
3. **Validity** – accurate +/- 1%.
4. **Administration** – e-mail link to survey.
5. **Confidentiality** – external consultant.
6. **Reporting Results** – Three “instruments” on the HR Dashboard

Example Survey Statements

| Strongly Disagree | Disagree | slightly disagree | slightly agree | Agree | Strongly Agree |
|--------------------------|--------------------------|--------------------------|-------------------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 1 | 2 | 3 | 4 | 5 | 6 |

- I feel pride and a sense of accomplishment in the work that I do.
- I have input into how I perform my job.
- I feel appreciated for the good work that I do.
- My direct supervisor gives me clear performance expectations that enable me to do quality work.
- The Credit Union's managers and supervisors have clearly communicated the future direction and goals of the Credit Union to me.

Example Value Statements

- **Embrace change:** proactively seek improvement; anticipate and support change to meet corporate strategies and goals; take calculated risks and learn from experience.

Current

| Never | Almost Never | Sometimes | Generally | Almost Always | Always |
|--------------------------|--------------------------|-------------------------------------|--------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 1 | 2 | 3 | 4 | 5 | 6 |

Desired

| Never | Almost Never | Sometimes | Generally | Almost Always | Always |
|--------------------------|--------------------------|--------------------------|--------------------------|-------------------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 1 | 2 | 3 | 4 | 5 | 6 |

The difference between “current” and “desired” = A “gap of 2.0

Overall Job Satisfaction

Considering everything, how satisfied are you overall with working at the University of Wisconsin Credit Union? Place a mark in the box that best reflects your *overall* job satisfaction level here.

| | | | | | | | | | | | |
|-------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|-------------------------------------|--------------------------|--------------------------|----------------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | |
| Very Dissatisfied | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Very Satisfied |

What is the HR Dashboard?

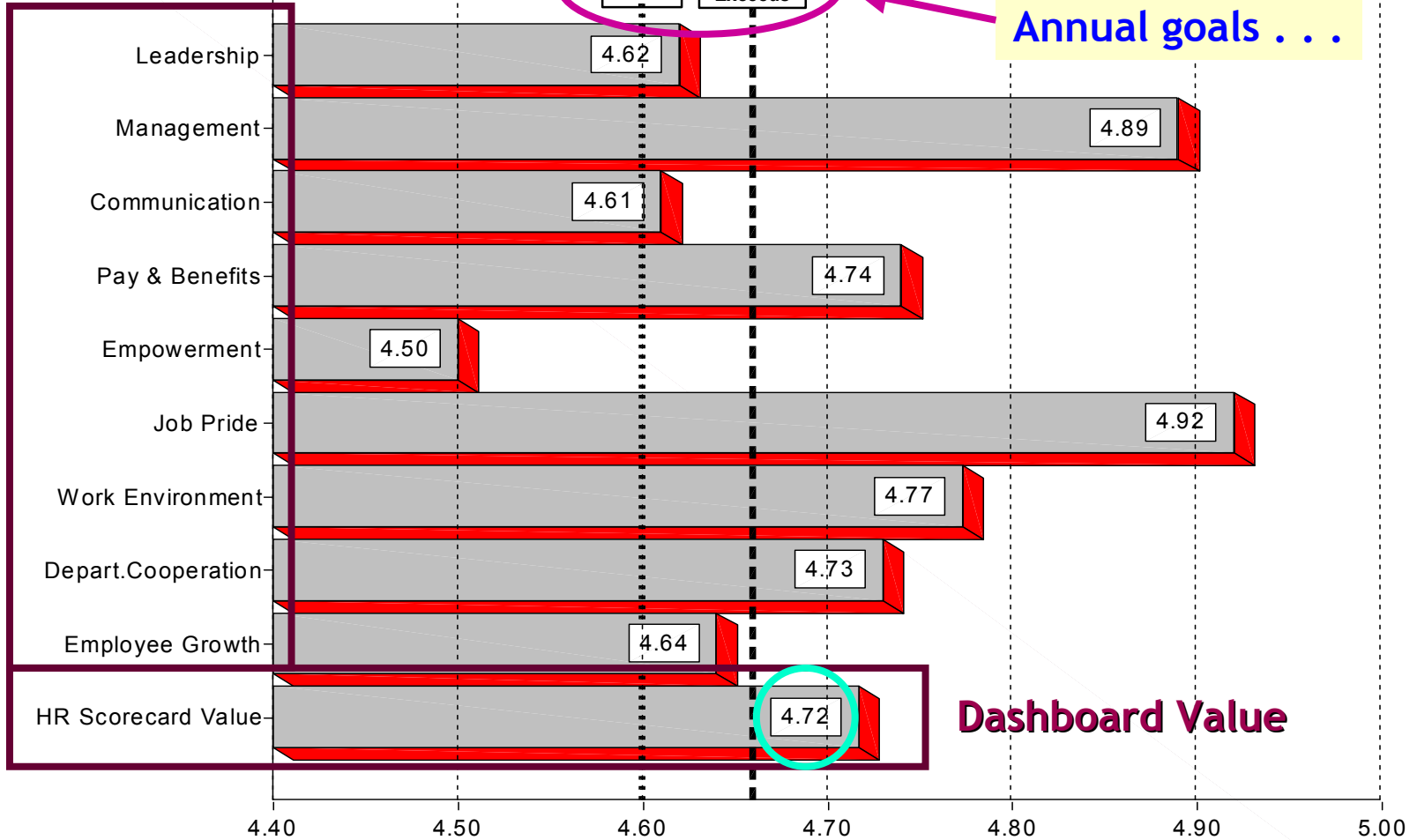
The UW Credit Union's HR Dashboard is a panel of indicators that present a reading of the relative health/satisfaction of credit union employees on three dimensions:

QWL Score, Core Values, and Overall Job Satisfaction.



