Human Resources Management

Succession Planning
Jakarta, Dec 2004
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- 15 years Banking experience in Indonesia
- 17 years experiences in overall Human Resources area in national and multinational companies
- Previously with Citibank, N.A., Jakarta, ABN Amro, Pertamina,
- Senior Vice President of Human Capital Group, Bank Universal Tbk.
- Currently working as General Manager Human Resources Group PermataBank.
- Head of Indonesian Human Capital Forum
- Vice President of Indonesian Performance Management Association
- Active speakers in many HR Forums in Indonesia and overseas
Human Capital

AS COMPETITIVE ADVANTAGE
NEW RULES AND CHALLENGES IN GLOBAL COMPETITION
COMPETITIVE CHALLENGES AHEAD

1. Globalization
2. Value chain for Business Competitiveness
3. Profitability through Cost and Growth
4. Capability Focus
5. Change, change, and change some more
6. Technology
7. Attracting, Retaining, and Measuring Competence and Intellectual Capital
Aspects of Asia Pacific companies that will undergo the greatest change by the year 2000:

- IT Infrastructure - 50%
- Corporate Strategy - 61%
- Management Competencies - 70%
- Corporate Culture - 48%
- Organization Structure - 65%

Source: Economic Intelligent Unit “The Successful Corporation of the Year 2000”
Vision, Mission, Strategic Objectives

Key Successes In The Global Competitive Trend

Sources:

Arthur Andersen Business Consulting
## Top Ten Non Financial Variable considered by Financial Analyst

<table>
<thead>
<tr>
<th>Variable</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Execution of Corporate Strategy</td>
<td>1</td>
</tr>
<tr>
<td>Management credibility</td>
<td>2</td>
</tr>
<tr>
<td>Quality of corporate strategy</td>
<td>3</td>
</tr>
<tr>
<td>Innovation</td>
<td>4</td>
</tr>
<tr>
<td>Ability to attract and retain talented people</td>
<td>5</td>
</tr>
<tr>
<td>Market share</td>
<td>6</td>
</tr>
<tr>
<td>Management expertise</td>
<td>7</td>
</tr>
<tr>
<td>Alignment of compensation with shareholder’s interests</td>
<td>8</td>
</tr>
<tr>
<td>Research leadership</td>
<td>9</td>
</tr>
<tr>
<td>Quality of major business processes</td>
<td>10</td>
</tr>
</tbody>
</table>

Those ten ranking priorities are dealing with People

*Source: J. Low and T. Siesfield, Measures That Matters (Boston: Ernst & Young, 1998), take from the HR Scorecard, Brian E. Becker, Mark A. Huselid, Dave Ulrich*
Market to Book Value SP 500

The HR Scorecard, Brian E. Becker, Mark A. Huselid, Dave Ulrich
The Source of Value Has Shifted From Tangible to Intangible Assets

Percentage of market value related to...

<table>
<thead>
<tr>
<th>Year</th>
<th>Intangible Assets</th>
<th>Tangible Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td>38%</td>
<td>62%</td>
</tr>
<tr>
<td>1992</td>
<td>62%</td>
<td>38%</td>
</tr>
<tr>
<td>2000</td>
<td>85%</td>
<td>15%</td>
</tr>
</tbody>
</table>

1. Brookings Institute
2. Baruch Lev analysis of S&P500 companies
DISCUSSION

WHAT IS CROSSING IN YOUR MIND
WHEN YOU HEAR ABOUT

HUMAN RESOURCES ?
Understanding about Human Capital
**Human**: From the Latin *hominen*, for man means of or relating to people.

**Capital**: From the Latin *caput*, for head has many nuances. In its simplest usage, it means the first, biggest, or best. In modern accounting, it means net worth—the remaining assets of a business after all liabilities have been deducted.
• Human beings are dynamic assets that can increase in value over time, not inert assets that depreciate in value.

• Human beings are prime among all assets. Capital is synonymous with net worth—the remaining assets of business after all liabilities have been deducted.

• Human beings and the system created to recruit, reward and develop them, form a major part of any company’s value as much as or more than other assets such as cash, land, plants and equipment.

