

# Strategy 5

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# Introduction

Some of the most critical decisions in managing talent supply chains are determining how to measure and incent performance in ways that create a positive **return on investment (ROI) for employers** as well as shared value for all partners.

Strategy 5 explores how employer collaboratives build and manage their talent supply chains to create shared value for employers and their talent sourcing partners, otherwise known as providers.

Specifically, this strategy shows how to establish **performance measures** in Talent Pipeline Management™ (TPM); how to co-design career pathway partnerships with preferred, trusted education and training providers; and how to use **incentives** to improve talent supply chains. Strategy 5 builds on Strategy 4, engaging talent providers in establishing measures and providing incentives that matter most to these talent suppliers, including designations as preferred providers. Strategy 5 also develops and uses visualization tools such as **value stream maps** and **performance scorecards**.



## Strategy 5 Learning Objectives

- 1 Define the role of performance measures and incentives in TPM™.
- 2 Select and develop appropriate performance measures to meet your collaborative's needs.
- 3 Designate preferred providers of talent that make up your talent supply chain.
- 4 Identify and inventory existing and potential employer incentives to improve supply chain performance.
- 5 Co-design pathways with preferred providers.
- 6 Develop and use visualization tools such as value stream maps and performance scorecards.
- 7 Communicate and manage ROI for collaborative members.

# Key TPM Terms and Definitions

The following concepts are most critical for understanding and executing Strategy 5. These terms appear in the order in which they are listed below and are highlighted in orange throughout the chapter.

## Employer Return on Investment

A measure that calculates the returns that employers receive from investments, usually expressed as a ratio of total dollar benefits compared with total dollar costs.

## Performance Measures

Quantitative indicators of outcomes that are expressed in terms of rates, ratios, or percentages addressing one or more critical variables, all of which contribute to improved business performance and competitiveness:

- **Quality**, in the context of TPM, refers to whether individuals have the right mix of competencies to successfully perform work for critical business functions and jobs.
- **Time** addresses maximizing efficiency in value-adding activities, reducing time spent in non-value-adding activities (e.g., irrelevant training), and minimizing the wait time between activities or services (e.g., employee training).
- **Cost** refers to the balancing of dollars spent in producing quality outcomes, including the reduction of opportunity costs (e.g., reducing foregone earnings).

## Incentives

Financial and nonfinancial rewards to recognize results and to support continuous improvement. Financial incentives include anything that has a monetary value, including equipment donations, work-based learning opportunities, and access to staff. Nonfinancial incentives include designations such as preferred provider status that can be marketed by a program or institution for recruitment purposes.

## Value Stream

The process that a product or service goes through from beginning to end, with each step adding incremental value until the product reaches the end-customer.

## Value Stream Map

A visual tool used to show, in sequence, the major activities and roles that make up a value stream.

## Performance Scorecard

A visualization tool used to communicate the major performance indicators that have been prioritized to tell employers and their stakeholders how effective partnerships have been in managing key transition points and achieving intended outcomes.

## Leading and Lagging Measures

Leading measures are short-term, intermediate measures (e.g., credential attained) that address actions that are major determinants and predictors of longer-term, bottom-line measures (e.g., reduced onboarding and training costs), otherwise known as lagging measures.

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**Transition Point**

The moment when an individual moves from one program or service to the next, which can occur within or between providers. For example, in TPM, transition points occur when someone moves from a Tier 2 provider, such as a feeder high school, to a Tier 1 provider, such as a university.

**Feeder Schools**

Education or training providers that are known to transition individuals receiving education or services to another provider before reaching employers. For example, in TPM, Tier 2 providers transition learners to Tier 1 providers.

**Transition Measures**

The key performance measures at each point of transition.

**Preferred Providers**

Providers of talent sourcing and development services—including education and training providers and staffing organizations—that are recognized by an employer collaborative based on their ability to meet employer requirements, such as ability and proven track record for supplying qualified talent for jobs.

**Continuous Improvement**

A structured method to improve a process over time. Continuous improvement processes in the business world include Lean Six Sigma and the five-step DMAIC (define, measure, analyze, improve, and control) process, which is used to optimize performance and eliminate waste.

**Full Productivity**

The point at which an individual has reached expected levels of productivity in a destination job. In TPM, time to full productivity can be tracked as a performance measure to ensure individuals are managing transitions and being effectively onboarded into employment with minimal time lost.

**Baseline Cost**

The total cost incurred by employers measured in dollars relative to their starting position prior to undergoing the TPM process. An example of a baseline cost is the cost of a hire prior to engaging in a talent supply chain solution.

**Benefits Achieved**

The value derived by employers over and above the cost of implementing a solution, which can be measured, for example, in dollars, such as reduced cost in filling a position, or in time, such as a shorter onboarding process.

**Cost of Engaging in a Collaborative**

The total cost in terms of time spent and resources committed when working as a member of an employer collaborative. This calculation is needed to compare total cost versus total benefit to calculate an employer ROI.

## Unit 5.1

# Preparing to Engage Providers in Building a Talent Supply Chain

## Where to Start: Measuring Key Pain Points Connected to Business Performance

The first step in enhancing your collaborative's talent supply chain is determining which performance measures are most important in delivering a positive ROI to your employer members. From there, collaboratives can designate the preferred providers that are best positioned to deliver against those measures and identify other incentives that can help optimize performance.

In TPM, performance measures start from an employer perspective by *addressing how improved talent sourcing for the most critical business functions and jobs will contribute to improved business performance and competitiveness*. These measures create a clear "line of sight" or relationship between talent sourcing measures and overall business performance measures.

For example, reducing the time it takes to fill critical job openings with qualified talent contributes to improved productivity and revenue generation because essential work gets done on time or more work can be taken up. In addition, reducing turnover reduces costs associated with recruitment, onboarding, and training, which contributes to the organization's overall profitability.

The examples above hit on four talent management challenges associated with key pain points experienced by employers that were first presented in Strategy 1:

- **Unfilled Job Openings:** The inability to fill critical job openings with qualified talent in the time frames needed to meet business needs, resulting in lost revenues.
- **Onboarding and Upgrading Costs:** The increased cost of onboarding recent hires and upgrading existing workers.
- **Turnover and Retention:** The inability to retain workers, resulting in additional hiring and training expenses as well as lost productivity.
- **Workforce Diversity:** The need to increase the diversity of employees as well as current and future job applicants.

In developing performance measures for the talent supply chain, collaboratives should identify specific metrics that address these challenges. They should start by asking employers what measures they currently use to track and analyze their key pain points and how collaboratives can build from or enhance these measures. Collaboratives should also ask how frequently employers gather and report data on these measures and what internal data sources they use.

Here are some example measures for the four identified pain points.

## Unfilled Job Openings: Measuring at the Point of Hire

- Cost per hire
- Percentage of jobs filled within a needed time period
- Percentage of providers' referred applicants who meet hiring requirements
- Ratio of job openings to qualified applicants
- Average number of days between initial job posting and hire

## Onboarding and Upgrading Costs: Measuring Hires against Meeting Performance Expectations

- Percentage of hires meeting employer performance expectations within expected time periods
- Average number of days from hiring to meeting employer performance expectations
- Costs of onboarding to meet performance expectations
- Costs of supplemental training to upgrade incumbent workers

## Turnover and Retention: Measuring Longer-Term Results

- Percentage of hires retained in employment after defined time period (e.g., 12 months)
- Cost of turnover within defined time period

## Workforce Diversity: Building More Diverse Talent Pipelines

- Percentage of employees from targeted under-sourced populations
- Percentage of recent hires and qualified applicants from targeted under-sourced populations

In most cases, employer collaboratives will have to collect data on these pain point measures directly from employers based on agreed-on common metrics and time periods.