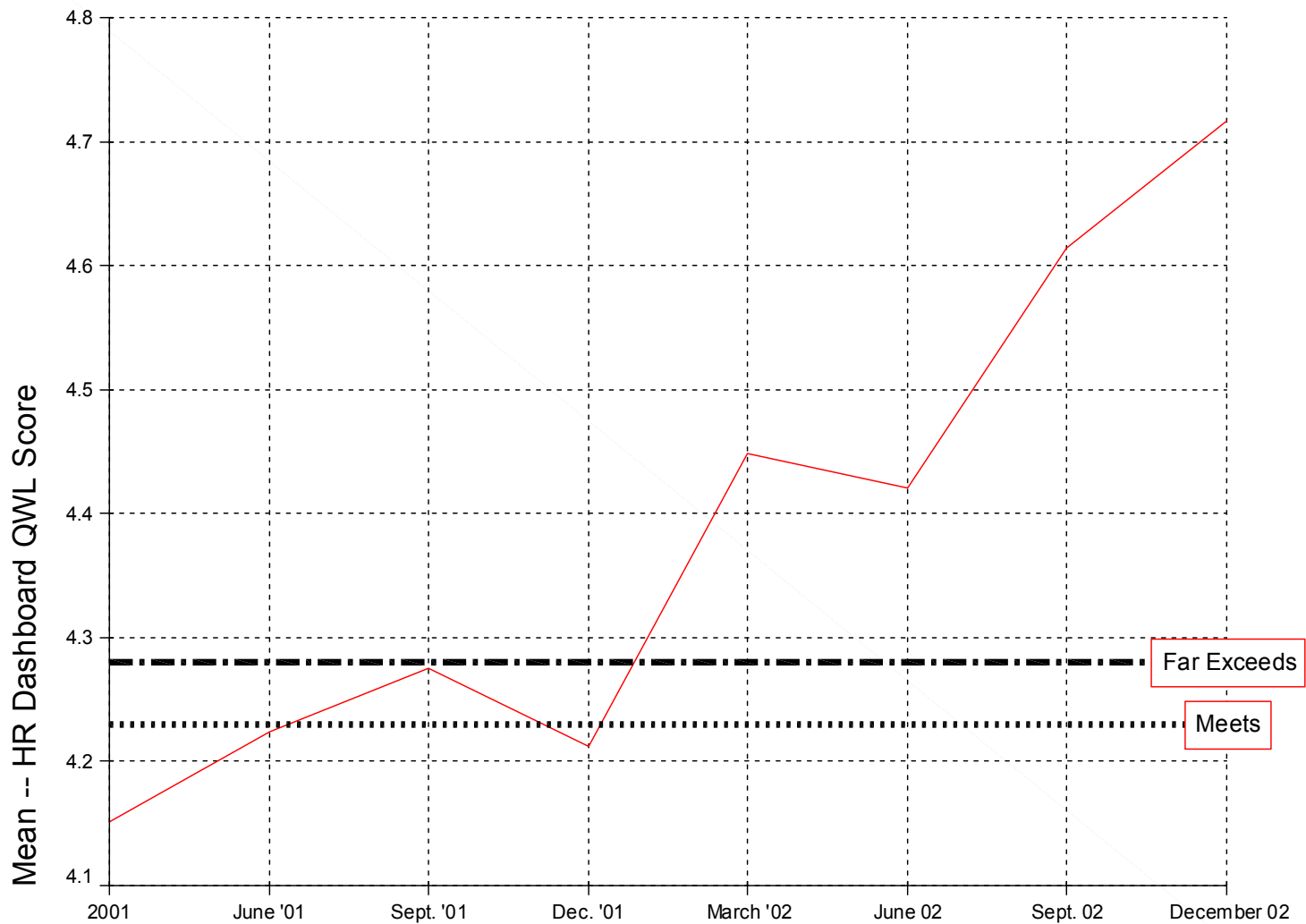
HR Dashboard -- QWL Dimensions for December 2002

