WELCOME
AUGUST 1, 2017
9:00AM-10:00AM

PIVOTAL WORK

Talent Strategy
FOR FAST CHANGING TIMES

WITH JOHN BOUDREAU

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Dr. John W. Boudreau

Professor and CEO Research Director

Some of John’s focuses

• Bridge between superior human capital, talent and sustainable competitive advantage

• Works with companies worldwide to discover and maximize specific strategic bottom-line impacts of superior people and human capital strategies

What Does “High Performance” Mean?

• Varies with strategy
• Varies with work situation
• A complex interaction of
  – Performance value
  – Performance availability
  – Performance cost
• Constantly changing with new work arrangements and automation
Question for your C-Suite Team

Suppose I ask your workers “How certain are you that you know precisely where you must excel and where good enough is sufficient?”

How many levels below you is the answer vague or doesn’t match your own?
Logic of Talent & Organization Value

ANCHOR POINTS

Impact

Effectiveness

Efficiency

LINKING ELEMENTS

Sustainable Strategic Success

Resources and Processes

Organization and Talent

Interactions and Actions

Culture and Capacity

Policies and Practices

Investments
To Create the Largest Improvement in the Future Strategic Success of Your Business ... Where Would Improving Talent or the Organization Make the Biggest Difference?
Boeing 787: Supply-Chain Ecosystem

- **Kansas, Oklahoma**
  - Company: Spirit Aerosystems
  - Part: Leading edges

- **Japan**
  - Company: Mitsubishi Heavy Industries
  - Part: Wing box

- **Japan**
  - Company: Fuji Heavy Industries
  - Part: Center wing box

- **Japan**
  - Company: Kawasaki Heavy Industries
  - Part: Fuselage, wheel well

- **France**
  - Company: Latécoère
  - Part: Passenger doors

- **Sweden**
  - Company: Saab Aerostructures
  - Part: Cargo doors, access doors

- **Switzerland**
  - Company: Messier-Dowty
  - Part: Landing gear

- **Ohio**
  - Company: General Electric
  - Part: Engines

- **U.K.**
  - Company: Rolls-Royce
  - Part: Engines

- **North Carolina**
  - Company: Goodrich
  - Part: Nozzles

- **Italy, Texas**
  - Company: Alenia/Vought
  - Part: Horizontal stabilizer, center fuselage, aft fuselage

- **Korea**
  - Company: Korean Airlines-Aerospace Division
  - Part: Wingtips

- **Washington, Canada, Australia**
  - Company: Boeing Fredrickson
  - Part: Vertical tail assembly

- **Washington, Canada, Australia**
  - Company: Boeing Winnipeg
  - Part: Wing-to-body fairing

- **Canada**
  - Company: Boeing
  - Part: Engine pylons

- **Kansas, Oklahoma**
  - Company: Spirit Aerosystems
  - Part: Engine pylons

- **Korea**
  - Company: Korean Airlines-Aerospace Division
  - Part: Nozzles

- **U.S.**
  - Company: Boeing
  - Part: Engine pylons

**Source:** Boeing Co.
Deconstructing the Boeing Engineer

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**Boeing Engineers Pre-787**
- Aluminum
- Set Specifications
- Hold Vendors to Standards

**Boeing Engineers Post-787**
- Composites
- Parameters not specifications
- Facilitate Vendor Collaboration

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Diagram showing the relationship between Strategic Value and Performance, with lines for Collaboration and Technical Engineering.
Boeing Engineers: HR Implications

Rewards/Recognition
• Supplier “gold stars”
• “360” includes suppliers
• Celebrate external ideas

Development
• Rotate Boeing engineers to suppliers
• Rotate suppliers to Boeing (25% of Nagase’s career at Boeing)
• Training in supplier industry and processes

Staffing
• Encourage engineering programs to train on facilitation
• Suppliers interview candidates
• Engineer internships with suppliers
### HC BRidge® Summary: Boeing Engineers

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<td>Long-Haul, Fuel-Efficient, Smaller Capacity</td>
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<td>Organization and Talent</td>
<td>What roles and structures must we improve?</td>
<td>Boeing engineers must effectively elicit expertise from outside vendors</td>
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<td>Interactions and Actions</td>
<td>How do individuals need to behave and cooperate?</td>
<td>Engineers must change from dictating specifications, to collaborative design</td>
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<td>Culture and Capacity</td>
<td>What collective and individual characteristics must employees have?</td>
<td>Engineers must improve skills in building trust, sharing information, and motivating partners</td>
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<td>Policies and Practices</td>
<td>What organization effectiveness and talent management processes will we implement?</td>
<td>Rewards, training and staffing must shift from emphasizing technical expertise to collaboration</td>
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<td>Investments</td>
<td>What resources will we acquire, and how will we allocate them?</td>
<td>Training and performance bonus budgets shift from technical expertise to collaboration</td>
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What Does “High Performance” Mean?