## Measuring Performance Drivers and Key Points of Transition in the Pipeline

The next step is for collaboratives to develop additional **leading measures** that may drive or predict performance on pain point measures and help manage key **transition points** across the entire talent pipeline represented by the value stream (see Table 5.1: Examples of Types of Measures), including transitions from career awareness and exploration to enrollment in programs of talent sourcing providers.

The best measures are the following:

- 1 Actionable:** Employer collaboratives should choose measures for which they can take action to improve performance on their key pain points. Actionable measures should also help partners address these pain points in ways that create shared value for all partners involved, including education and training providers. These are leading measures because they are important determinants or drivers of performance on pain point measures. They also are important in creating shared value because they improve the cost effectiveness of supply chains in addressing employer needs.
- 2 Aligned:** Employer collaboratives should consider how these measures align with not only their own company measures but also align with government measures so that talent providers are not pulled in different directions.
- 3 Cost-Effective:** One final consideration is ongoing data collection costs for employers and their partners. In most cases, employer collaboratives will have to ask talent sourcing providers to report this information based on an annual data request. In some cases, this will involve additional data collection from employers, such as the percentage of completers applying for jobs with employers in the collaborative.

Table 5.1 illustrates how employer collaboratives can design leading indicators at key transition points that are predictive of performance on pain point measures. In this example, employer collaboratives can track whether they are getting the right numbers of learners from **feeder schools** into career preparation and pre-employment training programs (e.g., ratio of enrolled to total capacity) and whether the number and percentage of learners coming out of these programs and applying for open positions is sufficient to reach the desired ratio of openings to qualified applicants.

One major challenge in aligning key points of **transition measures** (leading measures) to more bottom-line employer pain point measures (**lagging measures**) is deciding when to expect interventions in the supply chain to have major impacts on employer metrics, including employer ROI. These expectations are important in managing and incenting performance.

**Table 5.1: Examples of Types of Measures**

Career Awareness/Exploration Transition Measures	Career Preparation/Pre-Employment Training Transition Measures	Employer Pain Point Lagging Measures
<ul style="list-style-type: none"> <li>Percentage of learners from feeder schools enrolling in targeted programs of talent providers</li> <li>Percentage of learners from feeder schools indicating a career interest related to critical jobs</li> <li>Percentage of learners from feeder schools participating in career exploration activities related to critical jobs</li> </ul>	<ul style="list-style-type: none"> <li>Number and percentage of completers from talent providers applying for jobs with collaborative employers</li> <li>Percentage of enrolled learners completing programs and attaining required or preferred credentials</li> <li>Ratio of enrolled learners to total enrollment capacity</li> <li>Cost per credentialed learner</li> </ul>	<ul style="list-style-type: none"> <li>Percentage of providers' referred applicants who meet hiring requirements</li> <li>Ratio of job openings to qualified applicants</li> <li>Average number of days between initial job posting and hire</li> <li>Percentage of jobs filled within the needed time period</li> <li>Cost per hire</li> </ul>





# Understanding Talent Supply Chain Performance Measures Exercise

After reviewing the example measures in Table 5.1, discuss the following with your group:

- 1 What types of performance measures do you have experience with? Which are the most common in your line of work, including your work with employers and any grants or programs you have been part of or administered?
- 2 In what ways are the performance measures described in this strategy similar to or different from your past experience?
- 3 Which pain point and transition measures would be of most interest and value to your collaborative?

## Designating Preferred Providers

Once collaboratives have a process in place to measure performance, they can designate those providers best positioned to drive performance and achieve a positive ROI for the collaborative members. This approach has benefits to employers that are establishing new partnerships, as well as to those employers that have pre-selected providers or are in an existing public-private partnership. At a minimum, it provides an opportunity to be clear on what the requirements are to be a **preferred provider** in a talent supply chain.

Once providers are chosen, the collaborative can inventory its incentives and then enter into a co-design process with preferred providers. Next, the collaborative will work from its incentive inventory to develop a strategy to align a broad range of potential incentives that reward those providers and networks that deliver results.

In designating preferred providers, the employer collaborative should begin by reviewing the results of its back mapping and talent flow analysis conducted in Strategy 4. By starting where companies have historically sourced talent from and ascertaining their ability to meet your projected demand in the future, collaboratives can begin to make qualitative decisions about who they will work with now and in the future to meet their talent needs.

## Managing and Distributing Designation

The most important incentive collaboratives can offer in the TPM process is designating or recognizing an education or training provider as a “preferred” provider of talent to their member companies, based on its past or anticipated ability to produce results. In managing supply chains, businesses have established standards and recognition systems to identify and improve suppliers that provide them materials and services. However, the business community has yet to set standards and develop a recognition process for education and training providers that supply businesses with talent.<sup>1</sup>

The preferred provider incentive is the foundation used to target other financial incentives, such as internships and equipment donations, which can improve performance in the talent supply chain and contribute toward a stronger ROI for employers. But, employers in the collaborative must first designate which providers are eligible to receive their incentives.

We define providers as those organizations that offer any education and training services (with learning objectives, activities, and resource materials) provided through classroom or work-based learning. Providers can also offer related services, such as recruitment, orientation, assessment, screening, scheduling, advising, and other support services that might impact performance, including quality, cost, and time.

<sup>1</sup> To learn more about the global International Organization for Standardization system (commonly referred to as ISO) used to set quality management standards for suppliers and provide the foundation for supplier certification, read the following publications: Robert Sheets and Jason A. Tyszko, *Changing the Debate on Quality Assurance in Higher Education: The Case for Employer Leadership and a Roadmap for Change* (Washington, D.C.: U.S. Chamber of Commerce Foundation, 2015). Jason A. Tyszko (2017) *Employer-led Quality Assurance, Change: The Magazine of Higher Learning*, 49:1, 26-33. Gardner Carrick, Robert Sheets, and Jason A. Tyszko, *Quality Pathways: Employer Leadership in Earn and Learn Opportunities* (Washington, D.C.: U.S. Chamber of Commerce Foundation, 2018).

When organized effectively, a preferred provider designation can be a highly sought-after incentive by education and training providers that wish to demonstrate that they have a validated special relationship with employers. This can improve recruitment of learners into programs and contribute significantly toward getting those learners quality employment outcomes—an increasingly important objective given increased government and public scrutiny of education outcomes.

When a collaborative comes together to establish the criteria necessary to earn preferred provider status, it effectively creates an employer-led quality assurance system that complements public sector-driven accreditation and accountability systems. Having this type of market signaling in place can also activate new incentives, such as better financing tools for preferred providers.

How to manage and distribute the designation of preferred providers is a decision that members of every collaborative must work through together. Here are some key considerations influencing those decisions:

- **Collaborative or Employer-Specific Designation:** Will the collaborative manage the recognition process and provide the endorsement? Will it manage a process that enables its employer members to make endorsements? Or will it do both?
- **Current or Potential Providers:** The collaborative can narrow its list to those providers that it previously identified through the activities detailed in Strategy 4 and back mapping, or it can expand the review to include potential talent providers that no company has recruited from to date.
- **Process and Performance Requirements:** How will the collaborative or employer members establish criteria for recognizing a preferred provider? Will these criteria include process considerations, such as how the provider uses employer inputs (e.g., employer-specified competencies) and demonstrates flexibility? Will the criteria also include performance expectations, such as proven ability to deliver a quality workforce on time and at the right cost?
- **Level of Recognition:** Will the collaborative have one or more levels of recognition? What will be required of providers to achieve recognition? For example, a collaborative can set foundational requirements for providers—such as the ability to integrate industry-recognized credentials—while employer members can set more advanced requirements based on their particular talent needs, such as actual hires.
- **Tiers:** Will the preferred provider designation go only to Tier 1 providers—one step removed from employment? Or will it extend to Tier 2 providers and beyond to tier feeder programs as well?
- **How to Validate:** What processes will the collaborative use to validate that a provider has met the requirements? Who will manage the process, and what data do they need access to?
- **Time:** How long will the designation last and will current preferred providers be expected to maintain their designation based on time intervals?