QWL Dimensions



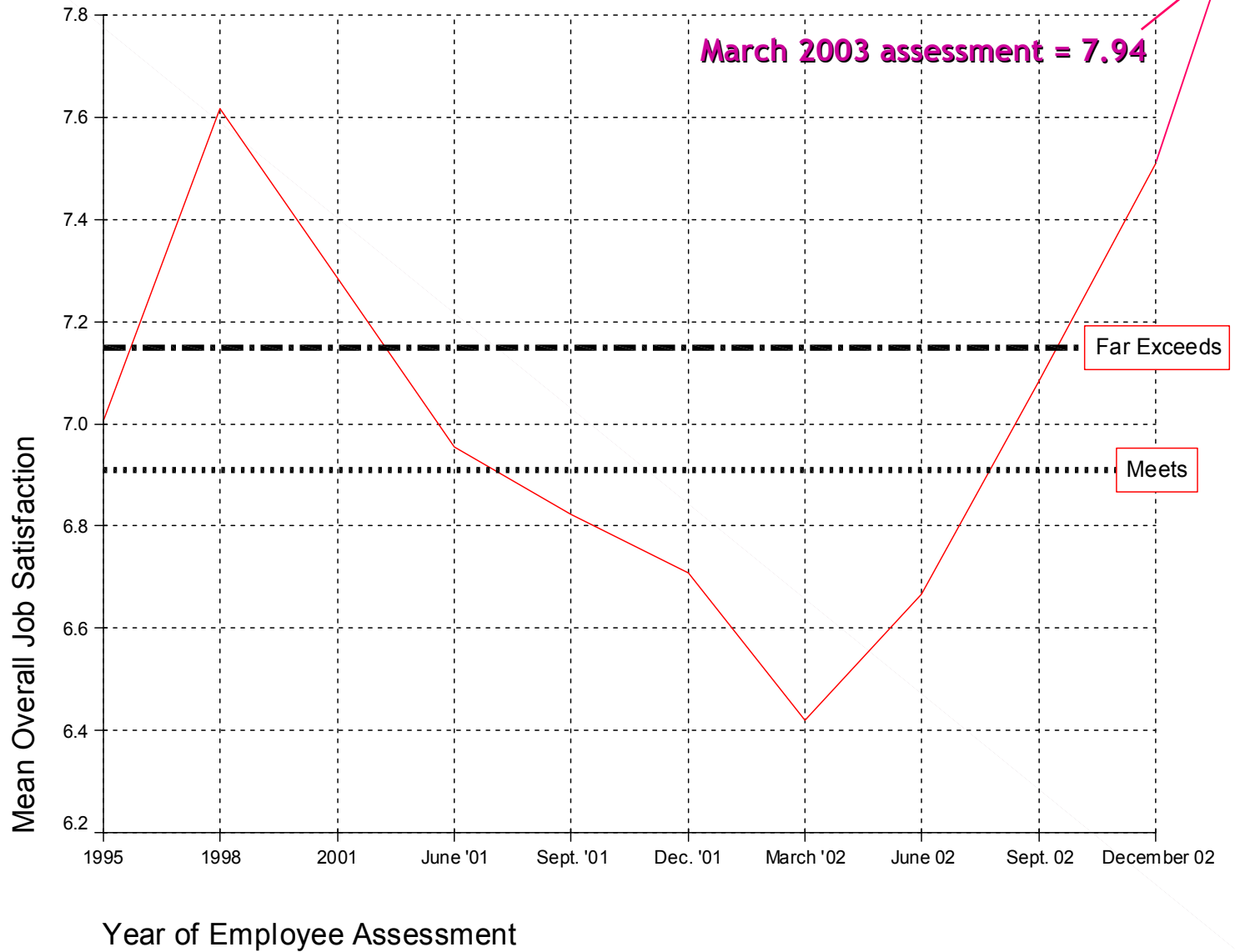
HR Dashboard Scores for QWL Dimensions

HR Dashboard Composite QWL Score

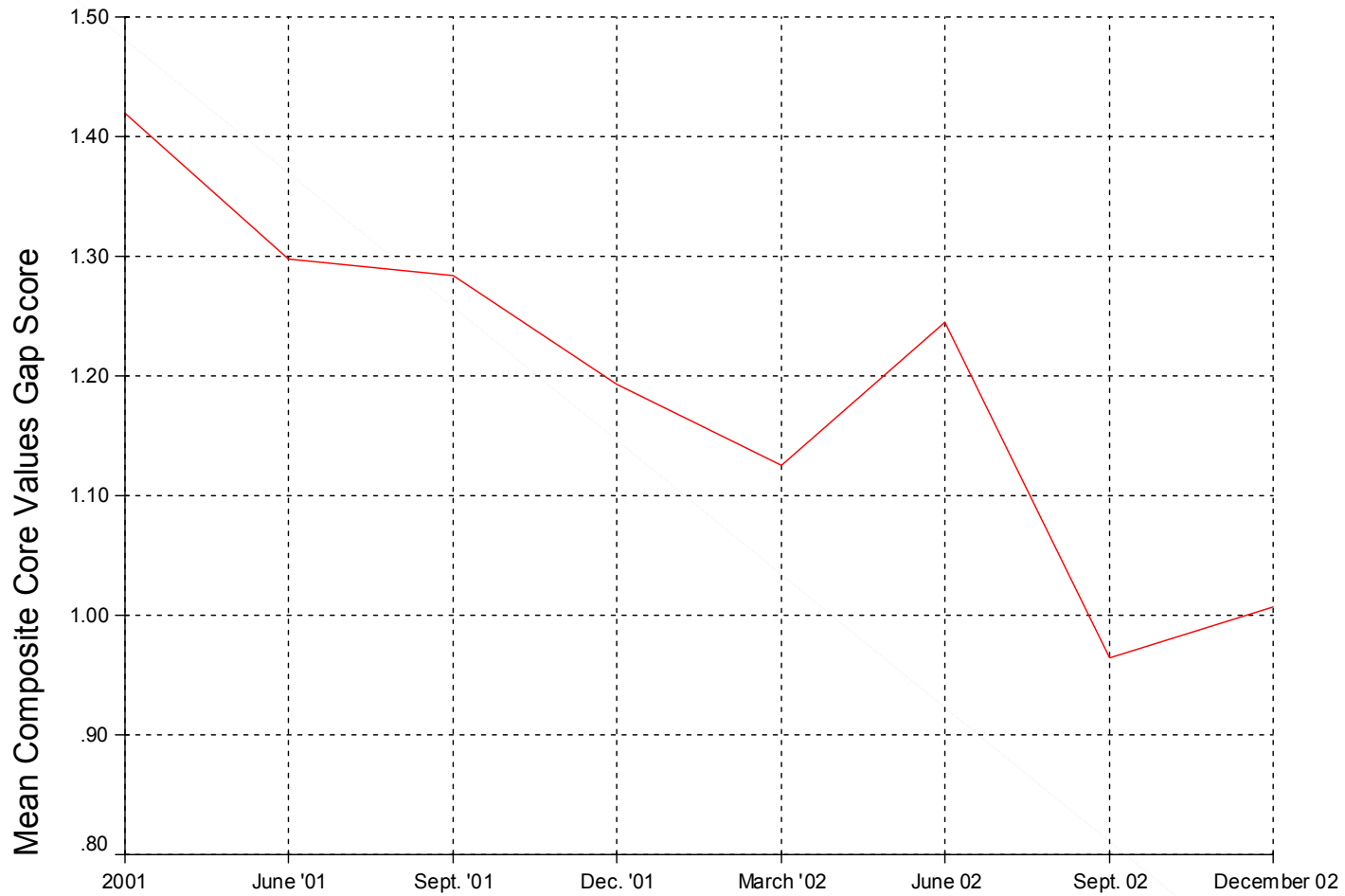