Sources:
Human Capital
Delivering Promises
By Arthur Andersen
Integrating Business Strategy with Human Capital Strategy
The Key

Linking the Business Strategy With HR Strategy
Linking the Organization Strategy and Scorecard with the HR Strategy

**STRATEGIC FOCUS**
- Operational Expenses
- Product Leadership
- Customer Intimacy

**COMPANY VISION, MISSION, VALUES**

**FINANCIAL SUCCESS**
- Revenue
- Cost
- Return

**WORKFORCE SUCCESS**
- Mind-set
- Competency
- Behavior

**BUSINESS PROCESS SUCCESS**
- Speed
- Productivity
- Transactions

**PERSONAL CREDIBILITY**
- Business Knowledge
- Strategic Contributions
- HR Delivery
- HR Technology

**HR COMPETENCY**
- Strategic Focus
- Business Knowledge
- HR Practices
- HR Systems

**HC COMMUNITY ROLES**
- Strategic Partner
- Administrative Expert
- Change Agent
- People
- Employee Champion

**FINANCIAL SUCCESS**
- Revenue
- Cost
- Return

**COMPANY VISION, MISSION, VALUES**

**WORKFORCE SUCCESS**
- Mind-set
- Competency
- Behavior

**BUSINESS PROCESS SUCCESS**
- Speed
- Productivity
- Transactions

**Sources:**
University of Michigan Business School 2003
HR Strategic Alignment Framework

- **Corporate Vision**
  - Corporate Scorecard
  - Performance Management System

- **Business Strategy**
  - Competencies: Core People Managerial Technical
  - Assessment System

- **Organization Capabilities**
  - Org. Design & Structure
  - Job Scope/Description

- **Implications to Business**
  - Job Grading

- **HR Vision/Strategy**
  - HR Roles: As Strategic Partner, As Changing Agent, As Employee Champion, As Administrative Expert

- **HR Project Implementation**

**HR System**

- Compensation and Benefit Management, Training, Recruitment, Change Management, Culture Design, Industrial Relation, and Communication
Human Capital Competencies

Four Roles of Human Capital
HC Role in Building a Competitive Organization: Shared Responsibility

FUTURE / STRATEGIC FOCUS

- STRATEGIC PARTNER
  - HC GENERALIST
  - HC SHARED SERVICES
  - INFORMATION TECHNOLOGY
  - OUTSOURCE

- CHANGE AGENT
  - EXTERNAL CONSULTANT
  - LINE MANAGERS
  - EMPLOYEES

PROCESS

PEOPLE

Sources:
HR Champion, by Dave Ulrich
HR will perform more strategic activities and partner with the business more effectively.

Align HR activities and programs with the strategic direction and business needs of the organization.

- Develop and deliver programs that enhance the organization's ability to attract, develop & retain superior performers.
- Handle employee transactions and inquiries.
- Manage vendors, suppliers, budgets, and HR systems.

Study conducted by Hay/McBer & Company, presented by Lyle M. Spencer, Jr., PhD.

Transform HR to become a strategic partner ...
This shift represents HR evolving to meet the changing focus of the business.

**Evolution of the Enterprise**

**Focus of the Business**
- Standardization
- Economies of scale
- Head office as command & control
- Financial Capital
- Market Focus
- Efficiency
- Matrix/Shared Control
- Customer Capital
- Customer Focus
- Economic Value Added
- Centralized Development
- Local Delivery
- Workforce Capital

**Drivers of HR**
- Policy & Regulation
  - Control & Compliance
- Human Resource Management
  - Internal customer
  - Decentralized services
  - Benefits administration
  - Process cost reductions
  - Crisis management
- Strategic Business Plans & Objectives; Productivity & Growth
  - Manage organizational performance and competence
  - Deliver contingency-based solutions
  - Integrative workforce practices
  - Facilitate change
  - Knowledge management

**Focus of HR**
- Labor Relations/Personnel
  - Legal and regulatory agencies
  - Policy development and administration
  - Organizational status quo
- Administration
  - Documenting & Diagnosing
  - Policy and Regulation
- Human Capital Management
  - Planning & Monitoring
  - Budgets and Headcounts
- Consultation
  - Partnering & Problem Solving
  - Strategic Plans & Objectives

**HR Skills**
- Human Resource Management
- Management
- Workforce and Knowledge Management

**Role of Technology**
- HR Transaction Processing
- Employee/Manager Self Service

**NEW ROLE FOR HR**
Succession and Retention Planning
The average cost of recruiting, selecting, orientating, and training is $1\frac{1}{2}$ to 3 times a person’s salary.