Once you have made decisions about your preferred providers, you can map your talent supply chain network(s), which was described in Strategy 4. A talent supply chain network map is a useful visualization tool that displays your collaborative's preferred providers and their relationship to one another.

You should be cognizant of potential unintended consequences to avoid when designating preferred providers. Examples include the following:

- **Partner Lock-In:** Employer collaboratives should be mindful of maintaining their leverage with preferred providers by always having opportunities to work with other potential sources of talent. Collaboratives should always preserve choice in who they can work with in order to maintain the responsiveness and flexibility that their talent supply chain requires.
- **Restricted Access to Talent:** Talent supply chains should not be rigid in that they restrict access to other sources of qualified talent. Employers should be open to all qualified talent but ought to be proactive in sourcing from preferred partners that have demonstrated the responsiveness and flexibility required to fill their need.
- **Community Reputation:** Designating preferred providers does not come without risk to reputation and brand. There is a risk that employers may be labeled as bad partners to education and training providers and might be characterized as cutting out certain providers. These risks should be avoided by always being open and transparent about what the collaborative is trying to accomplish and the requirements for being designated a preferred provider. Make sure to always allow for adjustments over time based on the ability of new providers to demonstrate that they can meet the collaborative's needs.

Being designated a preferred provider will be very important to most talent providers in any community, especially publicly funded providers that have a mission to address employer needs. As a result, employer collaboratives should manage this process in ways that build acceptance and trust with existing and future providers in their communities. This is especially relevant to providers already involved as partners in established public-private partnerships (see Strategy 1) and those that may even be members of chambers of commerce and economic development organizations that are playing the function of host organization.



### Developing Selection Criteria for Preferred Providers Exercise

This exercise highlights several different talent providers that are in consideration for preferred provider status and how a collaborative will work through the process of selecting criteria and designating providers with the recognition.

A 10-member manufacturing collaborative has come together to improve the pipeline of qualified machinists, a position that has a chronic shortage, which the member companies agreed needs a shared solution. As part of its efforts to manage the talent pipeline, the collaborative wants to identify current and potential future sources of machinists. It also wants to better signal to learners interested in manufacturing careers what career pathways reach the collaborative members' companies. The companies have agreed that a key part of their efforts must be to increase the number of industry machining credentials awarded during training to ensure learners are better qualified and need less training once onboarded.

The collaborative collectively has identified that member companies get their most qualified recruits from a community college in the area. However, the college is not producing enough learners to satisfy the current or future level of need. In addition, many graduates of the machining program do not leave with an industry credential in machining. Further review of HR records indicates that these learners often need additional training and their retention rates are consistently low.

Two employers inform the other collaborative companies that they have recently started to source machinists from a community-based nonprofit that provides training for low-income workers who seek a career in manufacturing. This customized training program has smaller class sizes and doesn't award college credit, but learners do earn industry credentials in machining and require little additional training once onboarded. Another private college in the area has recently developed a new machining program that includes industry credentialing as a central feature of the program, but none of the collaborative members currently have a relationship with that school.

Last, a feeder high school to the community college is excited to learn about the manufacturing collaborative that has formed and has reached out to the host organization requesting an endorsement, assuring the host organization that the high school has "what it takes."



After reviewing the exercise, discuss the following:

- 1** Which of the four providers (i.e., the area community college, the community-based nonprofit, the private college, and the feeder high school) should be considered a preferred provider? Discuss how you arrived at your decision.
- 2** What evidence would the collaborative need in order to recognize a program as a preferred provider? How could the host organization know if the feeder high school has “what it takes” to be recognized?
- 3** What major questions or issues will arise if some providers are recognized but not others? How could the employer collaborative manage this process to build acceptance and trust in the process?

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## Taking Stock of Incentives

Incentives are important because they can both reward preferred and trusted providers for being responsive to employer needs as well as optimize performance across the talent supply chain in ways that manifest into a positive ROI.

Taking stock of existing incentives provides critical information that helps employers establish a baseline understanding of what they're currently spending on incentives.

Incentives come in many forms and can be financial or nonfinancial. For example, collaboratives can provide exclusive access to equipment, staff, and work-based learning opportunities as financial incentives, or incentives that have a monetary cost. We have already covered the preferred provider designation as a critical nonfinancial incentive that employer collaboratives can use to signal to the marketplace that the institution or program has a special relationship with the collaborative's employer members.

*Targeting incentives is critical to ensuring employers are getting the right type of responsiveness and flexibility from providers.* It also ensures providers that their efforts to understand and meet employer needs reap rewards for their programs and, most importantly, their learners.

When managing the talent pipeline, employer collaboratives should consider and document the full range of private and public incentives that could be used to drive performance in talent pipelines, as shown in Table 5.2: Types of Incentives Driving TPM.

First, employers should ensure that their own teams are rewarded for managing the talent pipeline well and delivering a positive ROI to the company. To align internal incentives, collaboratives should encourage their employer members to reward staff that deliver high-quality job forecasting data, communicate accurate hiring requirements, and improve the onboarding and advancement of workers in the company.

Companies have many resources at their disposal to acknowledge these internal teams and reward them for helping achieve a positive ROI. Companies must demonstrate that efforts to improve the talent pipeline that generate positive returns for the company are recognized and valued.

Next, employers should target incentives to their designated preferred providers and from there align with public incentives where possible. Not all incentives have to be tied to a preferred provider designation. However, the more a collaborative can tie incentives to a preferred provider designation, the more likely providers will see the value in being more responsive and flexible in meeting the collaborative's requirements.

The most important incentive of all is priority access to jobs, but employers can reward providers in many other ways. Incentives range from equipment donations to priority access to work-based learning opportunities, scholarship access, and tuition reimbursement. Employers must understand that these incentives are highly valued and sought after; they should not be given away casually but should be part of a **continuous improvement** system for talent

supply chain performance and employer ROI. The process of inventorying and aligning incentives should also be done as an extension of the process for co-designing programs with providers.

**Table 5.2: Types of Incentives Driving TPM**

	Step 1	Step 2	Step 3
<b>Type of Incentive</b>	Employers to Internal Teams	Employers to Preferred Providers	Public Systems to Providers and Employers
<b>Description</b>	Incentives given to employees or business units in a company	Incentives given from a company to an education and training provider	Incentives given by policymakers and public agencies to education and training providers or employers
<b>Nonfinancial</b>	Examples: <ul style="list-style-type: none"> <li>Employee team recognition for performance and improvement</li> <li>Expanded career and professional development opportunities</li> </ul>	Examples: <ul style="list-style-type: none"> <li>Preferred provider recognition</li> <li>Access to and use of employer facilities</li> </ul>	Examples: <ul style="list-style-type: none"> <li>Accreditation and other eligibility and recognition systems tied to public funding streams</li> <li>Identification and communication of employer-led preferred provider networks</li> <li>Alignment of career guidance and consumer information systems</li> <li>Access to public data integration</li> </ul>
<b>Financial</b>	Examples: <ul style="list-style-type: none"> <li>Employee bonus plans for team performance and improvement</li> <li>Expanded investments in technology tools and related supports</li> </ul>	Examples: <ul style="list-style-type: none"> <li>Priority access to internships and other work-based learning experiences</li> <li>Monetary and equipment donations</li> <li>Shared training costs for preferred training providers</li> </ul>	Examples: <ul style="list-style-type: none"> <li>Deployment of funding streams aligned to employer-led preferred provider networks</li> <li>Performance-based funding</li> <li>Scholarships and financial aid</li> <li>Tax credits and incentives</li> <li>Social impact bonds</li> </ul>

Employer collaboratives and their host organization should prioritize getting the incentives right within their control. They should also be in communication with relevant public-sector partners to ensure they are knowledgeable about who the collaborative is working with as well as how they are measuring and incentivizing performance. This ensures that employers preserve their end-customer role and achieve the right level of responsiveness and flexibility with preferred providers, but with the possibility of additional public-sector support.