Time of Assessment

HR Dashboard: Overall Job Satisfaction



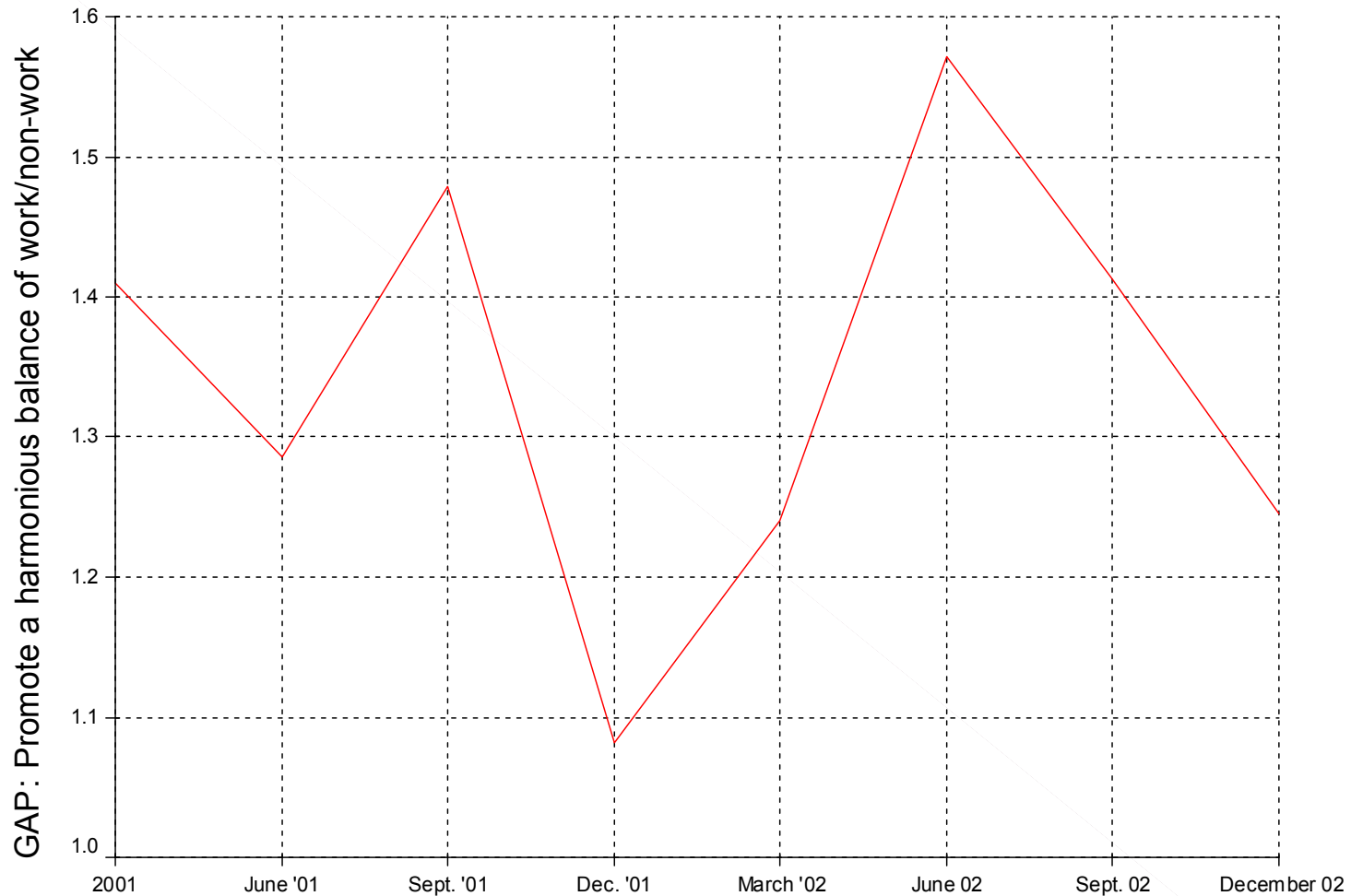
HR Dashboard Composite Core Values Gap



Year of Employee Assessment

