

STRATEGIC WORKFORCE SOLUTIONS

PROVEN
THROUGH RESEARCH
SHAPED
BY EXPERIENCE
DELIVERED
TO YOUR BOTTOM LINE



BEATTY
HUSELID
BECKER

Linking people, strategy, and performance.

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In the face of dramatically increased levels of global competition,

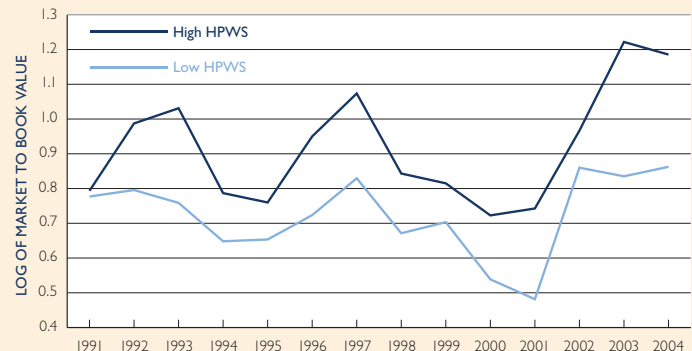
many of the traditional drivers of strategic success (such as economies of scale and proprietary technology) cannot create growth and profitability as in the past. As a result, the wealth-creating potential of the workforce, and the HR strategies and practices that impact it, has increased substantially. Of all the controllable factors affecting the creation of wealth, a workforce that can consistently execute strategy is a firm's most valuable asset. Yet in many organizations, workforce capabilities are both poorly managed and underutilized.

Dick Beatty, Mark Huselid, and Brian Becker founded Beatty-Huselid-Becker Associates to apply leading-edge academic research and practical experience to the role of the workforce in strategy execution. With over 100 years of experience in the design, implementation and measurement of workforce strategies, our background includes award-winning research, highly innovative and successful consulting engagements, and world class executive education experiences with more than 250 firms throughout the world.

Understanding what positions create wealth is absolutely essential, and we did not do it very well at all. We now know which positions impact our bottom line!

– President, The Americas

HIGH HPWS FIRMS OUTPERFORM THE COMPETITION



Over the last two decades, Dick Beatty, Mark Huselid, and Brian Becker have researched and consulted widely on the impact of HR and workforce management systems on strategic success and firm performance. Based on the largest, most comprehensive, and award-winning study of more than 3,000 publicly held firms over a fifteen year period, we have found substantial differences in HR management effectiveness across organizations.

Firms with what we describe as *High Performance Work Systems* (HPWS), i.e., recruiting and selection systems consistent with their competitive strategy, reward systems that reinforce successful strategy implementation, and development systems guided by business objectives dramatically outperform their peers. As shown in the accompanying graph, firms with above average HPWS scores averaged \$90,566 greater sales per employee and \$348,817 greater market value per employee from 1991-2004.

For more information about these results and our program of research, visit our website at: www.bhbassociates.com

MANAGING HUMAN CAPITAL TO EXECUTE STRATEGY

BALANCED SCORECARD



Source: *The Workforce Scorecard*, HBS Press, 2005

Effective strategy execution requires a series of steps that determine the core of our approach.

These include:

- Clarifying Strategic Choice and Identifying Strategic Capabilities
- Developing a Workforce Philosophy and Governance System
- Identifying Strategic Positions
- Developing a Talent Inventory and a *Strategic Human Capital Plan*
- Designing and Implementing a *High Performance Work System*
- Ensuring Line Manager Accountability for Workforce Success
- Designing and Implementing a *Workforce Scorecard*
- Designing and Implementing an *HR Scorecard*
- Restructuring the HR Function for Competitive Advantage

Meeting strategic objectives through effective workforce management and measurement

We have found that firms which routinely make difficult decisions about R&D, advertising, and manufacturing strategies rarely show the same rigor when it comes to their most valuable asset, the workforce. Often, firms with highly differentiated business strategies (i.e., clear goals, objectives, target markets, and customers) have completely undifferentiated workforces and HR strategies (i.e., they treat all jobs and employees in much the same manner, regardless of strategic contribution). As a result, over time they retain their lowest performing employees and lose their best employees, especially in strategic, wealth-creating roles.

Designing and implementing a High Performance Work System, as illustrated in the chart above, requires a disproportionate focus on placing "A players" in "A (or strategic) positions" for "A customers" and a rigorous analysis of business realities and strategic needs, strategic capabilities, and strategic positions. This is essential to win in the fiercely competitive intangibles-driven environment many firms are facing today and will surely face tomorrow.

Our research has shown that firms need three strategies: for the business, for the workforce, and for the HR function – as well as measures to evaluate progress in executing these strategies. With our proprietary tools and experience with more than 250 firms, we can help you achieve your strategic objectives through far more effective workforce measurement and management.