Opening up these lines of communication early on can help ensure that public agencies reinforce the collaborative's work moving forward and do not introduce solutions that are in search of a problem. Once formed, employer collaboratives bring about opportunities to substantially improve employer signaling in the talent marketplace. The signaling that results from these employer collaborative members can be leveraged by public-sector partners to achieve a better return on public-sector investments.

However, while public-sector incentives often bring much-needed resources to the table, public-sector partners should be careful not to undermine employers in their end-customer role in ways that reduce quality and increase training time and cost. Done right, talent supply chain networks can align their incentives with public incentives and ensure the right mix is in place to deliver stronger ROI for learners and employers.

## Unit 5.2

# Co-Designing Pathways

Having selected measures, designated preferred providers, and taken an inventory of the collaborative members' current incentives, the next step for an employer collaborative is to work with those providers to co-design career pathways. This process should be executed in ways that achieve a positive ROI for the employer collaborative members and generate shared value for all partners in the talent supply chain.

It is important to keep in mind that TPM is not something that happens to providers, but with them. Employer-led does not mean employer alone, and now it is critical for the collaborative to engage its preferred providers in building a high-performing talent pipeline.

Host organizations—along with selected representatives from the employer collaborative—must now gather all the information they have collected in the previous strategies and work in partnership with their designated provider networks to organize performance-based talent supply chain networks. They do this by co-designing a career pathway through a value stream mapping process that focuses on the employer collaborative's priorities and uses data that has been collected by the collaborative by working through Strategies 1–5.

## Preparing to Meet with Your Provider Partners

Host organizations should begin to convene their designated preferred providers to review the information the collaborative has collected and jointly make decisions about how they will partner together to deliver a career pathway. At a minimum, the host organizations should convene Tier 1 providers, but they should also include their feeder schools however possible. What matters most at this point is that the talent supply chain is working as a team and is transparent in how it is organizing roles and setting expectations.

When engaging providers, host organizations and their employer collaborative members need to work through a series of steps, activities, and decision points, which can be accomplished during a focused workshop. We highly recommend organizing a focused workshop that takes place over one or two days, but could be organized over a longer period of time depending on the timeline and the preferences of your collaborative members and provider partners. Advantages of organizing a one- to two-day workshop include ensuring all key decisions are made in a timely manner and showing momentum and progress.

The host organization should work with the collaborative members to determine who should represent them in the meeting. In some cases this can be done by the host organization themselves, but it is often advantageous to have one or two employer champions act as collaborative representatives, which demonstrates trust in the host organization and for the process. The employer champions can also bring subject matter or technical expertise to the discussion, which the host organization may be lacking.

The host organization and collaborative representatives should prepare to present the information the collaborative has collected to date on the first day of the workshop. This includes:

1. Definitions and measures for the collaborative's agreed-on pain points and baseline analysis (Strategy 1)
2. Definitions for critical business functions and jobs that the collaborative has chosen to focus on (Strategy 1)
3. Aggregate short-term projections for new and replacement positions (Strategy 2)
4. Hiring requirements, including information related to competencies and their preferred assessment and demonstration, credentials, and other requirements (Strategy 3)
5. Back mapping data and analytics about talent flows (Strategy 4) (Note: some collaboratives may choose to keep historical data private if they are working with new provider networks)
6. Leading and lagging measures the collaborative plans to address (Strategy 5)
7. Designated preferred providers and their relationship to one another (Strategy 5)
8. Current and potential incentives the collaborative is prepared to commit that they believe will help improve performance (Strategy 5)

In addition to being prepared to present the data, the employer representatives should be prepared to address a number of questions that their designated preferred provider representatives will likely have. These questions could include the following:

1. What is the source of the data and what methodology was used?
2. Can individual company data be shared?
3. What is the difference between a business function and a job?
4. What level of confidence do we have in the projection data?
5. How flexible is the collaborative in revisiting the hiring requirements based on feedback from partners?
6. Why was each education and training provider chosen as a preferred provider and what was the criteria used?
7. What guarantee is there that their learners will have priority access to opportunities and employment with the collaborative members?

## Engaging Your Provider Partners

The next step after getting organized is to begin engaging your provider partners to recruit them for the workshop and to help them prepare. The providers you convene may be those that your collaborative has already designated as preferred providers, or they could be those providers that you are considering designating depending on the outcome of the workshop. If your collaborative has been engaging stakeholders throughout the process—even sharing information with them as it becomes available—onboarding providers into the workshop may

be seamless as they have been prepared to engage all along. If your collaborative has kept their work private to date, the host organization may have to organize additional meetings to bring the providers they seek to convene up to speed.

To the extent possible, the information the collaborative has gathered to date should be shared in advance with those providers you plan to convene. As many questions as possible should be answered ahead of the workshop to ensure there is sufficient trust and buy-in heading into the meeting. Host organizations and the employer collaborative members will need to make a decision on just how much to share in advance and with who. Should providers see the data for the first time at the workshop, you run the risk of the meeting being slowed down by questions that could have been addressed beforehand.

When recruiting who should attend on the provider side, the host organization should consider having multiple representatives, professionals, experts, and decision-makers at the table for a productive workshop. Tier 1 providers should be prioritized, but you could include additional tiers as deemed necessary for a more robust discussion. It could be that your collaborative leaves the management of those partnerships to the Tier 1 providers. Regardless, the providers you invite should be tasked with identifying who they believe would make for the right mix of participants, which could include the following:

1. Senior organization leadership (e.g., principals, deans, CEOs, executive directors)
2. Curriculum and instructional design experts
3. Assessment and credentialing experts
4. Guidance counselors and case managers
5. Faculty, teachers, and instructors
6. Staff responsible for organizing and managing work-based learning or earn and learn opportunities
7. Students

Expectations should be set with the providers in advance so they are prepared to not only receive the employer data, but also present information that is most relevant to the collaborative. Some of this data may overlap with what was collected during Strategy 4—talent flow analysis—but should be included here so that providers have a chance to present their programs, capacity, and achievements to date. Information presented by providers could include the following:

1. Available and planned program offerings
2. Identification of, and data related to, feeder programs
3. Current enrollment and completion data
4. Credentials and assessments offered
5. Experience with work-based learning opportunities
6. Evidence on graduate experiences and outcomes, particularly as it relates to employment

What providers should be cautioned against is coming to the workshop with the intent to “sell” their programs to the employer representatives or to provide detailed information on their courses (e.g., lesson plans). The idea of the workshop is to co-design a career pathway with employers based on the data and information collected by the collaboratives and who is responsible for addressing which critical hiring requirements at what point in the talent supply chain. Both sides should come prepared to learn, make changes and concessions, and engage in joint decision-making. What follows is a series of steps and activities that employers and their providers need to work through, which for the purposes of this example will take place over a two-day workshop.

## Day 1: Presenting the Data and Introducing the Value Stream

The workshop should kick off with introductions and a review of the agenda for the next two days, including (1) presenting the data, and (2) co-designing a career pathway through mapping the value stream.

Day 1 of the workshop should focus on information sharing and starting the co-design process. Much like employer collaboratives needed to build trust at the onset, so too must the talent supply chain partners. The meetings that preceded the workshop should hopefully have established trust in advance, but the first half of the day should be dedicated to this purpose and establishing a shared set of goals and objectives with a clear value proposition for the partners represented. This begins with information sharing and getting to know one another and conclude with an agreement to take the next step and build a value stream map.