Above-average employees outperform below-average employees by $3 \frac{1}{2}$ to 4 times.

- Lost Opportunities
- Lost Customers
Many Large Corporations Are Experiencing Major Changes in Their Organizational Frameworks

**Institutional Mode**
- # 1
- Internally Focused
- Expand - Grow in areas we believe to be right

**Survival Mode**
- $ (money)
- Externally Focused
- React to most urgent needs

**Business Mode**
- Customers
- Stakeholder Focused
- Sustained Competitive Edge
- Employees
- Shareholders

React to most urgent needs
Organizational Competence for Business Changing Approach

**STRATEGIC DIRECTION**

- Products
- Markets
- Competition

**Competitive Advantage**

- Structure
- Job Design
- Process
- Staffing
- Culture

**COLLECTIVE INDIVIDUAL COMPETENCE**

- Experience
- Skills
- Mindset
- Perspective

**ORGANIZATIONAL COMPETENCE**

STRATEGIC ALIGNMENT FOR BUSINESS SUCCESS

Organization needs the continuous reliable successors to survive in global competition
Career Ladder
Cross Road Model

Crossroad # 1
Crossroad # 3
Crossroad # 5
Crossroad # 7

Crossroad # 2
Crossroad # 4
Crossroad # 6

Enterprise Manager
Segment Manager
Group Manager
Business Manager
Functional Manager
Manage Others
Manage Self

Organization / people needs natural cross roads model
to support successful succession planning
There is no instant career move in the good organization practices….
Experience is the best teacher and a significant element in ones career movement
## Career Ladder and Competency

### Unique Contribution/Skills Expected at this layer

Mark with an “✓” the unique contributions observed:

- Connect enterprise with key externals
- Vision/mission/strategic framework for enterprise
- CEO/senior level succession
- Integrate business segment
- Strategic differentiation/capital allocation
- Global vision/mission/strategic framework
- Develop Business General Managers
- Regional strategy and resources
- Performance enhancement/productivity/controls
- P & L Management
- Business strategy
- Functional Integration
- Functional strategy and linkages
- Technical excellence and continuous improvement
- Managing managers
- People management
- Process management
- Cross-team collaboration
- Company values/work values
- Technical competence
- Time management

### The individual’s potential assessment is:

Turn | Growth | Mastery

---

Indicate with a circle the individual’s current crossroad layer position:

- CEO
- Global Bus. Segment
- Manage Group
- Manage Business
- Manage Function
- Manage Others
- Ind. Contributor
Career Planning and Succession Planning Tools

Talent Inventory

Is one of the most effective tools to build the organization
Succession planning
Primary Purpose

To assess the organization - specifically the current performance and future capabilities of the leadership team as a whole.
What is The Talent Inventory Review?

For the organization, TIR is a strategic business tool for the organization, indicating key skill sets and skill developmental needs in the context of the business strategy.

- Identified leadership strengths within the organization, as well as gaps and weaknesses that may need to be addressed by going outside the organization.

- Makes the human dimension an integral part of strategic focus in keeping with organizational priorities expressed in the balanced scorecard.
The Talent Inventory Review

FOR MANAGERS, TIR IS A POWERFUL MANAGEMENT TOOL

- Gives a profile of business’s cumulative leadership strengths and weaknesses.
- Identifies skill gaps in order to implement strategy, to make better staffing decisions.
- Provides a standard framework for performance review throughout the Bank, upon which staffing and development plans can be created.
- Sheds light on ability to make business objectives, given the people have decked against those priorities.
What is The Talent Inventory Review?

FOR EMPLOYEES, TIR IS A CAREER DEVELOPMENT TOOL

- Provides *feedback on individual’s performance, professional skills and potential* when measured against organization wide standards.

- Enable to review *employee’s long-term career objectives* and *next assignment potential* in the context of the Bank’s assessment and their own needs.

- *Increase the opportunity for taking a proactive role* in managing and developing their own careers.
Who Benefits From The TIR?

You & Your Management Team

- People management
- Leadership
- Retention

Employees

- Better feedback
- More control

The Organization

- Globally
- Leadership
- Alignment with our values
The green leaves and the red fruits will never come from the spoil roots.....

Performance indicates good POTENTIALITY
The Crossroads Model is used to look at potential based on previous performance.

