

46. Graybar: Supporting a Long-Term View of Talent Management - by Kellye Whitney

Today, very few companies market themselves with long-term employee candidates in mind. Graybar, a leading North American equipment distributor specializing in supply chain management, is one of the exceptions.

Graybar has made a habit of promoting from within and has built a comprehensive talent management strategy to support it. Kathy Mazzarella, senior vice president of human resources and strategic planning, took a moment to explain how things work for the organization's 8,500 employees.

TM: Describe Graybar's approach to talent management.

Mazzarella: We're very much into a long-term view as an organization. We like to keep and develop employees, so we need to recruit employees who can develop and thrive, and want to build long-term careers. We need to engage them and develop programs that will continue to evolve as business challenges evolve. Our approach to talent management is very broad. Every year we have a strategic plan as an organization, and we build a workforce plan around our strategic plan. We call it the State of the Workforce report. We do an environmental analysis, which includes the economic environment, industry trends, external factors such as regulatory issues, technology security, overall workforce trends, what we're seeing out there in the world - demographics, forecasts, any talent management best practices where companies are trending. We develop an internal analysis, our demographics, our talent management practices, productivity data and such, and then we try to marry the two. We try to build it so everything we do supports alignment with the business objectives.

TM: What processes or programs have you established to improve workforce performance?

Mazzarella: We do basic performance reviews every year and a midyear review. We've averaged 95 to 98 percent completion of our performance evaluations year over year. Now we're focusing on quality. We use a lot of the report to make sure we have goal alignment, and we are starting to measure employee productivity more in-depth to make sure that any areas employees need to improve, they don't wait too long to work on them.

TM: What special challenges impact talent management at Graybar?

Mazzarella: One of the biggest external factors we have is that wholesale distribution doesn't have industry visibility. There aren't many schools that teach students about distribution, which is interesting because one out of 20 jobs in the United States is in wholesale distribution. It's a \$4 trillion industry in the U.S. Of course, you've got the demographic shifts, which everybody's dealing with, and the changing expectations of the new workforce. A lot of universities tell folks coming out of school, 'You're going to change jobs X amount,' and that's very different from our culture. We like to get them,

develop people, continue to help them learn and improve themselves until they retire and into retirement. Then, internally at Graybar, many times talent management is viewed as an HR thing, and it's really not. It's a business issue; we just help facilitate it. I've only been in HR four years. I had 24 years on the business side.

TM: How does Graybar work to change leadership or management behaviors that lead to optimal workforce performance?

Mazzarella: We've developed a lot of training. Last year we did 350,000 hours of training, and a lot of that is around business leadership and philosophy and general management skills. We have the Rutgers-Graybar Supply Chain Management Program, which we're very proud of. We're in our third year now, and it took many, many years to get it developed because most universities wanted to give us an off-the-shelf product, and that's not what it is at all. It's a very, very customized, graduate-level program which takes the elements out of a master's program and ties it to real-world business application. It's Web-based and pretty robust. We call it the mini-MBA in the company. You take people who have potential and put them through, but they all have to work in a team environment remotely.

Every year the adult students start out the 15-month program with corporate strategy. It covers all the components you would have running a business: a whole profit center, operational metrics, everything. In the midterm, we give them a final project which is based off of a strategic initiative the organization may have. For example, one of the teams had to create a regression analysis formula to do predictive financial forecasting from a sales perspective. They actually created an interactive working model and developed 80 different variables. They pulled it down to the three key ones that impact our business. They went 20 years back in history to test it. We're super close in accuracy, and you can incorporate any of the 80 variables into the model as needed as economic conditions change. These people come out of general business management, sales - we have a few of our attorneys in it - and when you see these employees at the beginning of the program and at the end, you can see a marked difference in their business skills, the way they speak, think and the way they attack a problem.

We also have stretch assignments. We have a lot of programs where we bring people in for key initiatives whether we're looking at new markets, pricing and profitability or what we need to do in change management. We'll invite some of our leadership and engage them in the design of the solutions and the implementation. It's a lot of fun.

TM: What processes and programs have you established to attract, recruit and retain top talent?

Mazzarella: We promote from within, so we encourage - actually, we require - a minimum of 30 hours per year of ongoing learning, and that is very attractive. People are coming in and saying to us that they want something continually challenging. They want to continually have stretch learning assignments, to have a company where they feel they

bring value. So we have a lot of employee feedback and engagement programs where they meet with the president, for example.

We meet as officer groups with hundreds of our employees every year in interactive meetings and feature them internally in publications to promote the activities they've improved upon. We have the attraction of our benefits package and our profit sharing, which is phenomenal. We also have an environment where you can start at the entry level and eventually become the president. I started as a customer service rep when I was 19. I've been there 28 years. I sit on the board; I'm one of the senior officers. Our president started in the warehouse. Most of the officers - with the exception of our attorney, who we hired from the outside - started in entry-level jobs. The people that replace us will also come from within. Not too many companies can say that anymore.

TM: How does Graybar measure workforce performance?

Mazzarella: We look at sales per employee, gross margin per employee, sales performance overall. We look at how many jobs touch the customer versus back-office functions to make sure those stay in line. We look at typical turnover retention by performance rating, who is staying, who is leaving, why are they leaving. We also do interviews because we have a pretty high percentage of people who leave who want to come back. We do re-entry interviews to find out why, what is the differentiator for us, what we need to focus on. We look at turnover by age, job, years of service, and we're just beginning to measure employee engagement. Metrics are important because the language of business is numbers. If we're going to have the business side own the people, we need to give numbers.

TM: How does Graybar handle succession planning?

Mazzarella: Everything we look at is long term. Being employee owned, our first responsibility is making sure the company continues to exist many, many years from now and has the same values. You do that by developing people early on, making sure they share those values and making sure you continue to put them into senior leadership. It's pretty straightforward. We identify individuals in the field organization and headquarters that have leadership potential, assess them and then provide development opportunities. We put together personal development activities, which is a formal process every year so they're not just generic development activities. Every manager should sit down with one of these folks and put the necessary stuff into their individual development plans. When a position's available, we try to look beyond just a functional area. For example, we like to take folks that have come up in finance and put them in line management. We try to forecast our projected needs and then look at the range of employees available to fill those jobs.

TM: What's next for Graybar in terms of talent management and workforce development?

Mazzarella: We're just scratching the surface. We need to continue to align talent management even more tightly with the business. I'm a numbers person, so I'd like us to start measuring the effectiveness of all activities better. We need to provide better knowledge and skills to our frontline managers. We can do a lot better job to equip them to be mentors and coaches. We need to work on succession planning; that's a forever one where we can do a lot better. And finally, with our culture of employee ownership, we need to work on employee engagement. That is our competitive differentiator, and that's the one we can really leverage.

[About the Author: Kellye Whitney is managing editor for Talent Management magazine.]