By the time you have reached the end of the first half of Day 1, the workshop participants should be able to affirmatively answer questions like the following:

1. Do we feel confident we can work together to build a career pathway that addresses the needs of the companies in the collaborative, including the target business functions and jobs, shared pain points, and hiring requirements?
2. Will we work together to update our data regularly and ensure our career pathways are flexible and responsive in meeting changing hiring needs as they shift over time?
3. Are we able and willing to share data on our respective performance metrics to ensure partners are accountable to one another and supported through a process of continuous improvement?

Assuming you have built the trust needed and shared the information necessary to move forward to the second half of Day 1, it is time to map the value stream, otherwise known as a career pathway.

## Value Stream Mapping

Value stream maps are used in supply chain management to show, at a strategic level, the roles and responsibilities involved in producing and delivering a good or service. It is called a value stream because each partner in the chain adds incremental value, all aimed at meeting the needs of an end-customer.

In TPM the value stream map is a visual blueprint of the talent supply chain. It is a useful tool for communicating how employers and preferred providers understand the talent development process from start to finish and for providing a way to clearly signal the major transition points and the roles and responsibilities of all partners involved in the process. The maps can also be used to show the major performance drivers in sequence, along with the incentives tied to them, which we will address in Day 2 of the workshop.

Value stream maps can also be synonymous with career pathways, or programs of study in education. For educators and training providers, a career pathway shows a scope and sequence of learning across providers to prepare a learner for entry-level employment in a career field. Education and training providers have a rich history of developing career pathways for career and technical education programs supported by state and federal policy.

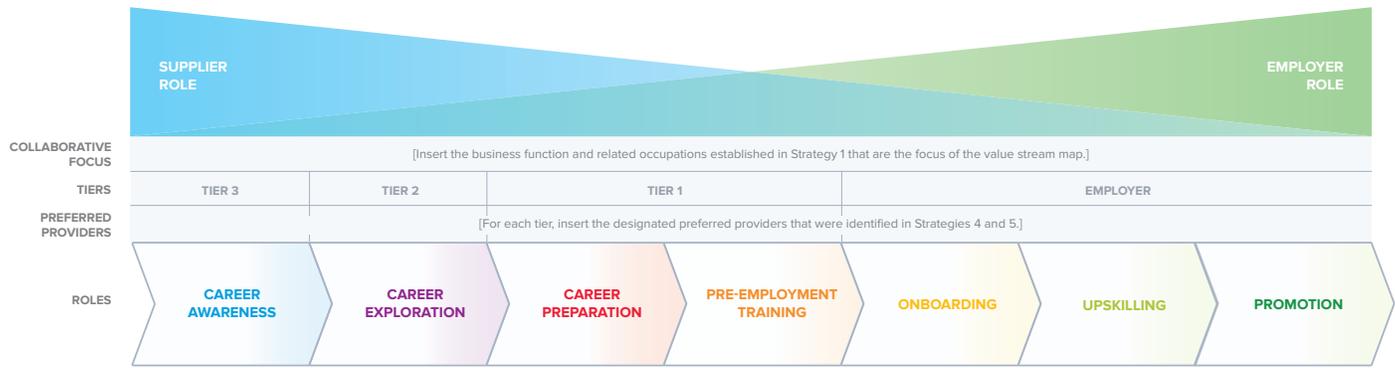
What makes value stream maps different is that they are co-designed with employers based on the data employers have gathered in advance. They are also used to align incentives and performance measures in ways that generate an employer ROI.

The first order of business is to gain a common understanding of the value stream map and the process used to build it. It identifies not only the major activities involved in developing talent and who delivers the services, but also the performance expectations at each transition point and the incentives used to improve performance. These maps have seven major components, each involving decisions that should be spaced out over the course of the workshop:

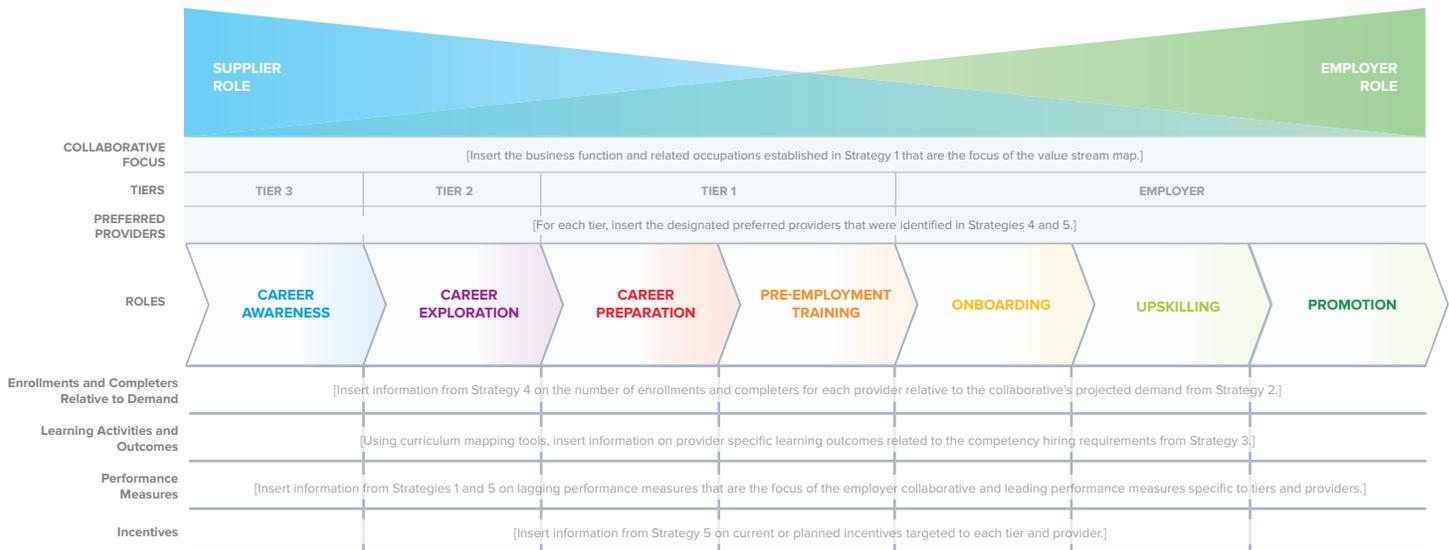
- **Talent Pipeline Roles:** The major roles or functions (e.g., career awareness) played by employers and their partners, showing shared responsibilities at each transition point in the pipeline (Strategy 5)
- **Tiers:** The classification of which roles fall under which tiers (Strategies 4 and 5)
- **Preferred Providers:** The sorting of which providers are tagged to which tiers and roles (Strategies 4 and 5)
- **Time and Projected Level of Demand:** The determination of which roles, tiers, and partners will be responsible for meeting the projected demand of the collaborative and within what timeframe, as well as which of those partners will develop future supply. This includes enrollment and completion data for each of the providers (Strategies 2 and 4)
- **Learning Activities/Outcomes:** The value-added learning activities and outcomes as well as assessments and demonstrations, at each stage of talent development (Strategy 3)
- **Performance Measures:** The key performance measures at each point of transition (Strategy 5)
- **Incentives:** The incentives that are targeted at each stage of the talent development process (Strategy 5)

See Figure 5.1: Basic Value Stream Map and Figure 5.2: Advanced Value Stream Map. The more advanced map provides a template for populating the map with data and decisions made by the workshop participants.

**Figure 5.1: Basic Value Stream Map**



**Figure 5.2: Advanced Value Stream Map**



## Mapping the Value Stream with Providers

When engaging in a value stream mapping process, the talent supply chain network will initially need to reach agreement on the first four components, namely the roles, tiers, and providers playing those roles/tiers, as well as address the timeframe and projected level of demand. Demand data already aggregated by the collaborative members during Strategy 2, and data about provider tiers and roles gathered during Strategies 4 and 5, will prove helpful to this discussion. Questions you can use to guide the discussion include:

1. What are the major roles in developing talent for our pipeline and how do we define them?
2. Which role and tier will each provider be responsible for?
3. Which providers are feeders to others, and which will employers directly recruit from?
4. What level of demand needs to be met and by whom, including estimated enrollments and completers, accounting for attrition?
5. What time period does the value stream need to address in the immediate future? Which providers fall within the timeframe for current projections? Who is responsible for future talent supply?