Potential is not an absolute measure.

Potential is a combination of:
- demonstrated capabilities
- motivation to do what’s required to perform successfully at the new crossroads layer (learn new skills, accept new challenges)
- willingness to pursue desired career direction
Judging performance starts with defining work -- creating jobs.

To enable us to ensure that we have a fully performing organization we must develop a clear understanding of what our customers, shareholders and associates require people to do and how well they are doing it.

We therefore need to:

**Describe the job**
Everything inside this circle represents a job. Everything outside is someone else’s job. If we add these circles up we, as a corporation, would be delivering all that the customers, shareholders and associates require - no more and no less.

**Describe the Performance Criteria**
Each slant represents a task or job dimension well done. A complete job has several. These may have to do with operating results, customers, risk and business proficiency, execution, leadership etc.
**Performance Levels**

**EXCEPTIONAL PERFORMANCE**

The line extends beyond circle. All dimensions are performed fully with several exceeding the full performing standards.

**FULL PERFORMANCE**

A complete line across the circle. All dimensions are of the job are being fully performed.

**CONTRIBUTING PERFORMANCE**

An incomplete line across the circle. All dimensions are not being done fully or perhaps not at all.
Performance Levels

OBJECTIVE

OBJECTIVE #1 -- Our Ultimate End State

Full Performance
✧ Is the #1 objective.
✧ If all individuals looked like this, we would be meeting all our responsibilities toward our customers, shareholders and associates.

OBJECTIVE #2 -- Our Immediate Need

Turn Potential
✧ High growth individuals / high performing individuals who do their jobs well and have shown the ability and desire to do more.
✧ It is not, however, our overall objective. This is an inherently unstable condition. It is a transition state requiring action. Such individuals should be given larger jobs to do. If not, they are candidates to resign for bigger jobs elsewhere.

Talent Inventory
Performance Problems

PROBLEM #1

Performance Gap
郡 Some dimensions are not being done, or are not adequately done.
郡 This creates an important development agenda for us -- left unsolved, we are short-changing customers, shareholders and / or associates.

PROBLEM #2

Inappropriate Ambition
郡 Doing elements outside their job while not fully performing elements within their current scope.
郡 This creates a development and motivational agenda:
  - their energies and interests should be re-channeled towards full performance of their current job.
  - they become a problem for others within the corporation in addition to not pulling their own weight in the delivery of corporate results.
**Performance Problems**

**PROBLEM #3**

Narrowly-Defined Jobs

- A job is defined too narrowly, sometimes by inappropriate agreement between an individual and his / her boss. (e.g. take out costs vs invest for the future).

**PROBLEM #4**

Growth Potential

- An inherently unstable condition.
- Need to move to larger jobs, if not they’ll leave to do it elsewhere, or stop doing the less interesting aspects of their current job.
- The issue: ensuring performance at higher levels -- the question of promotability.
Potential Levels

**Turn Potential**

The ability & desire to move to a job at a different layer of the crossroads model.

**Growth Potential**

The ability & desire to move to a bigger / more complex job along the same layer of the crossroads model.

**Mastery Potential**

The ability & desire to keep current with changing job requirements and deepen experience and specialization. Will not move along or to a higher crossroads model.
<table>
<thead>
<tr>
<th>Performance / Potential Rating Definitions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EXCEPTIONAL PERFORMER</strong></td>
</tr>
<tr>
<td>Demonstrates excellent leadership</td>
</tr>
<tr>
<td>abilities and achieves results</td>
</tr>
<tr>
<td>in a way that builds and maintain</td>
</tr>
<tr>
<td>relationship.</td>
</tr>
</tbody>
</table>

**Turn**
Have been able to demonstrate competence in at least 2-3 unique contributions expected at a higher crossroads layer.

