

Article from **SCIP.online** (http://www.imakenews.com/scip2/e_article000257346.cfm?x=a2QhWTW,a1qFPVd4)

May 7, 2004

The state of CI for strategic human resources.

by David Carpe

One take on the state of CI for strategic human resources.

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"I must have a prodigious quantity of mind; it takes me as much as a week sometimes to make it up." - Mark Twain

I was delighted to read Michael Moretti's recent piece on CI in the hiring process, as well as the related piece which he wrote over at HR.com. For those interested, there was also a piece about CI for HR published last year by a SCIP member from Oracle called, 'CI to see them.' And for those who didn't make it to SCIP '04, Paul Houston and Vicki Griesinger presented a workshop on this exact subject, CI for HR. It went very well, and in fact resulted in intense hallway discussion afterward that got us all booted away for making too much noise (which is a good thing).

This is a very new area of interest for several major corporations, though intelligence gathering in general is old news to corporate HR. Historically, HR has worked with myriad consulting providers to examine compensation and benefits, technology for HR, as well as all other critical operations such as staffing, labor relations, compliance and policy. Even so, this still leaves deep information gaps and perplexing blind spots.

It seemed that it might be of interest here to examine several major areas of emerging interest to corporate HR executives in the area of CI - without talking ragtime. This list is not all inclusive, and these are in no particular order:

HR BPO

Yes, another acronym. This time it's business process outsourcing for human resources. Safire at the NY Times was kind enough to point out that outsourcing is a totally new gerund, that's great news for gerund watchdog organizations. If you want to get a feel for just how big this is, consider this recent quote from Gartner (www.gartner.com), "By 2004, HR BPO is forecast to reach \$51 billion and represent 39 percent of all BPO revenue." Of course, this assumes that you believe anything that Gartner has to say; they predicted a \$20B dollar CRM market by the end of 2000, when in fact it's still hovering around \$10B in 2004.

After the earth cooled, and long after the dinosaurs came, major organizations began to develop HR shared service centers to reduce the cost of supporting many internal clients (e.g. fielding calls about retirement benefits and 401Ks from 200 thousand employees). HR BPO, just like other areas of business process outsourcing, aims to

change forever the way HR does business. To keep an eye on this large market, consider bookmarking HRO Today (www.hrotoday.com), a site for the publication that keeps tab on this area of industry.

As a result, HR leadership is charged with the vendor evaluation and review, and many have realized that traditional benchmarking in this nascent greed-laden market is not always enough. Many are being driven to seek out the mechanics of key competitor operations for BPO, combined with extensive evaluation of vendors (from the software players and the consulting firms moving into HR BPO to the payroll and related services providers moving upstream into this enormous market). Keep your eyes on this landscape, it is fiercely competitive. According to industry watchers, approximately two-thirds of the leading US companies are ripe for HR BPO.

Talent Discovery and Acquisition

The new mantra of corporate HR is, 'build a talent community.' Although it might seem darkly comical to recall that companies only recently began to confirm that 'people are really important,' please bear in mind that most firms were much busier rushing to keep up in core areas of productivity for the past two decades. Companies are already invested in systems and technologies that have streamlined the recruiting process, from applicant tracking systems and career sites to better vendor management (e.g. third party recruiters, benefits consultants, et al). One interesting vendor in this space is Hire.com (www.hire.com), a talent community related vendor with the most currently impressive list of clients (from FedEx and BP to Prudential and Raytheon).

However, many companies have begun to rip apart the mechanics of the entire discovery and acquisition process. New associations have emerged to address this trend, such as HCI (www.humancapitalinstitute.org), as well as new working groups within old associations, such as the influential Conference Board (www.conferenceboard.com) and the more talent-focused IACPR (www.iacpr.org). Within the process of talent discovery alone, major firms are separating executive talent from the rest of the organization by building internal search firm style operations, investing in entirely new types of software to engender tightly focused execution. Still others are further dividing such leadership into 'technical and managerial,' establishing additional groups to support these targeted efforts.

This sea change has resulted in new titles and roles, new reporting relationships, as well as the formation of entirely new talent related groups. Many recruiters now have the ears of top line hiring chiefs - though they have also been converted into facilitators or in certain processes, merely conduits of information. Countless corporations continue to fortify dedicated 'sourcing' units focused exclusively on the identification and pipelining of talent; this is done in an effort to drive down time and cost per hire while driving up quality and business support. Others are hiring dedicated CI personnel within the walls of HR devoted to supporting and refining these activities. In fact, Paul and Vicki discussed the role of the Talent Intelligence leader during their SCIP workshop, citing an examination of firms employing such individuals.

Because it is often difficult to understand the direct and indirect costs associated with such initiatives, many HR leaders seek analysis of major market players replete with suggestions for directions to take. These study targets include not only competitors, but also other major firms focused on aggressive development of advanced talent discovery and acquisition processes. All corporations want to avoid becoming casualties in the 'War for Talent' (that was the book written by Beth Axelrod of McKinsey who is now putting her money where her mouth is as the VP of Talent at WPP Group).