Note: The ideal "gap" between "what is" and "what should be" = 0

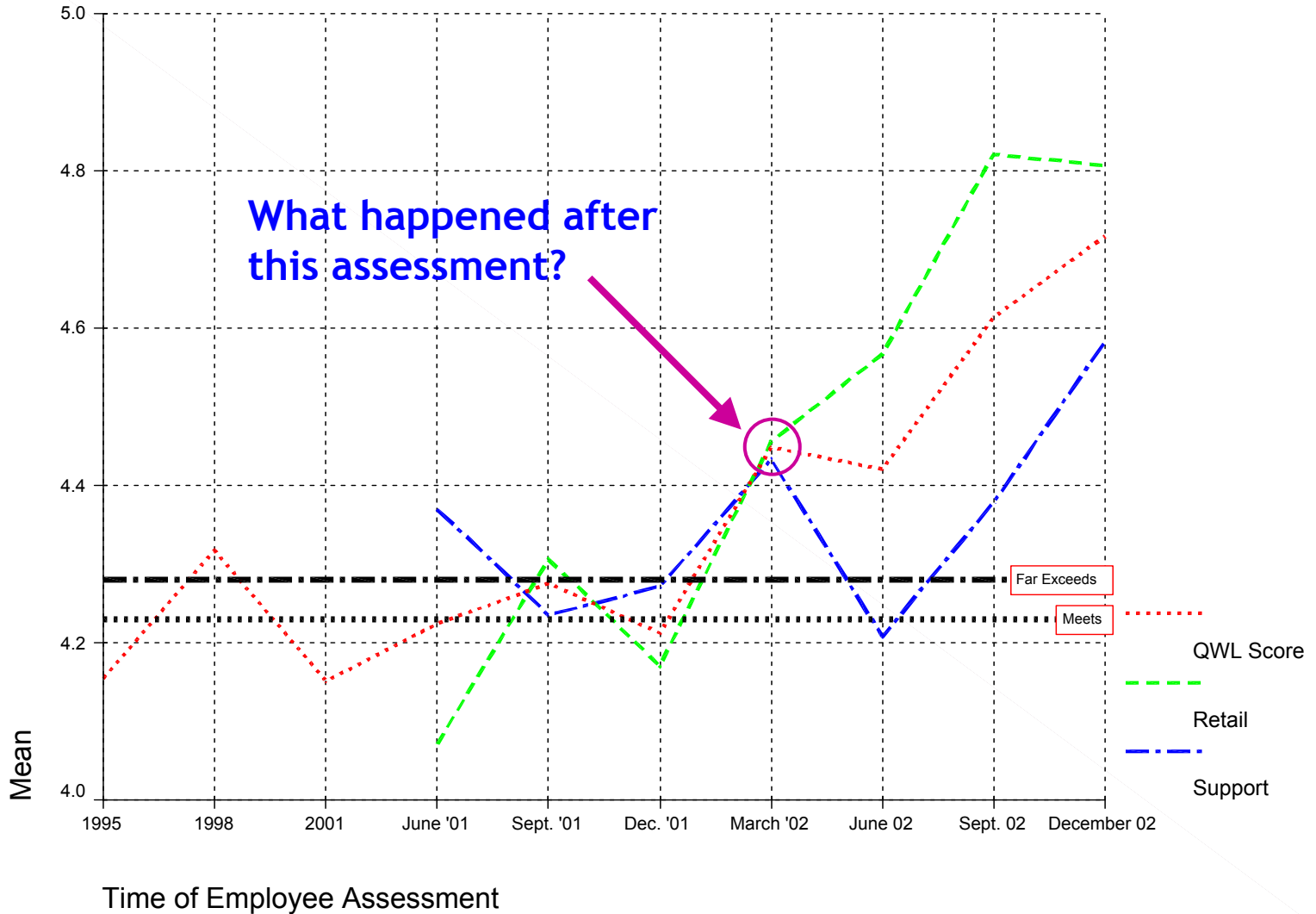
HR Dashboard: Core Values Gap Score -- Work/Life Balance