With roles firmly established and having reached agreement on the above questions, the group is now ready to address the fifth component of the value stream mapping process: learning activities and outcomes. Here you will need to engage the curriculum, instructional design, and assessment experts in the room to build out the activities covered under each talent development role. Data that employers have gathered as part of Strategy 3—the hiring requirements—will prove essential in mapping out learning outcomes and the progression of learning.

Workshop participants may find it useful to make use of curriculum mapping tools. These tools can be used to help partners map which learning outcomes relate to which competency hiring requirements, and which providers (and at what tier) are responsible for them. They can also be used to show the progression of learning outcomes attained over time across multiple provider partners. A basic curriculum mapping example is provided in Figure 5.3: Basic Curriculum Mapping Tool Example.

A more advanced template shown in Figure 5.4: Advanced Curriculum Mapping Tool Example includes more than a checklist, but an opportunity for the workshop participants to input additional information specific to the type of learning activity (e.g., courses, internships) and demonstration or assessment used to demonstrate the attainment of a learning outcome. These are just examples and the workshop participants should decide if this is a process that works for them and which tools should be used or adapted to meet their needs.

**Table 5.3: Basic Curriculum Mapping Tool Example**

Competency Hiring Requirements (CHR)	Learning Outcomes (LO)	Tier 3 Providers	Tier 2 Providers	Tier 1 Providers	Collaborative Employers
CHR1	LO1		X		
CHR2	LO2		X		
CHR3	LO3			X	
	LO4			X	
CHR4	LO5				X
	LO6				X
	LO7			X	

**Table 5.4: Advanced Curriculum Mapping Tool Example**

Competency Hiring Requirements (CHR)	Learning Outcomes (LO)	Tier 3 Providers Assessments and Learning Activities	Tier 2 Providers Assessments and Learning Activities	Tier 1 Providers Assessments and Learning Activities	Collaborative Employers Assessments and Learning Activities
CHR1	LO1		Insert		
CHR2	LO2		Insert		
CHR3	LO3			Insert	
	LO4			Insert	
CHR4	LO5				Insert
	LO6				Insert
	LO7			Insert	

Collaborative representatives should defer to the curriculum and instructional design experts on how they believe the employers' competency hiring requirements can best be achieved (e.g., scope and sequence of learning activities). However, employers should make sure that the competency hiring requirements and learning outcomes are aligned and that proposed assessments of learning outcomes are also aligned with the preferred demonstrations of these competencies.

Overall, this curriculum mapping exercise should involve a rich back-and-forth discussion between the collaborative representatives and providers to address questions such as the following:

1. Which learning outcomes correspond to which competency hiring requirements?
2. How will learning outcomes be sequenced across partners and tiers? Who is responsible for addressing which learning outcomes at what points in the talent supply chain?
3. What types of assessments correspond to each learning outcome? What are examples of these types of assessments?
4. Are there any learning outcomes that are company specific and how will they be accounted for?
5. What learning activity and assessment is the employer responsible for and needs to be included as part of its onboarding and training process?

Again, when possible, the collaborative should defer to the expertise of faculty, curriculum designers, and other experts to develop programs that provide the most cost-effective and responsive way to meet the collaborative's hiring requirements. However, host organizations should not shy away from weighing in when the program's design fails to balance the collaborative's needs, including time, quality, and cost.

Keep in mind that this part of the process should be a negotiation, with the understanding that the hiring requirements employers want and need often require a learning pathway that is developed over time. The curriculum mapping exercise is a useful way of aligning learning as well as eliminating redundancies, which can influence both time and cost in the delivery of a career pathway.

In addition, employers are part of the value stream and will need to be responsible for some portion of training, and often will insist on it. Many employers want to retain certain training because they prefer their way of teaching a skill or competency. Or it might be specific to their company's needs and not a skill or competency that is needed across the collaborative.

This back and forth could result in the employer collaborative adjusting its hiring requirements from Strategy 3. Similar to providers, employers must approach the conversation with an openness to being flexible and should adjust or modify their hiring requirements as needed based on the results of the value stream mapping process. If employers do not adjust, then they run the risk of requesting hiring requirements prior to employment that they now plan to address as part of their agreed-on onboarding and training process. Whatever decision is made, it is important to feed this back into each company's hiring process and systems to avoid setting too high a bar for entry-level job candidates.

The final step for Day 1 is to take the information gathered from the curriculum mapping tool and add it to the value stream map. Having completed the first five components of the value stream process, you are now ready to move on to Day 2 of the workshop, during which you will align performance and incentives across the talent supply chain via the value stream mapping process.

## Day 2: Aligning Performance and Incentives

The second and final day of the workshop should focus on building out the remaining components of the value stream map. This includes aligning performance measures and incentives to drive an ROI for employers and learners. We begin with aligning performance.

Using the metrics identified in Unit 5.1, the host organization and employer collaborative representatives can introduce, for their designated preferred providers, the most important leading and lagging measures that have been discussed thus far. From there, they can work through the co-design process to further explore and validate the leading transition measures and tie them to lagging bottom-line measures that address employer ROI.

The goal of this co-design process is to come to agreement on how to track progress and keep score for the talent supply chain network. Remember, TPM is a team sport and we value how the team is performing more than the outputs and outcomes associated with any one partner in the value stream. Workshop participants should engage in a deliberate process to link a variety of performance metrics across the value stream in a way that is transparent and shows the expectation of each partner relative to one another. Questions the workshop participants should work through include the following:

1. Are the pain point measures that matter to employers clear?
2. Which transition measures should be prioritized at which stage of the value stream?
3. Do these transition measures align with any accountability systems that providers are accountable to?
4. Is there clear alignment between the agreed-on transition measures and bottom-line measures?
5. How will we collect and share data on performance and who will have access to the data and when?
6. How often will we measure?

Once these questions have been satisfactorily addressed, the variety of agreed-on performance measures should be layered onto the value stream map and you should move on to aligning incentives.

## Aligning Incentives to Performance

Having achieved agreement on the leading and lagging measures that will help the talent supply chain network keep score, it is time to target the right mix of incentives that will optimize performance across partners and deliver a positive ROI for employers and learners.

Below are questions workshop participants should work through when identifying and targeting incentives:

1. What types of financial and nonfinancial incentives are collaborative members providing now?
2. Is there a connection between the type of incentives given and performance?
3. Are the incentives employers are willing to offer the ones that are most in demand by providers?
4. What types of incentives will collaborative members be able to provide in the future that may be more valuable to providers?
5. What are the costs of the agreed-on incentives?
6. Who will manage the distribution of incentives (e.g., host organization versus individual employer members)?
7. Are there any available or potential public incentives that should be sought after, and would they help improve ROI?

Once these questions have been answered and the right mix of leading and lagging incentives have been agreed on, then proceed to layer the final component of your value stream map.

Congratulations, your workshop is complete and you are ready to build your talent supply chain!



# Preferred Provider Workshop

## Exercise: Part 1

This exercise demonstrates how the value stream mapping process can reveal important considerations in co-designing career pathways with preferred providers.

A collaborative made up of three large utility companies had gone through Strategies 1–4 and recently designated its preferred providers, which included two Tier 1 community colleges, each with a Tier 2 feeder high school. In addition, both community colleges enrolled low-income adults from a Tier 2 community-based organization offering education and training services. The companies focused on line workers—a critical need that is currently experiencing a shortage—and their pain points are improving the number of highly qualified job applicants and reducing onboarding and training costs.

