

**SUCCESS STORIES:**

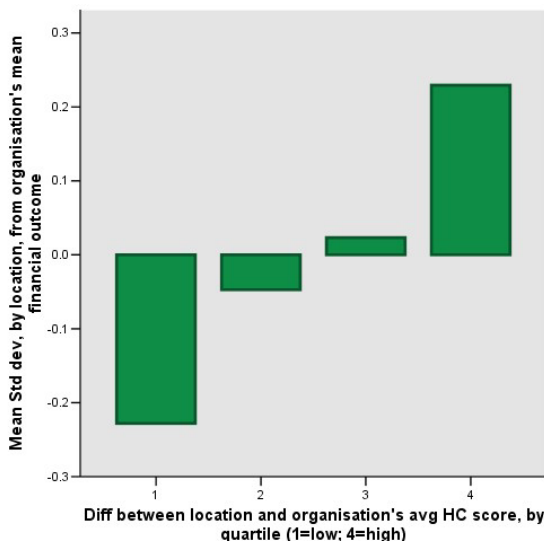
**Financial Services Firms: Using Analysis Results to Find Commonalities – and Differences**

In the summer 2005, McBassi implemented its HCM measurement methodology in a large number of retail branches across a consortium of three large-sized banks (two in the United Kingdom and the other in the United States). We then linked the resultant human capital maturity (HCM) metrics for each retail branch to (a) a measure of financial outcomes that could be calculated comparably across the banks (financial performance relative to targets/goals or past performance) and (b) a measure of non-financial performance (employee commitment, as measured by an index of self-reported overall satisfaction and willingness to devote discretionary effort to their job).

This analysis was of particular interest because it enabled us to determine the extent to which organizations within the same industry were similar – as well as the extent to which they differed – with regard to which specific HCM factors were the most important predictors of these outcomes.

First, we found, as expected, a positive relationship between HCM scores and both the financial and non-financial outcomes. (Figure 1 shows the relationship with financial outcomes.)

**Figure 1. Relationship Between Overall HCM Score and Financial Performance**



Translating the standard deviations in each branch’s financial performance relative to target, we were able to calculate that if a branch improved its overall HCM score from the average of the bottom quartile to the average of the second-from-bottom quartile, the HCM improvement would be expected to be associated with an improvement, on average, of 3 percentage points in the ratio of actual financial outcomes to target (or previous year’s) outcomes.

We also isolated the HCM factor categories that were most closely associated with these financial outcomes, as well as with employee commitment, across the three banks (as seen in Tables 1 and 2). [Given the differences across the banks, it was not possible at the individual item level to identify a common set of best practices that mattered most to all of them.]

**Table 1. HCM Factors Most Closely Associated With Financial Performance Across Banks**

1. Leadership Practices: Supervisory Skills
2. Learning Capacity: Value & Support Learning
3. Leadership Practices: Inclusiveness (Managers)
4. Knowledge Accessibility: Collaboration & Teamwork
5. Workforce Optimization: Processes

**Table 4. HCM Factors Most Closely Associated With Employee Commitment**

1. Employee Engagement: Job Design
2. Leadership Practices: Supervisory Skills
3. Leadership Practices: Inclusiveness (Managers)
4. Leadership Practices: Executive Leadership
5. Employee Engagement: Commitment to Employees

A comparison of Tables 1 and 2 reveals that two HCM factor categories (Leadership Practices: Supervisory Skills and Leadership Practices: Managers’ Inclusiveness) are among the five most important factors associated with both financial performance and employee commitment. The other three most important

factor categories, however, are different for the two outcomes. There is thus some overlap and some major differences in what's driving these two types of outcomes. (Hence it is even possible, for example, that an excessive focus on employee commitment could, in the end, be detrimental to financial performance.)

In addition to analyzing the commonalities among the three banks together, we were also able to analyze the differences across them when their data were assessed separately. When the specific HCM drivers of financial performance and employee commitment are

examined separately for each of the three banks, it becomes apparent that there are many differences and relatively few similarities.

This leads us to conclude that it would be a mistake for these banks to develop their HCM strategies based solely on information about the commonalities among them (or others), since the specific drivers of key outcomes for each bank differed significantly. In other words, using one-size-fits-all solutions, either for improving employee commitment or financial performance, is a big mistake.

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