<table>
<thead>
<tr>
<th>Exceptional Performance / Turn Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Box 1)</td>
</tr>
<tr>
<td>- Has mastered most if not all aspects of the current role.</td>
</tr>
<tr>
<td>- Ready to make a crossroads turn.</td>
</tr>
<tr>
<td>- An appropriate new assignment should be found for this individual.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Full Performance / Turn Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Box 3)</td>
</tr>
<tr>
<td>- Meets the performance standards for the current position.</td>
</tr>
<tr>
<td>- Demonstrates the capacity to make a crossroads turn in the future.</td>
</tr>
<tr>
<td>- Should be managed to exceptional performance in the current role prior to new turn assignment.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Contributing Performance / Turn Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Box 6)</td>
</tr>
<tr>
<td>- Recently promoted (within the last year.</td>
</tr>
<tr>
<td>- Must be coached to reach full performance as soon as possible.</td>
</tr>
<tr>
<td>- Monitoring performance to support him/ her because the nature of new job is critical.</td>
</tr>
</tbody>
</table>

**Growth**
Demonstrate excess capacity in their current role, but have not demonstrated the ability to perform at least 2-3 unique contribution skills from a higher crossroads layer.

<table>
<thead>
<tr>
<th>Exceptional Performance / Growth Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Box 2)</td>
</tr>
<tr>
<td>- Has mastered most if not all aspects of the current role.</td>
</tr>
<tr>
<td>- Ready for a broader assignment within the current crossroads layer.</td>
</tr>
<tr>
<td>- Development focus on adding skill for next assignment.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Full Performance / Growth Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Box 5)</td>
</tr>
<tr>
<td>- Meets the performance standards for the current role.</td>
</tr>
<tr>
<td>- Could assume a broader assignment within the current crossroads layer.</td>
</tr>
<tr>
<td>- Should be challenged, but focus should be on performance improvement.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Contributing Performance / Growth Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Box 8)</td>
</tr>
<tr>
<td>- Fully performing or exceptional in some dimensions, but shows deficiencies in others.</td>
</tr>
<tr>
<td>- Gaps may result from not having sufficiently mastered the requirements of the new positions, may be a long standing condition.</td>
</tr>
<tr>
<td>- Incumbents should be: coached to full performance, or: should be removed from the position if unable to attain full performance within a short.</td>
</tr>
</tbody>
</table>

**Mastery**
Work at learning and using new skills in their role, but do not demonstrate competence or desire for acquiring these unique contributions and skill required at higher organizational layer.

<table>
<thead>
<tr>
<th>Exceptional Performance / Mastery Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Box 4)</td>
</tr>
<tr>
<td>- Has mastered most if not all aspects of the current role.</td>
</tr>
<tr>
<td>- Capable of performing effectively in different roles of similar management scope.</td>
</tr>
<tr>
<td>- Seasoned pro who can be of considerable help in training others, or start-ups and turnarounds where expertise is required.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Full Performance / Mastery Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Box 7)</td>
</tr>
<tr>
<td>- Meets the performance standards for the current role.</td>
</tr>
<tr>
<td>- Probably capable of performing effectively in another role of similar management scope.</td>
</tr>
<tr>
<td>- Should be coached to drive for exceptional performance to become a seasoned pro.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Contributing Performance / Mastery Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Box 9)</td>
</tr>
<tr>
<td>- Performance falls short of the standards for the position.</td>
</tr>
<tr>
<td>- Provided that business results are not being jeopardized, a performance improvement plan must be executed immediately.</td>
</tr>
<tr>
<td>- Individual should be removed from the position as soon as possible.</td>
</tr>
</tbody>
</table>
Putting The TIR To Work For The Organization

Using The Talent Inventory data as a diagnostic tool against business strategy
Managing a set of dynamics using The 9 Box Matrix

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coach / develop to be exceptional performer</td>
<td>Manage / coach / develop to be an exceptional performer</td>
<td>Coach / develop to continue to have turn potential</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Move out in next 12 months to a job at the next crossroad layer</td>
<td>Move out in next 12-24 months to a job on the same crossroad layer</td>
<td>Coach / develop to become fully performing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>3</td>
<td>6</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Move out in next 12 months</td>
<td>Move out in next 12 months</td>
<td>Move out in next 12 months</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leverage mastery for benefit of the organization</td>
<td>Coach / develop to become an exceptional performer</td>
<td>Coach / develop to become fully performing or</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>7</td>
<td>9</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Move out in next 12 months
1. Market forces -- new products, markets, competitors -- will naturally result in moving our collective profile to the right.

2. Our first managerial priority is to improve performance to maintain or enhance our competitive position.

3. Then, we should focus on getting growth out of our people.
Ideal grid depends on business situation.

Here are 3 examples of ideal grids for business at different stages, and the rationales behind them.