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2nd INDUSTRIAL REVOLUTION

Late 19th – early 20th century
“The assembly line”

Features:
- Underpinning for Coase’s theory of the firm
- Companies as social institutions
- Organization of work into jobs
- Jobs as careers

3rd INDUSTRIAL REVOLUTION: FIRST MACHINE AGE

1960s – 1990s
“Nikefication” and core competencies

Features:
- Technology enablement and the web
- Companies as the nexus of contracts
- Steamlining of jobs to enable outsourcing

4th INDUSTRIAL REVOLUTION: SECOND MACHINE AGE

2000s – “Uberization”

Features:
- Mobile, sensors, AI and machine learning
- Companies as platforms
- Disaggregation of work into activities

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Industrial robots could be 16% less costly than humans by 2025

Labor-cost savings from adoption of advanced industrial robots (%), 2025

Source: The Boston Consulting Group

The full BCG report can be found here: http://www.slideshare.net/TheBostonConsultingGroup/robotics-in-manufacturing

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Will 47% of Jobs Be Automated?

47% of U.S. jobs will become obsolete by 2020.

An OECD working paper released in June 2016 by Melanie Arntz, Terry Gregory and Ulrich Zierahn surveyed individual workers in the U.S. and OECD countries about how often their work requires specific tasks. The researchers calculated how the frequency of different tasks associated with the occupational automation risk from the earlier Frey and Osborne study. For example, these tasks were negatively related to automation risk: “influencing,” “reading books and publications,” “writing articles,” and “using programming languages.” The OECD survey also showed that the frequency of tasks varied a lot within the same occupation.

The results: Only 9% of workers in the US face an automation risk of at least 70%, a sharp contrast to the earlier occupation-based estimate of 47%.
Deconstruction Reveals A Different Answer

Why the wide variance in estimates? The variation of tasks within occupations has a huge impact on work automation risk. Even in occupations at a high risk of automation, workers often perform tasks which are hard to automate, such as group work or face-to-face interactions with customers, clients, etc.

For example:
The occupation-based automation risk for “Bookkeeping, Accounting, and Auditing Clerks” is 98%, but the task-based study found that only 76% of employees in this occupation perform their job with group work or face-to-face interactions that are unlikely to be automated.

The occupation-based automation risk for “Retail Salesperson” is 92%, but the task-based study found that 96% of retail salespersons perform their jobs with group work and face-to-face interactions.
Deconstructed Work Shows Why

Analyzing work activities rather than occupations is the most accurate way to examine the technical feasibility of automation.

**Technical feasibility, % of time spent on activities that can be automated by adapting currently demonstrated technology**

- Least susceptible: 9
- Less susceptible: 20
- Highly susceptible: 64

**Time spent in all US occupations, %**

- Managing others: 7
- Applying expertise: 14
- Stakeholder interactions: 16
- Unpredictable physical work: 12
- Data collection: 17
- Data processing: 16
- Predictable physical work: 18

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Agile Work: Perpetually Upgraded

WHY?
What Does “High Performance” Mean?

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ROIP and the Technical Leader

Typical Assumption: Great at Everything
Deconstructing Technical Leader ROIP

“Leadership” Jobs

“Invention” Jobs

Inventing New Ideas

Deploy the Invention

Lead the Inventors

Invent New Ideas
The Dilemma of “the Technical Leader”

Missing Reality Produces:

- Long time-to-fill
- Gaps in talent pipeline
- Confused and Frustrated Leaders
- Poor Organization Results
What Does “High Performance” Mean?

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Is Meritocracy Overrated?
Value-Quantity-Cost: Typical Assumptions

Return on Improved Performance (ROI P)

Distribution of Performance in the Workforce

Cost of Rewards to Motivate Performance
The role of pilot in commercial airlines is vitally important.

Does it make sense to promote meritocracy among pilots?

What are the risks and returns?
Performance-Risk and Pilots

High-Risk and High Return

Reduce the Downside

Strategic Value

Low

High

Performance
Value-Quantity-Cost: Risk Reduction

Return on Improved Performance (ROI P)

Distribution of Performance in the Workforce

Cost of Rewards to Motivate Performance
Video Gamers Solve AIDS Enzyme Riddle
Value-Quantity-Cost: Rare Superstars

- **Return on Improved Performance (ROI P)**
- **Distribution of Performance in the Workforce**
- **Cost of Rewards to Motivate Performance**

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**Value**

**Quantity**

**Cost**

**Performance**
### Deconstructing Strategy: Four Lenses

**Strategy Element**

**Analysis**

*While examining strategy through each lens on the left, determine where having better talent than the competition is most critical*

| Industry Context | • What are the most important industry assumptions?  
|                  | • What are the major external assumptions within the strategy?  
|                  | • Are there critical areas where you are making assumptions about the industry that are different than key competitors? |

| Competitive Positioning | • What unique value do we create within this industry?  
|                         | • What makes our advantage difficult to duplicate?  
|                         | • How do we generate returns from the value created? |

| Resources | • What are your sources of competitive advantage?  
|           | • What resources do you have that competitors want? Vice-versa? |

| Processes | • Where does the performance of specific business processes/sub-processes most directly limit the results we intend to achieve (i.e., which constraints are most critical)? |
HC BRidge® Framework

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Impact

Effectiveness

Efficiency

LINKING ELEMENTS

Sustainable Strategic Success

Resources and Processes

Organization and Talent

Interactions and Actions

Culture and Capacity

Policies and Practices

Investments
Thank you!

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