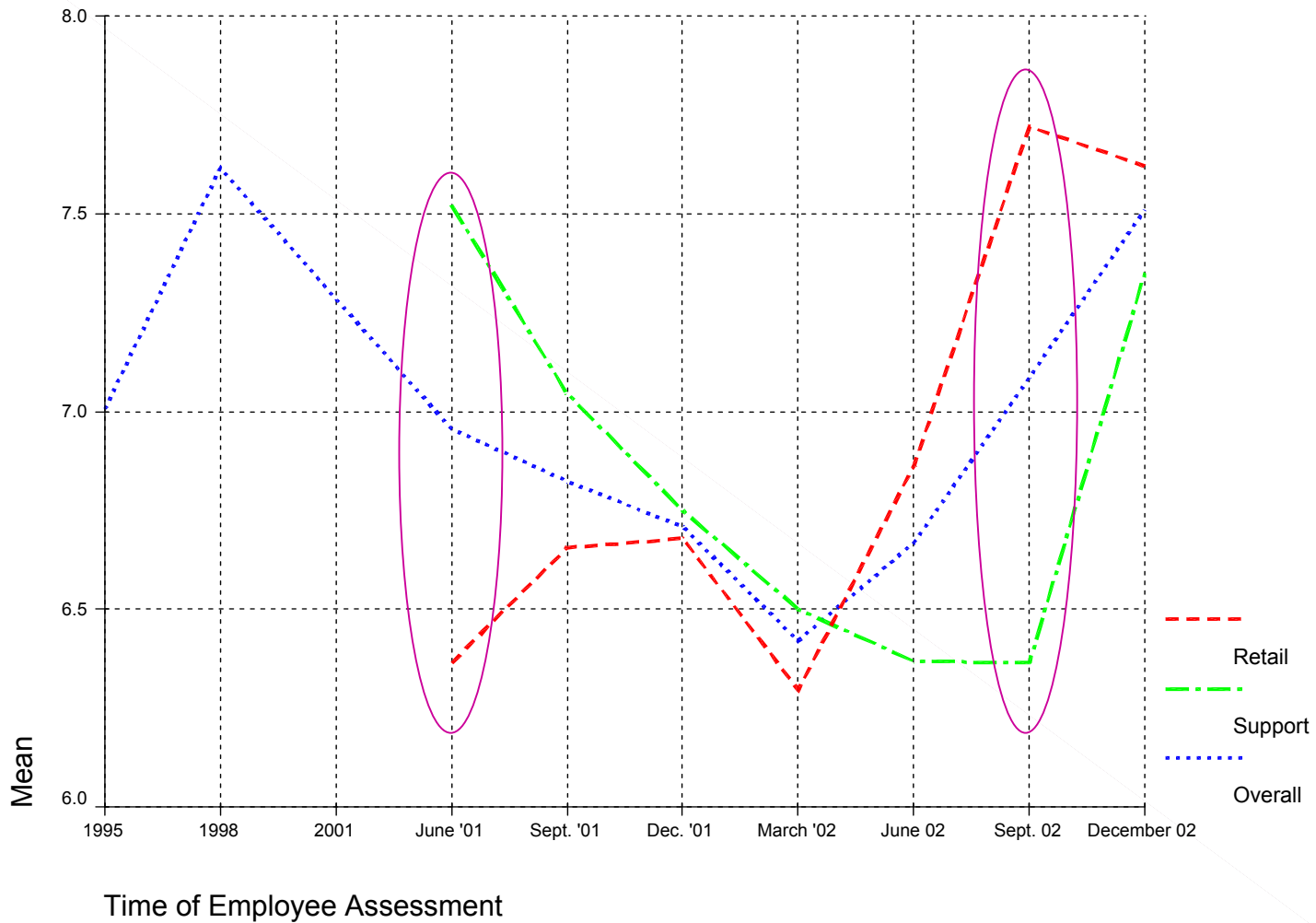
Time of Employee Assessment

Note: The ideal "gap" between "what is" and "what should be" = 0

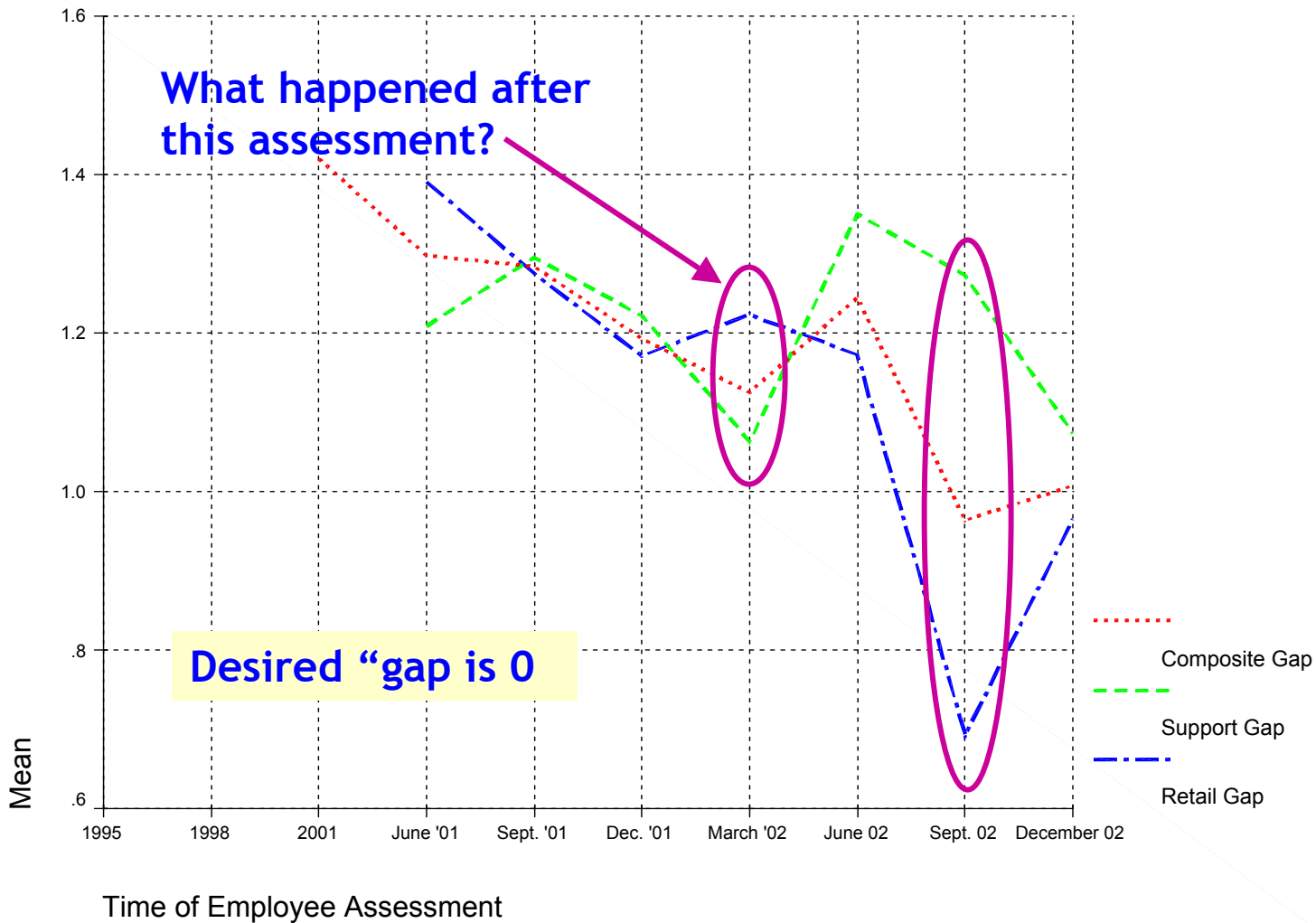
HR Dashboard: Composite QWL Score -- Retail & Support



HR Dashboard: Overall Job Satisfaction



HR Dashboard Core Value Gaps -- Support & Retail



Applying the Dashboard

1. HR programs and services.