<table>
<thead>
<tr>
<th>Ideal Grid</th>
<th>RATIONALE</th>
</tr>
</thead>
<tbody>
<tr>
<td>15% 20% 5%</td>
<td>• Start-up business require a significant population ready to quickly grow (boxes 1, 2, 3)</td>
</tr>
<tr>
<td>20% 10% 0%</td>
<td>• They also require a high compliment of seasoned pro (box 4)</td>
</tr>
<tr>
<td>20% 10% 0%</td>
<td></td>
</tr>
<tr>
<td>55% 40% 5%</td>
<td></td>
</tr>
</tbody>
</table>

**START UP BUSINESS**
The Ideal Grid

Uncovering The Gap Between What You Have And What You Need

<table>
<thead>
<tr>
<th>Ideal Grid</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>15%</td>
<td>10%</td>
<td>5%</td>
</tr>
<tr>
<td>15%</td>
<td>10%</td>
<td>5%</td>
</tr>
<tr>
<td>20%</td>
<td>15%</td>
<td>5%</td>
</tr>
<tr>
<td>50%</td>
<td>35%</td>
<td>15%</td>
</tr>
</tbody>
</table>

| 30% |
| 30% |
| 40% |

RATIONALE

• Growing business require a high proportion of exceptional performers (boxes 1,2,4).

• Require a pipeline of people ready to move to next crossroads (boxes 1,3) as opportunities arise with growth.

• A high proportion in box 2 reflects the need to have people grow along same crossroads as their job expands.
The Ideal Grid
Uncovering The Gap Between What You Have And What You Need

3

**CONSOLIDATION MODE**

(Consolidate past gains and maintain existing market share)

<table>
<thead>
<tr>
<th>Ideal Grid</th>
<th>15 %</th>
<th>25 %</th>
<th>60 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 %</td>
<td>5 %</td>
<td>5 %</td>
<td></td>
</tr>
<tr>
<td>5 %</td>
<td>15 %</td>
<td>5 %</td>
<td></td>
</tr>
<tr>
<td>30 %</td>
<td>20 %</td>
<td>10 %</td>
<td></td>
</tr>
<tr>
<td>40 %</td>
<td>40 %</td>
<td>20 %</td>
<td></td>
</tr>
</tbody>
</table>

**RATIONALE**

- Business consolidations require a high level of seasoned professionals (box 4) who provide the backbone of business processes.

- This mode will not provide too many opportunities for people to take on larger jobs, hence the low % in boxes 1,2,3.

- Raising & improving performance standards will result in some people not being able to meet higher standards (boxes 8,9).
<table>
<thead>
<tr>
<th></th>
<th>Exceptional</th>
<th>Full Performer</th>
<th>Contributor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turn</td>
<td>5 %</td>
<td>10 %</td>
<td>10 %</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Growth</td>
<td>15 %</td>
<td>25 %</td>
<td>5 %</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td>Mastery</td>
<td>15 %</td>
<td>10 %</td>
<td>5 %</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>7</td>
<td>9</td>
</tr>
</tbody>
</table>
Putting The TIR To Work For You and Organization

- Using The Talent Inventory data as a diagnostic tool against business strategy
- Managing a set of dynamics using The 9 Box Matrix

Move out in next 12 months to a job at the next crossroad layer

1. Coach / develop to be exceptional performer
2. Manage / coach / dev. to be an exceptional performer
3. Coach / develop to continue to have turn potential

Move out in next 12-24 months to a job on the same crossroad layer

4. Coach / develop to become an exceptional performer
5. Coach / develop to become fully performing

Leverage mastery for benefit of the organization

6. Coach / develop to become fully performing or

Move out in next 12 months
Leadership problem? 
... Definitely a succession problem

Need performance improvement on the fourth layer

Strong Backup from fourth layer 
A solid performance!