Strategic Assessment: Conducting an assessment of the gap between the workforce you have and the workforce you need to execute strategy is an important first step in the process of strategy execution. Using our research based and proprietary assessment tools, we can help you to not only assess workforce capability, but also to identify, prioritize, budget, and develop implementation plans that provide significant improvements in workforce quality and strategy execution.

Consulting: After completing a strategic assessment, BHB Associates can provide a wide variety of focused and effective interventions. These include: Strategic capability analysis, A, B, & C position identification, A, B, & C player assessment, and Strategic Human Capital Planning, among others.

Speaking: The principals of BHB Associates are regularly asked to deliver keynote speeches on workforce strategy and measurement to groups from 5 to 10,000 all over the world. Our talks are customized to your particular group and contain relevant material for senior HR professionals, senior line managers, and the executive team.

Coaching: The design and implementation of an effective workforce management and measurement system can be especially challenging. BHB Associates also provides individualized coaching and mentoring services. We work one-on-one with managers or executive teams to help them determine where they want to go, and to develop an action plan to help them get there.

These guys work very hard to make us better, to help us win. Without them, we would never have made the progress we have.

-VP-Biotech firm

About Us

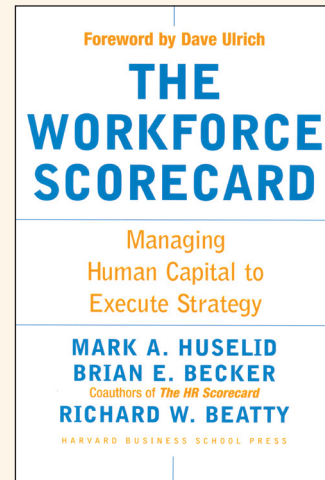
BEATTY — Richard (Dick) Beatty, PhD, is professor of Human Resource Management at Rutgers University and a member of the Core Faculty of the University of Michigan's Executive Education Center. Professor Beatty was president of the Society for Human Resource Management Foundation, a recipient of the society's Book Award, and twice received the Research Award from the Human Resource Planning Society. He is the author of *Performance Appraisal: Managing Human Behavior at Work* and *Human Resource Management: An Experiential Skill-Building Approach*, and is co-author of *The Workforce Scorecard* with Mark Huselid and Brian Becker. His research interests are in strategic human resource strategy and measuring all aspects of workforce performance.

HUSELID — Mark Huselid, PhD, is professor of Human Resource Management in the School of Management and Labor Relations (SMLR) at Rutgers University. Professor Huselid's research interests focus on the linkages between human resource management systems, corporate strategy, workforce measurement systems, and firm performance. He is a co-author of *The HR Scorecard: Linking People, Strategy, and Performance* with Brian Becker and Dave Ulrich and *The Workforce Scorecard* with Dick Beatty and Brian Becker. *The HR Scorecard* and *The Workforce Scorecard* have each been translated into nine languages and are international bestsellers. Professor Huselid was also the editor of *Human Resource Management Journal* from 2000 to 2004 and is a current or former member of numerous editorial boards. He is among the most frequently cited scholars in the field of management.

BECKER — Brian Becker, PhD, is professor of Human Resources and Senior Associate Dean in the School of Management at the State University of New York at Buffalo. Professor Becker has published widely on the financial effects of employment systems in both union and non-union organizations. His current research and consulting interests focus on the relationship between human resources systems, strategy implementation, and firm performance. He is a co-author, along with Mark Huselid and Dave Ulrich, of *The HR Scorecard: Linking People, Strategy, and Performance* as well as a co-author of *The Workforce Scorecard* with Mark Huselid and Dick Beatty.

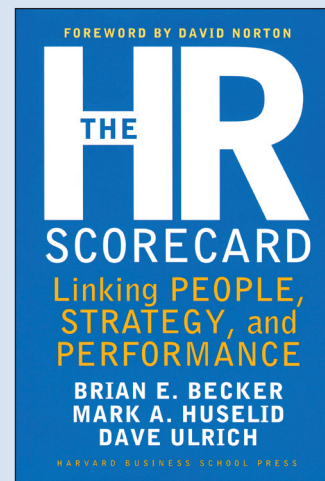
The Workforce Scorecard: Managing Human Capital to Execute Strategy

was published in 2005 by the Harvard Business School Press. It offers a framework that identifies and measures the outcomes, behaviors, competencies, mind-set, and culture required for workforce success and reveals how each dimension impacts the bottom line. The lynchpin of this perspective is an emphasis on looking at the role of human capital from the “outside in” (or customer back), not from the “inside out” (starting with the HR function).



The HR Scorecard: Linking People Strategy, and Performance

was published in 2001 by the Harvard Business School Press. In it, we argue that HR measurement systems must be based on a clear understanding of organizational strategy and the capabilities and behaviors of the workforce required to implement that strategy. *The HR Scorecard* is a tool to help managers design an HR architecture that relentlessly emphasizes and reinforces the implementation of the firm’s strategy.



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