2. Managerial performance feedback.
3. Variable pay.
4. Lessons learned – *What did we do that worked? Didn't work?*

Applying the Dashboard

5. Relationship to other critical measures:

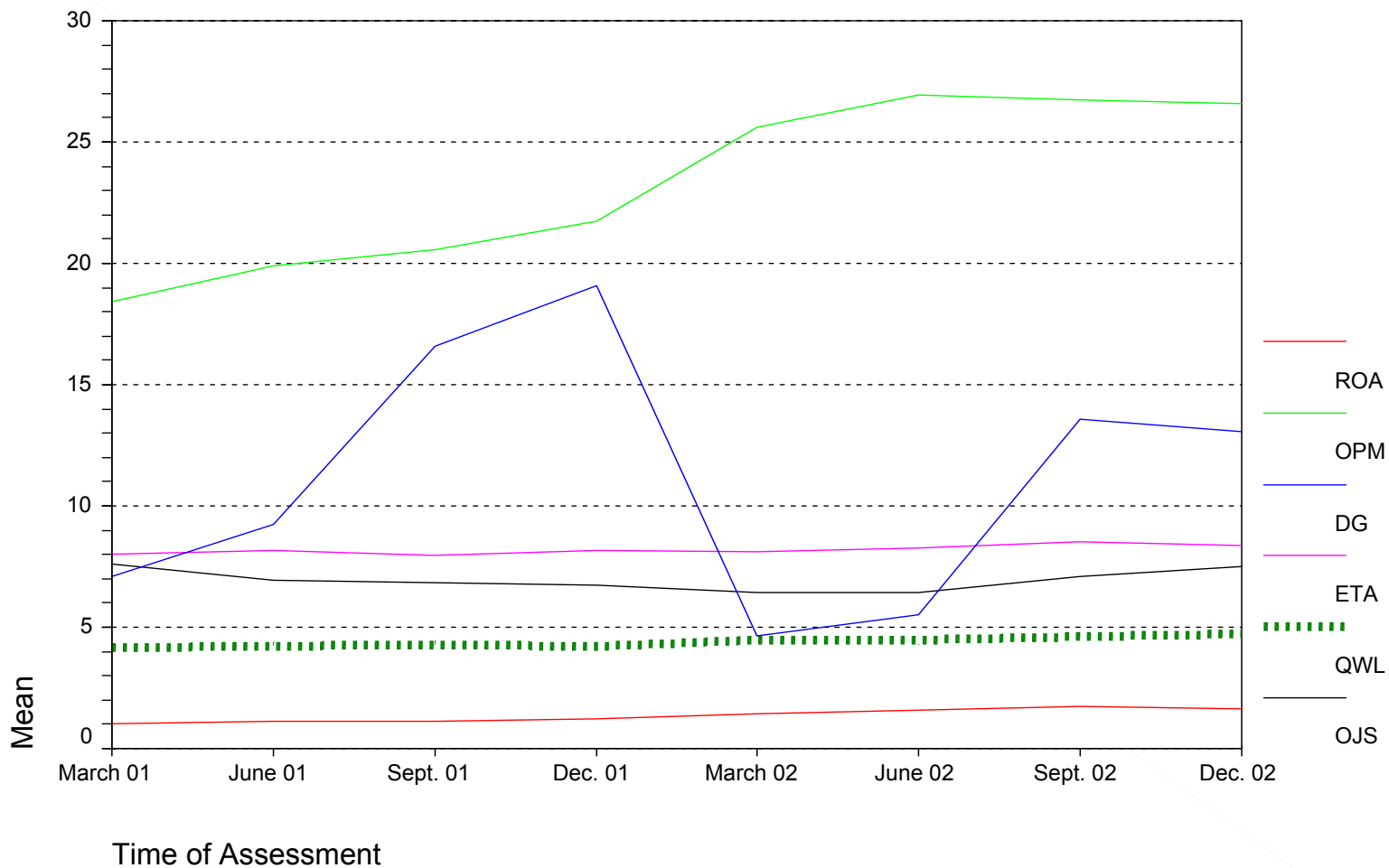
- Member/Customer Satisfaction
- Member Retention
- Financial Performance
- Employee Satisfaction
- Internal Customer Service