Putting The TIR To Support Your Organization Succession Planning
## Performance Issues

<table>
<thead>
<tr>
<th>NAME</th>
<th>RATING</th>
<th>LAYER</th>
<th>ACTION TAKEN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valentino, Carel</td>
<td>Box 9</td>
<td>3</td>
<td>Test him by giving him three projects: Job Description, Job Evaluation and Career Ladder Dimensions development. A review on those projects will be held on April and October 1997 by his Direct Supervisor. A further action will be based on that review, if based on the review there is no evidence of performance improvement, he will be given a second opportunity to move to another job family.</td>
</tr>
<tr>
<td>Santoso, Dody</td>
<td>Box 9</td>
<td>3</td>
<td>Moved him from current assignment to strengthen his credit analysis skill. Previous performance record showed that he was a top performer as an account manager. By next April 1998, he will be given a new assignment to develop a client network system for our new accounts prospects. The next action will be based on the review after that particular month.</td>
</tr>
</tbody>
</table>
# High Growth Individual Plan

<table>
<thead>
<tr>
<th>NAME</th>
<th>RATING</th>
<th>LAYER</th>
<th>ACTION TAKEN</th>
<th>NEXT JOB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kelaswari, Rini</td>
<td>Box 1</td>
<td>2</td>
<td>The next development plan should be focused more on the people management. She is ready to get a new bigger assignment in retail banking distribution. She has excellent credit skill and deep understanding about the complexity of both asset and liabilities products. She will handle 50 people (5 managers and 10 supervisors), she needs to improve her knowledge in managing people. A People Management course will be held on UT on the next March '97 and she has to take that course. Dody will work very close with her and explain about her new job in more detail. A next mid term review for her is on August 1998. A retention program will be developed by HR and expected to be implemented by next April 1998.</td>
<td>She will assign a new job as Distribution Head on next February '98</td>
</tr>
</tbody>
</table>
## Building TIR Report

### Performance Trend

<table>
<thead>
<tr>
<th>Team</th>
<th>Percentage</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Siswono, Dody, Kelaswari, Rini</td>
<td>6.25%</td>
<td>1</td>
</tr>
<tr>
<td>Oktovius, Agus, Harahap, Gita Setia, Devi Chen, Greg Widyatmaka, T</td>
<td>15.6%</td>
<td>2</td>
</tr>
<tr>
<td>Yuniarso, Anto, Nugraha, Boy</td>
<td>6.25%</td>
<td>4</td>
</tr>
<tr>
<td>Utomo, Sapto, Kurnia, Kevin Damayati, Lily</td>
<td>9.4%</td>
<td>3</td>
</tr>
<tr>
<td>Abdullah, R Dakus, Winy Lian, Ken Wong, Tommy Husin, Linda Mahmud, Karim Wirkotan, Lia Sumampow, K</td>
<td>25%</td>
<td>5</td>
</tr>
<tr>
<td>Harsono, Sony Damayanti, Sari Yuliana, Anna Mariana, Dina Bagas, Oscar Junus, Lola</td>
<td>18.75%</td>
<td>7</td>
</tr>
<tr>
<td>Enrico, Tomy Gunawan, Rio Kahfi, Joe</td>
<td>9.4%</td>
<td>6</td>
</tr>
<tr>
<td>Latief, Abdullah Hadiyono, Mia</td>
<td>6.25%</td>
<td>8</td>
</tr>
<tr>
<td>Krisbiyanto</td>
<td>3.13%</td>
<td>9</td>
</tr>
</tbody>
</table>
Welcome to BU

With her qualification, I hope that she will be at least at box 5
“Performance / Potential Matrix”

- **Exceptional**
  - Position 1: Moved Now
  - Position 2: Developed Higher Skill
  - Position 4: Seasoned Pro

- **Full Performer**
  - Position 3: Develop Performance
  - Position 5: 

- **Contributor**
  - Position 6: Recent Turn < 6 Months In position
  - Position 8: Managed to Strengthen Performance
  - Position 9: Performance And Upgrading Opportunity

Management Role to Move Performance to Left
Force of Competition, Product Innovation Moves Performance To Right
Study Case
Job Family in Banking

FRONT STREAM
Providing Lending, Funding Or Services to the Customer

FRONT LINERS:
Account Officer
Customer Relationship Officer

MID STREAM
Operation Officer
Branch Officer
Product Officer
Service Officer

SUPPORT STREAM
Fincon Officer
IT Officer
HR Officer

CUSTOMER

- Corporate Banking
- Commercial Banking
- Consumer Banking
- International Banking
- Treasury
- Managing Corporate Account
- Managing Small Medium Enterprises
- Managing Individual Account
- BPR
- Syariah
- Transactional Operations
- Service Management
- Product Management
- Business Solution Management
- Branch Management
- Strategic Management
- Financial Control
- Compliance And GCG
- IT
- HR
- Risk Mngmnt
Mapping Career Plan

