



THE BOSTON CONSULTING GROUP



Creating People Advantage 2014 / 2015

Panel of Cooperatives

Focus report

The 2014/15 Creating People Advantage study (CPA) will feature a general **Highlights Report**. This will provide an overview of the most pressing priorities in human resources for the future, along with key differences among industries and regions. Furthermore, several **Industry Focus Reports** will be published in the CPA series, looking more closely on specific trends and hot topics for selected industries. Over 3,500 respondents from over 100 countries participated in the survey.

Focus Report – Cooperatives

In total there were 64 respondents from cooperatives from more than 25 countries, roughly 25 percent of each geography. The 64 respondents include HR and non-HR professionals. For coop respondents who actively work in HR, the most important HR topics are leadership, HR strategy, and talent management. For coop respondents outside of HR, employee engagement is also a priority topic. For the overall population, by contrast, the three most important HR topics are leadership, HR strategy, and training and learning.

Coop HR respondents generally rate their own capabilities higher than non-HR coop respondents do (a split that shows up among the overall respondent base as well). HR coop respondents also put a greater emphasis than non-HR respondents on priority topics. These differences call for a stronger dialogue and closer collaboration between HR and non-HR leaders, to align priorities and efforts with coops' broader business objectives.

The analysis divided coops by financial performance and found that lower-performing coops significantly lag their higher-performing peers in several areas, particularly talent management, employee engagement, and leadership. Logically, coop low performers need to make a significantly greater investment in those areas (and they claim investing 20 percent more than high performers) in order to catch-up. That includes reallocating resources, launching tailored improvement projects, and other measures.

To successfully develop talents in coops, the top three tools identified by high-performer participants are: 1) high engagement among senior leaders and top talents (meaning implementing specific restricted programs or policies, such as compensation, career schemes etc); 2) employee engagement fostered by leaders (ensuring strong involvement from leaders in all employee steering and motivational activities); and 3) implementing a broad spectrum of individual development tools (e.g., several training programs available collectively or a la carte, company programs, and structured career paths, among other measures).

The most effective talent retention tools identified by best performing cooperatives are opportunities for career development, specific events to foster affiliation, and one-to-one leadership conversations with talented employees. Notably, respondents rated financial retention tools like bonuses and extra payments as far less important (assuming the baseline compensation and benefits system is competitive).

In summary, the best-performing HR cooperatives share several characteristics.

First, they actively **build talent and manage competences**. This entails looking forward to anticipate the organization's required pipeline—both for leaders and for employees with specific talent profiles—and planning accordingly. To meet projected gaps, great coops develop and implement training programs across the enterprise, to meet clearly defined competencies. And they foster internal mobility and career opportunities, ensuring that their organization has the people it needs at all levels in order to win long-term.

Second, high-performing coops **shape engagement and leadership behaviors**. Specifically, they implement competitive, fair, and transparent schemes for performance management and rewards. Leaders at these coops demonstrate a commitment to employee engagement and human capital. And they create a positive work environment, including diversity initiatives.

