

How To Do Effective People Audits

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A “People Audit” is a strategic exercise where an organization reviews both the key people they have in place, and the key positions they occupy. The goal of the People Audit is to identify and take action on holes and opportunities in both areas. The overall strategic goal of the audit is to provide the organization with more effective employees and to give employees broader experiences, more development opportunities, and more reasons to stay and grow within the organization. The exercise need not be long, drawn out, or painful, and yet, if done annually, it can make a remarkable difference in the effectiveness of a company and its employees.

The Process

A good People Audit has three separate phases: first, a review the people side of the equation, and then later, preferably several days later, a review of the positions, and finally a session to make decisions and develop action plans. The reason for separating the phases is to resist the temptation to make moves in the middle of the process before reviewing all people and/or opportunities. It also helps to have a period of reflection after each portion of the audit so that everyone has time to digest the information and get as creative as possible when making the actual decisions. The separation of the phases also helps in management of the process: it makes each session shorter, and allows there to be closure on each phase, cutting down the tendency to revisit conclusions drawn in the previous session.

A key decision is what people and positions to review. Most often, this is limited by time. Experience has shown that sessions longer than a half-day tend to be less effective, and especially unproductive at the end. Generally, people spend 5-10 minutes on each person and/or position, so this limits the number in each session to a number under about 50. In a small company, this means that a whole company review can be accomplished in three half-day (or shorter) sessions.

Whether you want or need to review the whole organization is a strategic decision. Most firms limit the discussion to the key people/positions that can have impact on the company as a whole. The value of reviewing line or low-level employees by the senior management is limited. Therefore, most firms limit the review to exclude these people and positions.

Another key decision is who participates in the review. It is important to keep the review at the whole organization and/or strategic level. Individual contributors and/or people without an organization-wide perspective provide no benefit and can often derail the process. Therefore, most firms limit the review to only those who can speak for the company as a whole – in a small firm this may be five or six people, perhaps as few as three. In a large firm, the group may be as many as 20-30. The only requirements are that the group be of a size where frank discussion can be productive, and that someone be present to represent all people and positions fairly.

Finally, the schedule for the session is important. Most companies find that scheduling the People Audit prior to the annual budgeting process is helpful. This allows them to identify missing or additional positions and to include those in the budget. It also can allow the people who move as a result of the audit to participate in the budget process in their new roles.

People Review

While the People Review is often the most colorful part of the process, it is certainly not the most difficult. On the contrary, most people have an opinion about everyone. The key is to keep the discussion productive and focused not on the personality but the capabilities and prospects of the individual.

The People Review can proceed alphabetically, by seniority, or by current position, the order is irrelevant. The process is for the person most familiar with the person (usually the current supervisor) to introduce them, give a brief history of the person in the organization (and previous experience if relevant), and to give their frank opinion on the person's capabilities, strengths, weaknesses, and prospects for the future. The ensuing discussion should entertain differing views on the person, with special focus on ways to improve on the weaknesses and the kinds of positions and experiences that would most benefit the person. Specific interests of the person (e.g. desire to travel, do public speaking, etc.), special capabilities not currently being used (e.g. foreign language skills), and long-term career prospects (e.g. could end up a VP one day), are all key topics to be discussed. In the special case of problem people, focus should be on whether or not the case is hopeless, and if so on an exit and replacement strategy.

It is important that the conversation be frank, open, and professional in tone. In addition, it is important that the leader (often the CEO or head of HR) be careful not to color the discussion by expressing their opinion too strongly or too early. In fact, their role should be to elicit comments by all in the room who have experience with the person, only offering their view after most have had their say.

Someone in the room (usually the HR person) should take notes, and type them up for very limited distribution later. These notes will prove useful in the final phase of the audit and can also be helpful when their performance review comes around.

The session should be kept moving by a moderator (usually the leader or the HR person), and should be strictly limited to the allotted time. If the group needs more time, it should resume at a later time and not be allowed to drag on.

Position Review

The Position Review is similar to the People Review in its process, except the focus needs to be on positions, both existing and proposed. Here again, the order for review is not crucial, but most prefer to handle the process by group – with positions within a given part of the company all discussed together. Not only does this make it easier as the presenter is often the same person, but the discussion can consider a whole group with the various job interactions understood in unison.

For each position, the focus should be on the job responsibilities, the skills and knowledge required, the impact on the company as a whole, and the kind of people most likely to be successful. Several areas are specifically off-topic, including job specifics such as compensation and perquisites, as well as the current or past job occupants. The current occupant is not really the issue, except if there are existing performance problems, and the leader must take care to avoid the discussion traveling back into the People Review. The key point of the review of positions is to outline the optimal occupant for the job, with special emphasis on how the company can use the position to improve and develop individuals for future growth.

It is important to consider new positions not only on their merits (such as company need, strategic value, etc.) but also for their development characteristics. If experience in this new position would make the occupant a more well rounded employee, this should add significant value to the position.

Again, this discussion needs to keep moving. If it lags, people promptly lose interest. Here again, notes should be taken and distributed to the attendees.

Action Session

The final part of a good People Audit is the Action Session, where the company makes decisions on moving people around. This is the most important part of the whole process, and certainly the most challenging.

The session usually begins with the leader identifying people and positions that stood out in the previous two sessions. It should be at least 10%, and up to 50% of the people and positions discussed. The focus of this discussion is what kind of moves the organization should make to develop their people and grow the company. It must be the most strategic and high-level of discussions, and is the session most likely to have conflict. Bold moves will be required, and it is a true test of leadership.

The ideal move is one that takes a strong performer out of a job they have become highly effective in and moves them into a position well outside their comfort zone. Take a superstar salesperson and put them in the production team. Transplant the amazing plant manager and get them out selling the product. Move the head of accounting on to the shop floor. Each of these people will grow, will learn a great deal about the rest of the organization, and will bring new insights and approaches to their new positions. After a year or so in that new job they might return to their current role, or most likely be eager to move into another stretch position, and be all the better of a strategic asset for the organization as a whole.

The Action Session is the most difficult discussion because the prevailing attitude is always “if it ain’t broke, don’t fix it”. Supervisors of outstanding employees never willingly give them up. They will make passionate pleas for the company not to disrupt their organization, especially not now. There will be excuses and delaying tactics aplenty. “Please just wait until after the next season.” “Why don’t we consider that other

group over there?” And my favorite: “how come it’s always my group?” An astute leader can pick up a number of clues about the qualities of the supervisor as well, not just the people and positions under discussion.

The fact is these kinds of moves take strength and risks that many organizations simply find impossible. However, those that do take the risk find the benefits to be of immeasurable value. Their people grow at an amazing pace, the organization benefits from their broad experience, and in the long term, people stay with the firm longer as they see greater opportunities for growth in their own backyard.

Upon making each decision, assign a clear action plan for each move, with timetables for movement laid out. It is not wise to plan any movement for more than three months in the future – it will simply never happen. Assign each move to a specific supervisor, and hold them strictly accountable. Feet dragging will occur and it is important that the company not tolerate it. Remember that each move is of strategic value to the organization as a whole.

When the session is complete, type up the action plan and distribute it to the whole group.

Summary

Even if the organization makes no more than a very small number of moves, the People Audit process has many benefits. It exposes the key people to senior management. It highlights the strengths and weaknesses of not only those discussed but also of those in the room. It helps the senior staff understand aspects of the business to which they may have had little exposure. It highlights growth and/or problem areas within the organization that deserve senior management attention. And, it forces good discussions about people, often a difficult topic, but never a bad thing.

In short, an annual People Audit is a habit many organizations find hard to get started but one that they never want to give up once it is in place.