CUSTOMER

FRONT STREAM
Providing Lending, Funding Or Services to the Customer

FRONT LINERS:
Account Officer
Customer Relationship Officer

MID STREAM
Operation Officer
Branch Officer
Product Officer
Service Officer

SUPPORT STREAM
Fincon Officer
IT Officer
HR Officer

Corporate Banking
Commercial Banking
Consumer Banking
International Banking

Managing Corporate Account
Managing Small Medium Enterprises
Managing Individual Account

Treasury
BPR
Syariah

Transaction Operations
Service Management
Product Management
Business Solution Management

Branch Management

Strategic Management
Financial Control
Compliance And GCG
IT
HR
Risk Mngmnt
Account Officer Programs

Account Officers Programs

900 Candidates
- Fresh Graduate GPA 2.7
- Any Discipline Preferably From Economical Background

Psychological Test Pass Ratio 30%
- 270 candidates

HR and User Interview Pass Ratio 30%
- 90 candidates

In Basket (Assessment):
- In Tray and Customer Interface Pass Ratio 50%
- 45-55 candidates

0.5 - 1 month

Introduction

BANKERS ORIENTATION
- Compliance
- Code Of Conduct

GENERAL
- 1. Introduction to Banking
- 2. Introduction to Basic Banking Law
- 3. Banking Ethics
- 4. Know Your Customer
- 5. Document & Signature Identification

Basic Module A

OPERATION
- a. Basic Branch Operation
- b. International Remittance
- c. Treasury Processing

PRODUCT
- a. Liabilities
- b. Asset Product:
  - Home Financing
  - Automotive Financing
- c. Credit Card
- d. Commercial Credit
- e. Trade Finance & Bank Guarantee
- f. Treasury

Basic Module B

MODULE B
- 1. Commercial Credit Program Product
- 2. Credit Analysis
- 3. Credit Analysis & Lending Ratio
- 4. Sistem Pelaporan Keuangan dan spreading
- 5. Analisa Rasio Keuangan
- 6. Laporan KEuanglan Proforma
- 7. Analisa Modal Kerja
- 8. Cash Budget
- 9. Analisa Rekening Koran
- 10. Cash Flow
- 11. Credit Structure
- 13. Creating Credit Proposal
- 14. Credit Operations
- 15. Advance Trade Finance & Bills Operations
- 16. Credit Risk Management
- 17. Problem Loan
- 18. Selling Skills for Account Officer
- 19. Negotiating Skills
- 20. Ujian

Centralized Branch Operations

OJT & In Depth (Module C)

Commercial Business Unit
- Credit Operations
- Bills Operations

Branch Operations

FINALES EXAM

EXAMINATION

CERTIFICATION
PermataBank

CRM Programs

CRM Crash Programs

500 Candidates
- Fresh Graduate
- GPA 2.7
- Any Discipline
- Preferably From Economical Background

Psychological Test Pass Ratio 30%
- 150 candidates

HR and User Interview Pass Ratio 30%
- 50 candidates

In Basket:
- (Assessment)
- In Tray and Customer Interface Pass Ratio 50%
- 25-30 candidates

0.5 - 1 month

Introduction
- BANKERS ORIENTATION
  - Compliance
  - Code Of Conduct

- GENERAL
  1. Introduction to Banking
  2. Introduction to Basic Banking Law
  3. Banking Ethics
  4. Know Your Customer
  5. Document & Signature Identification

Basic Module A
- OPERATION
  a. Basic Branch Operation
  b. International Remittance
  c. Treasury Processing

- PRODUCT
  a. Liabilities
  b. Asset Product:
  c. Credit Card
  d. Commercial Credit
  e. Trade Finance & Bank Guarantee
  f. Treasury

Basic Module B
- Introduction to Retail Banking
- Call Center
- Basic Branch Operation:
  - Branch Channel
  - Customer Service Transaction
  - Teller Transaction
  - Back Office Transaction
  - Branch Performance
  - Branch Reporting Analysis
  - Centralized Branch Operation (CBO)
  - International Remittance
  - Electronic Banking Operation
  - Operation Risk Management
  - Internal Control

OJT & In Depth (Module C)
- Service Excellence
- Supervisory Management
- Communication Skills
- Appearance/Grooming
- Code Of Conduct
- Risk Management

EXAMINATION

EXAMINATION

3.5 - 6 months
Thank You