Both provider networks provided career and technical education programs of study in which learners received career preparation during their senior year in high school before entering a one-year career training program at the community college. Similar to the high schools, the community-based organization provided a one-year career preparation program, but it targeted enrollment to opportunity youth and low-income adults. Combined, these programs fit the employers need to source talent over a two-year projection period, estimated at 200 hires over two years.

The host organization—the state chamber of commerce—convened a preferred provider workshop that included a representative from each of the utility providers as well as senior-level administrators, curriculum experts, instructors, and trainers from each of the five providers. The goal was to co-design a talent supply chain network. The team had agreed to work through a two-day workshop to (1) present data, (2) map its value stream, and (3) align performance measures and incentives.

On Day 1 of the workshop the employer partners shared data on pain points, projected demand, hiring requirements, and talent sourcing networks to date—of which only one of the community colleges had been a supplier of talent up to this point, but they were unable to meet the demand on their own or fully address the companies’ diversity goals. Both community colleges agreed to supply 100 graduates each.

Next, the workshop began mapping the value stream and made use of a curriculum mapping tool to relate employer hiring requirements to learning outcomes in the provider’s respective curriculums. Both Tier 1 colleges provided a career and technical education program of study in partnership with their feeder high school. Each used a trusted curriculum provided by a third-party vendor. The community-based organization offered a different curriculum that used much of the same content but also included remedial math and reading instruction.



Not counting the remedial education offerings of the community-based organization, each of the provider's curricula included 20 learning outcomes related to the hiring requirements. Of the learning outcomes presented, 15 were consistent with the employer hiring requirements, including both technical and soft skills. Two other learning outcomes were relevant to one of the companies, while three were relevant to the other two companies. An additional seven learning outcomes were covered that were not relevant to the collaborative members and added at least 12 weeks of instruction time. During the discussion, the companies identified three important technical skills that were listed in the hiring requirements for all of the companies, but these skills were not addressed in the learning outcomes.

In addition, three assessments were offered as part of the curriculum as well as two credentials, for which learners were required to pay fees. One of the credentials was a highly sought-after industry-recognized credential for all of the collaborative members that addressed core technical skills and could offset some of the companies' onboarding and training costs if job candidates arrived with this credential. The second credential was not known to the collaborative members and it was questionable if it addressed their hiring requirements at all.

The education providers indicated that they were willing to adapt the curriculum, but they also noted that, per the employer presentation the day before, three of the learning outcomes that the curriculum addressed were part of the onboarding and training process that the companies currently offered and were unable to change for safety and compliance reasons. Those three learning outcomes added at least another four weeks of instruction time.

After your review, discuss the following:

- 1 As a workshop participant on Day 1, how would you address learning outcomes in the value stream and what are some decisions that might be made? How would you address the three skills that are unaccounted for in the existing curriculum?
- 2 How would you address assessment and credentialing opportunities?
- 3 Are there any implications for time or cost as a result of the value stream mapping process?
- 4 What other issues has the value stream mapping process surfaced that may have otherwise gone unnoticed or unresolved? Is there any additional information we may need or questions we might want to ask?



# Preferred Provider Workshop

## Exercise: Part 2

This exercise builds on the value stream mapping process to incorporate performance measures and incentives, revealing important considerations for the employer collaborative and the preferred providers.

On Day 2 of the workshop, the companies and providers picked up where they left off in the value stream mapping process and worked together to align performance measures and incentives. First, the companies shared their pain point measures, namely improving the time to hire highly qualified line workers and reducing their onboarding and training costs. They needed 200 hires in two years.

Next, the providers shared the metrics they are accountable for, including program enrollments and completions, which the colleges and high schools must report to the state. More recently, the community colleges and high schools started to track industry credential attainment as a career readiness indicator. The community-based organization had a long history of tracking credentialing as a core metric.

The companies asked for a definition of program completion and they learned that for the colleges and high schools, it was achieved not by the satisfactory attainment of all relevant learning outcomes or competencies but by a passing letter grade assigned by a trainer or instructor. This included attendance, completion of assignments, and several other factors. The community-based organization had a pass-fail program, but what made its program different was that it did not allow more than three unexcused absences or else the student received an automatic fail. After hearing this, the companies were very interested in tracking learner attendance and completion of assignments as a predictor of success for qualified hires and retention.

Moving on, the companies inventoried the incentives that they currently provide to education and training providers. Their goal was to better manage those incentives in ways that would help address their pain point measures. Collaborative members discovered that they each sponsored facility tours for younger learners in the fall and spring. One of the companies also allowed its employees to make classroom visits to promote jobs in the utility sector and many employees also served as mentors to interested learners. The companies recognize this volunteerism annually in industry newsletters.

In addition, all of the companies offered some type of internship program. However, the internships went to only community college learners and there was wide variation in the number of internships offered in any given year, when they took place, and how the program was delivered and assessed. Even though the internship programs lacked consistency, what little evidence was available suggested that learners who had an internship were more likely to continue in their studies, more likely to pursue full-time employment with the company, and typically more affordable to onboard.



One of the collaborative members piloted a new program with one of the community colleges in which they provided toolkits free of charge to 15 low-income learners that stood out in terms of their commitment to the program and their contributions to the community. Each toolkit had a value of \$250 and prominently featured the company's logo. Feedback from the providers was that this significantly reduced learner fees and learners who received the toolkit were even more motivated to complete the program, with many inquiring about potential internship opportunities with the company.

After your review, discuss the following:

- 1** As a workshop participant on Day 2, how might you recommend aligning performance metrics in the value stream map? Identify which measures are leading “transition” measures versus lagging “bottom-line” measures. Explain your answer.
- 2** By going through the value stream mapping process, what are some potential decisions that can be made about incentive offerings? Of the employer incentives currently provided, which are most important to improving performance? Explain.
- 3** How would you recommend the companies and provider partners manage internships going forward?
- 4** What are additional performance measures and incentives not mentioned in the example that the collaborative might want to consider?

## Unit 5.3

# Managing Performance and Calculating Return on Investment

Your work is not done yet. Up to this point, you have co-designed and implemented a talent supply chain. However, is your talent supply chain working the way you intended; namely, is it addressing the pain points that brought your employers together to begin with and is it generating an ROI?

In the final section, you will need to effectively manage the performance of your talent supply chain by collecting, analyzing, and interpreting data produced by your provider partners. You are also one step closer to calculating the ROI for your employer collaborative members.

## Managing Performance through Scorecards

In reporting performance data, employer collaboratives should start by developing a simple performance scorecard that shows how well the collaborative and its partners are meeting performance expectations.

The scorecard minimally should include the following:

- **Name and Description of the Performance Measure:** A clear and concise name and description
- **Performance Level:** Achievement against the measure expressed as a ratio, percentage, or absolute number or rating
- **Performance Relative to Expectations:** Whether the current level of performance is meeting, exceeding, or not meeting the expected level of performance, expressed in letters, icons, or colors
- **Performance Trend:** Whether the performance level is improving over recent time periods, expressed in upward or downward arrows or other types of icons and colors

Scorecards can also include ongoing data gathered from talent flow analysis. Some collaboratives would benefit from tracking the ongoing capture and leakage rates from providers relative to performance against transition and bottom-line measures.

Employer collaboratives can use performance scorecards to benchmark the progress of any one provider against one or more transition measures, or they can use them to compare performance across multiple providers.

For those collaboratives that manage multiple talent supplier networks, these scorecard tools can be used to compare performance among providers and to make strategic choices about talent pipeline partnerships. By comparing performance, your collaborative can identify leading practices that can inform continuous improvement or make determinations about whether to ramp up, ramp down, or discontinue a partnership. See Table 5.5: Example Aggregate Performance Scorecard for an example of an aggregate performance scorecard and Table 5.6: Example Performance Scorecard for Tier 1 Training Providers for an example of a performance scorecard that compares providers against a common metric.