Social and Organizational Network Mapping

Though this touches the talent discovery process a bit, what is unique here is the degree to which corporate HR is beginning to borrow a bit from the field of Sociometry (as are many other areas of corporate beyond HR, particularly sales). The most basic and raw example of this is the use of applications like Spoke Software (www.spoke.com) for enterprise relationship mining, or Tacit (www.tacit.com) for the identification of expert resources within a company.

Social Network Analysis ("SNA") is a very real discipline, and should not be confused with online community sites like LinkedIn (www.linkedin.com), Ryze (www.ryze.com) or others – online social networking is not SNA. Journalists and others have latched on the catchy phrase, "social networking" and have unfortunately diluted its real meaning. While Spoke, for example, is increasing its credibility for SNA, there are many software tools and sites attempting to creep into this market with more amateurish offerings.

By using advanced survey instruments and modeling tools for SNA, available from vendors such as OrgNet (www.orgnet.com), companies might examine the interactions between various parties very deeply. A recent entrant, Visible Path (www.visiblepath.com) has pulled together an outstanding management team to deliver advanced SNA (social networking analysis) applications for corporate applications. Another firm to keep an eye on – Six Degrees (www.sixdegrees.com), they'll be re-launching shortly (they lost one key figure to Visible Path already).

One particularly interesting player in this space, with a recent entry into the US market, is Triviumsoft, the American subsidiary of Trivium SA (www.triviumsoft.com). Trivium's SEE-K software has already allowed giants such as Accenture to literally visualize their entire organizations with bold new insight (see their site for detail). Through such applications and efforts, large firms are able to more easily visualize and identify influencers, experts, and sort through dynamic relationships to effect change. Some use spidery looking maps, others use colorful pop art style trees – but all use hard and substantive data to put meaning into the images.

This is old news to sociologists, law enforcement groups and other areas of general research that have long used such approaches to study, for example, how infectious disease spreads, how a criminal syndicate communicates, or how peer networks impact teen drug usage. However, better cheaper technology is turning this into a powerful tool for business. For HR, understanding (for example) how to build an intelligence cycle around this data to drive actionable outcomes is paramount. Understanding how

competitors are getting it done is equally interesting.

Competitor HR Studies

Stepping back and keeping an eye on competitor HR activity is popular across the board. Major firms want to know what their industry counterparts are doing in the area of HR change, both strategic and tactical. Just as CEO's keep mindful eyes on the leadership activities of key competitors, HR leaders are developing equal interest in such monitoring activities, with a bent toward HR process and programs.

The ability to gain control of larger budgets has increased HR access to greater information and richer resources. A trend toward centralization of the HR function at HQ (per a Conference Board study) increases the ability to dynamically alter communication networks within and around HR; this promotes influence. In tandem, the ability required by HR to shift adroitly to respond to changes in management goals tied to the 'people part' of the organization prompts many ad hoc intelligence needs. These range from those described in this article all the way out to highly focused inquiries touching all things time, cost, technology, people and process. Some begin with HR SWOT analysis, and for more global firms, additional STEP analysis, and go from there; such studies spawn hundreds of new questions.

What appears to be driving this trend, based on personal experiences and interactions with Clew's own clients, is the elevation of the HR role itself. Over the years, HR has morphed from 'personnel director' reporting to the CFO to 'business partner' and corporate officer, reporting to the CEO or other key business unit executive. As a result, the entire executive profile has been altered. HR executives are more business savvy, heavily accountable for business outcomes, and consistently more visible at the leadership roundtable. One great way to follow this market is to take a look at HR Executive Magazine (www.hrexecutive.com), which reaches 75 thousand HR leaders every month, covering every major issue of concern to HR leadership. Others include Workforce Management Magazine (www.workforce.com) as well as the larger HR.com portal (www.hr.com).

Like all executives, HR leaders wish to be well informed. If you still think of HR as the biggest cost to an organization, rife with administrators and leaders disconnected from corporate strategy, think again. HR is a major – if not *the* major – locus of control driving any corporation's ability to make change happen. Just as HR is the biggest cost, it is also one of the largest potential corporate spends of the future.

As mentioned in earlier columns, please feel free to send an email if you have questions or comments: contact@clew.us . If you have questions specific to research around human capital, you are welcome to join the free PassingNotes listserv that I created in 1997 to address specifically the convergence of research, competitive intelligence and human capital; send a blank message to: passingnotes-subscribe@yahoogroups.com .

Background:

David Carpe received his BFA from the George Washington University and his MBA, with a concentration in Finance and Entrepreneurship, from Babson College. He has authored a case on Valuation for the Division Chair and has also served as a Volunteer Teacher with the National Foundation for Teaching Entrepreneurship. Professionally, he has worked in research with Fidelity Capital, served as a Management Consultant, acted as the founder and CEO of a venture backed software startup, and most recently has been working with Clew, LLC serving some of the world's most formidable organizations through Clew's CI for Strategic Human Resources practice (HRCI) and ClewRaRE™ services. David, his two sons, and their dog reside in Lexington. He is a member of SCIP, MIT Enterprise Forum, IRE and is a Founding Member of the Human Capital Institute. He also serves on the Board of Conditor, LLC. David has spent the majority of his career involved, somehow, with research, analysis, consulting and planning. Direct: 781.674.CLEW (2539) www.clew.us

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