6. Focus of monthly management meetings.

7. Explore the differences between groups (retail vs. support).

Comparison of Financial Critical Measures

Critical Indicators Line Chart



Note: Each critical measure uses a different scale

Employee Critical Measures to Financial Measures

| Financial Critical Measures | 2001 | | | | 2002 | | | |
|--------------------------------|--------|--------|-----------|----------|--------|--------|-----------|----------|
| | March | June | September | December | March | June | September | December |
| ROA | 1.04% | 1.10% | 1.13% | 1.21% | 1.45% | 1.57% | 1.71% | 1.62% |
| OPM | 18.40% | 19.92% | 20.55% | 21.73% | 25.60% | 26.96% | 27.74% | 26.60% |
| DG | 7.09% | 9.25% | 16.57% | 19.07% | 4.66% | 5.50% | 13.59% | 13.08% |
| ETA | 7.99% | 8.14% | 7.95% | 8.15% | 8.13% | 8.24% | 8.54% | 8.35% |
| Employee Critical Measures | 2001 | | | | 2002 | | | |
| | March | June | September | December | March | June | September | December |
| QWL | 4.15 | 4.22 | 4.27 | 4.21 | 4.47 | 4.47 | 4.61 | 4.72 |
| OJS | 7.6 | 6.94 | 6.82 | 6.72 | 6.42 | 6.42 | 7.09 | 7.51 |

Employee Critical Measures to Customer Satisfaction Measures

| Financial Critical Measures | 2001 | | | | 2002 | | | |
|--------------------------------|-------|--------|-----------|----------|--------|--------|-----------|----------|
| | March | June | September | December | March | June | September | December |
| Retention | 88.87 | na | na | 88.93% | na | na | na | 92.38% |
| Member Service | na | 83.50% | 83.50% | 85.00% | 83.75% | 84.08% | 84.95% | 86.88% |
| Employee Critical Measures | 2001 | | | | 2002 | | | |
| | March | June | September | December | March | June | September | December |
| QWL | 4.15 | 4.22 | 4.27 | 4.21 | 4.47 | 4.47 | 4.61 | 4.72 |
| OJS | 7.6 | 6.94 | 6.82 | 6.72 | 6.42 | 6.42 | 7.09 | 7.51 |



All yours. All the time.

Differences Between Retail and Support Departments

- 2001 kicked off retail training for frontline staff.
- In order to be member focused, we needed to be “Frontline or Retail focused first”.
- Limited training for support staff.
- Beginning of “Refi” boom.
- Active improvement of retail management
- Reorganization of support staff & departments.

Challenges/Lesson's Learned

1. Select the right measures – and adjust as issues emerge.
2. Establish realistically challenging goals or targets.
3. Present the HR Dashboard graphically: radial dials, bar charts, and line charts.
4. Provide guidance to leadership and staff in how to interpret and respond.
5. Allow time for the HR Dashboard to tell the story; don't move too quickly to make changes or adjust your HR efforts.

Challenges/Lesson's Learned

6. Use open-ended comments carefully.
7. Anchor the quarterly assessments with periodic assessments of the entire employee population.
8. If using the HR Dashboard in variable compensation:
(a) use as only one component and (b) test the HR Dashboard methodology for at least one full year to test its volatility and its responsiveness to managerial actions.
9. Use the HR Dashboard to help you identify areas of “high leverage” for effecting change in employee attitudes.

What is YOUR HR Dashboard?

What are the key dials on your HR dashboard?



Thank you!

For more information on the HR Dashboard and
the UW Credit Union . . .

www.RussellConsultingInc.com

www.uwcu.org

For a **FREE** copy of our PowerPoint presentation (in
PDF format) go to: www.RussellConsultingInc.com