**Table 5.5: Example Aggregate Performance Scorecard**

Shared Pain Point Measures	Performance	Relative to Expectation	Trend
Percentage of applicants from talent providers that meet the requirements	55%	●	↓
Average number of days to fill open positions	128 days	●	↓
Percentage of hires retained in first year of employment	75%	●	↑
Driver/Transition Measures	Performance	Relative to Expectation	Trend
Number of learners who complete education and training programs	75	●	—
Number of learners enrolled in education and training programs	95	●	—

**Table 5.6: Example Performance Scorecard for Tier 1 Training Providers**

Tier 1 Provider	Measure	Level	Relative to Expectations	Trend
Community College A	Percentage of applicants from talent providers who meet the requirements	85%	●	↑
University B	Percentage of applicants from talent providers who meet the requirements	60%	●	↓
University C	Percentage of applicants from talent providers who meet the requirements	40%	●	↓

## Exercise 5



### Comparing Talent Supplier Performance Exercise

This example below illustrates how a collaborative can make use of previously collected data to manage performance.

An IT collaborative is looking to improve its pipeline of software developers and coders and has projected its demand to be 40 new workers by the end of the year. Having already completed a talent flow analysis, the employer collaborative has identified its current talent sources and has chosen to focus its efforts on three Tier 1 providers that have now been designated as preferred providers: (1) a university, (2) a community college, and (3) a new for-profit boot camp.

After two years of engaging those partners and focusing its hiring efforts toward them, the host organization aggregated relevant performance information associated with its new recruits from the Tier 1 providers. In particular, the collaborative began to review its HR data to track how many people were hired from the Tier 1 providers, were retained, and reached **full productivity**.

The collaborative also wanted to go further and find out how much talent was lost to other employers in the area or out of state. Last, the collaborative worked with the Tier 1 providers to understand what its capacity (available seats) was versus actual enrollments, an important piece of information because the IT companies were planning to undergo a new demand planning review.

Below is the report the host organization generated for the collaborative to review.

Tier 1 Provider	Type	Effective Use (Capacity versus Utilization)	Number Hired by Collaborative Companies	Number Hired by Other Companies	Percentage of New Hires Retained after 12 Months	Percentage at Full Productivity (12 Months)
A	University	90:45	15	30	80%	90%
B	Community college	30:20	12	8	50%	75%
C	For-profit boot camp	25:25	20	5	90%	60%



## Calculating Return on Investment

It's important for collaboratives to develop and select key performance measures tied to employer pain points, and to help employers identify their current and future financial incentives. However, what makes TPM different is its ability to communicate a positive ROI back to employer members.

As discussed in Strategy 1, host organizations must communicate a clear value proposition to employers that they will better address their key pain points and achieve greater ROI by supporting the collaborative's work. Employers should be strongly encouraged to calculate their ROI in working with the collaborative by considering at least two types of costs:

- **Employer Collaborative Participation:** Time and resources spent working with the collaborative to develop and implement solutions
- **Employer Incentives:** Costs associated with any direct investments made by employer partners to support and reward provider networks

In addition, host organizations should encourage their employer members to calculate their own ROI using their preferred methodologies. Host organizations can assist members by providing benchmarks from their industries, such as measures for cost of hire and cost of turnover in manufacturing and information technology.

The simplest form of calculating ROI is by comparing the **baseline cost** (BC) to **benefits achieved**. To do this, take the baseline cost and subtract the updated cost (UC), plus the **cost of engaging in a collaborative** (CEC) (participation cost and incentives), and divide by the baseline cost. Take the total and multiply by 100 to get an ROI percentage.

Formula:  $[BC - (UC + CEC) / BC] \times 100$

For example, if the measure most important to a collaborative was to calculate the ROI achieved in reducing the cost of a hire, then you can take the baseline cost of a hire over a specified baseline time period before participating in the collaborative (BCH) and subtract the updated cost of a hire after participating in the collaborative (UCH), plus the cost of engaging in a collaborative (e.g., membership fees, staff time), and divide the total by the baseline cost, then multiply by 100.

Example Formula:  $[BCH - (UCH + CEC) / BCH] \times 100$

Cost reduction, however, is only one form of calculating ROI. Collaboratives can also calculate ROI based on benefits achieved, such as productivity gained, new business taken on, or profits increased. We encourage you to work with your employer members to determine the right type of ROI metrics for them, but be sure to focus your attention on ROI that you can measure and where there is an agreed-on methodology for calculating it.

Another way of approaching ROI is to have a common set of ROI metrics for the collaborative, such as cost reduction, but provide guidance to individual company members on how they can calculate benefits achieved for their firm. As with all things TPM, there is no right answer or approach when it comes to calculating ROI, only the approach that works best for your collaborative's membership.

## Exercise 6



### Calculating Return on Investment Exercise

The exercise below demonstrates how an employer collaborative can estimate ROI and determine if collaborative members are benefiting from their participation in the collaborative.

An IT collaborative has come together to solve a critical shortage of network administrators across its members' companies. The companies' pain point challenge is not finding enough highly qualified workers to meet the cybersecurity needs of many of their new defense contractor clients. The host organization has convinced its members to participate in an ROI calculation that will show whether the collaborative is adding value and, if so, by how much.

To start, the collaborative members decided to focus on the total cost of a hire to see if they have achieved any savings by working together. They also decided to provide ROI data to the collaborative in ways that can be aggregated annually to show the average level of returns to collaborative members and benchmark progress.

Having agreed on how success would be measured, the members determined their baseline costs. The collaborative used an industry methodology for measuring hiring costs, along with some standard benchmarks for costs. This methodology includes advertising, candidate screening and selection, and onboarding. The average hiring cost reported by employers using this methodology and related benchmarks was \$8,000 per hire. The companies then added in the expense of staff time and related expenses incurred in serving on education and workforce advisory groups and attending related meetings and events, averaging about \$30,000 per hire.

After a year of working together and sourcing new network administrators with a set of preferred providers, the collaborative increased the number of highly qualified job candidates and new hires. After sharing their data with the host organization, members found that they reduced their advertising, candidate screening and selection, and onboarding costs by 50% to \$4,000 per hire.

The collaborative members continued to provide staff to engage directly with providers. But they also focused staff time on essential meetings and events with preferred providers, resulting in a 50% reduction in employer costs to \$15,000 per hire. The time and costs associated with engaging in the collaborative (e.g., time spent in meetings) were estimated at \$2,500 per company, per hire. In addition, as part of the collaborative's incentives, employers now offer paid work experience for learners from these providers, averaging \$8,000 per hire.

1 of 2



Last, the host organization convening the collaborative would like the work to continue, but up to this point the time has been supported by a small grant from a community foundation and otherwise volunteered. For the host organization to continue staffing the collaborative, it will require participating members to contribute dues, estimated to be \$2,000 annually per company.

In all, members concluded that they received a positive ROI that could be further increased by cooperating on new initiatives to improve talent pipeline performance.

After reviewing the exercise, discuss the following:

- 1 What is the cost of a new hire before and after participating in the collaborative?
- 2 What is the ROI for collaborative members?
- 3 Is this ROI sufficiently positive for the collaborative to continue? Explain your answer.
- 4 If you were representing a company in this collaborative, would you continue your participation with the additional dues requirement? Explain your answer.

## Ready for Next Steps?

Before you move to the next strategy, make sure you have achieved the learning objectives necessary to move forward. Ensure that when you go back to your community, you will be able to execute the following activities:

- Explain the role of performance measures and incentives in TPM.
- Develop and select performance measures.
- Develop preferred provider criteria and designations.
- Take inventory of current employer incentives.
- Co-design value stream maps with designated preferred providers.
- Select and target incentives for managing talent pipelines.
- Compare the performance of networks and providers with one another.
- Calculate ROI for employer members.
- For those using the TPM web tool, use the tool to implement performance measures and incentives.

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# NOTES