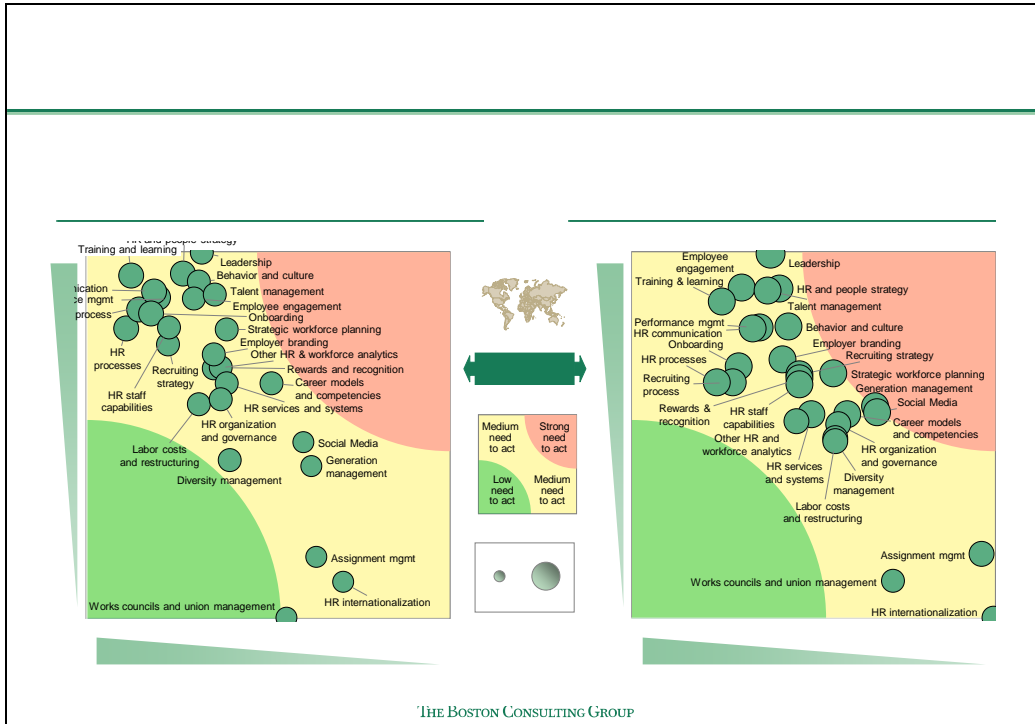
In addition, high-performing companies among the overall respondent population focus on three additional areas:

First, they **produce and use strong HR KPIs**. In particular, HR functions at these companies use strategic workforce planning processes, along with analytical measures to accurately gauge employee productivity and performance.

Second, they **constantly improve their HR operating model**. High-performing companies benchmark key HR processes to remain best-in-class. They launch improvement initiatives, such as lean processes to streamline the HR organizational structure, to ensure they are meeting the needs of their internal clients as efficiently as possible. And they build an HR staff that is savvy regarding the company's objectives, so that HR can be a true partner to the business.

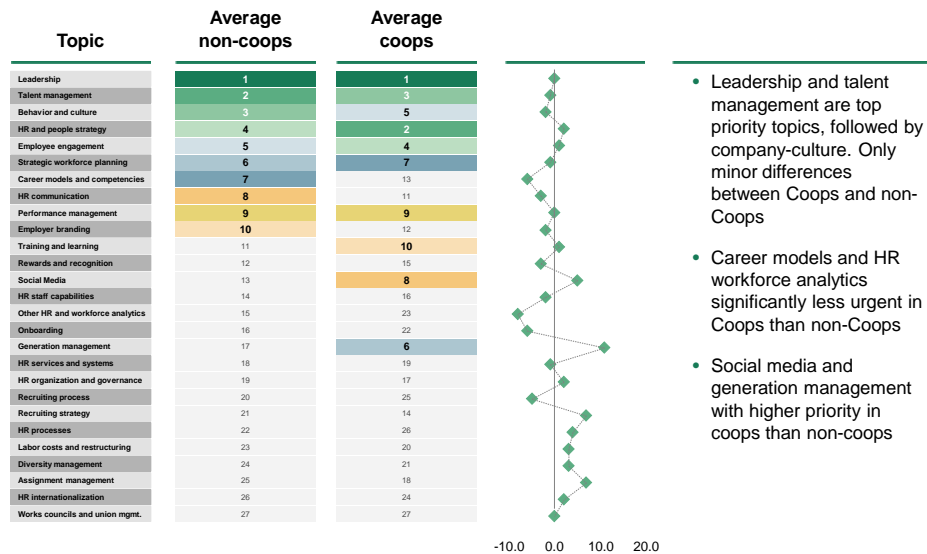
Third, high-performing companies **master key stakeholder relations**. Internally, they leverage works councils, unions, and similar groups, through strong capabilities in employee relations. Externally, they launch and actively monitor employer branding initiatives. And they use social media to reach all stakeholders, through a well-defined social media strategy.





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... and with most urgent need for action



Despite more investment low perf. coops lack capabilities in leadership, performance, talent mgmt. etc.

