



Leading with Success

Enhancing HR Practices at PCS Nitrogen

Mike Hebert, Director of Human Resources, PCS Nitrogen

Company:	PCS Nitrogen, Fertilizer L.P.
Size of Company:	\$3.8 billion in annual sales
Number of employees:	5,000 worldwide; 139 at the Geismar, LA plant
Industry:	Fertilizer/Chemical Manufacturing
Project:	Moving the company to a learning culture using a Competency Based Model and using Lominger tools
Duration:	18 months
Number of Participants:	60 employees
Lominger Tools Used:	SPAs, VOICES® 360° feedback, FYI for your Improvement, VOICES® 360° Group Report, LEADERSHIP ARCHITECT® Competency Sort Cards

The Organization

The Potash Corporation of Saskatchewan, Inc. is the world's largest fertilizer enterprise, employing 5,000 people in five countries. A global Fortune 500 company, PotashCorp has the largest capacity of potash, the third largest in phosphate, and the fourth largest in nitrogen in the world. It is also a leading supplier to the agriculture, animal nutrition, and industrial chemicals markets.

PCS Nitrogen is in the nitrogen division of PotashCorp. It is the largest national producer of nitric acid, and was recognized by the Louisiana Chemical Association in 2004 for distinguished achievements in the areas of both safety and environment. The company is located in Geismar, Louisiana and employs 139 people.

The Business Challenge

PCS Nitrogen is located in a dynamic industry subject to a variety of outside influences—most notably, fluctuating natural gas prices, the risk of hurricanes and the possibility of interrupted production. As a result, the company's success depends on a resourceful, nimble staff that is capable of innovative thinking. PCS Nitrogen's workforce is diverse and is comprised of a mixture of baby boomers and generation "X" employees. This meant it was vital not only to develop a learning culture to foster fresh ideas and creative thinking, but also to develop bench strength and viable succession planning. Furthermore, Human Resources director Mike Hebert was well aware of the research showing that alignment of HR systems—recruiting and selection, promotion, and employee development, performance management, for example—has the biggest impact on a company's bottom line.

Design of Application

Funding for the new competency-based development program had to compete with funding for all other company initiatives, so Mike Hebert proactively secured a \$451K grant through Louisiana's Incumbent Worker Training program to subsidize the project. Hebert then worked with Lominger Associate Beth Summers to design the model, and with Bill Phillips from Success Labs, a local leadership development firm, to implement the movement.

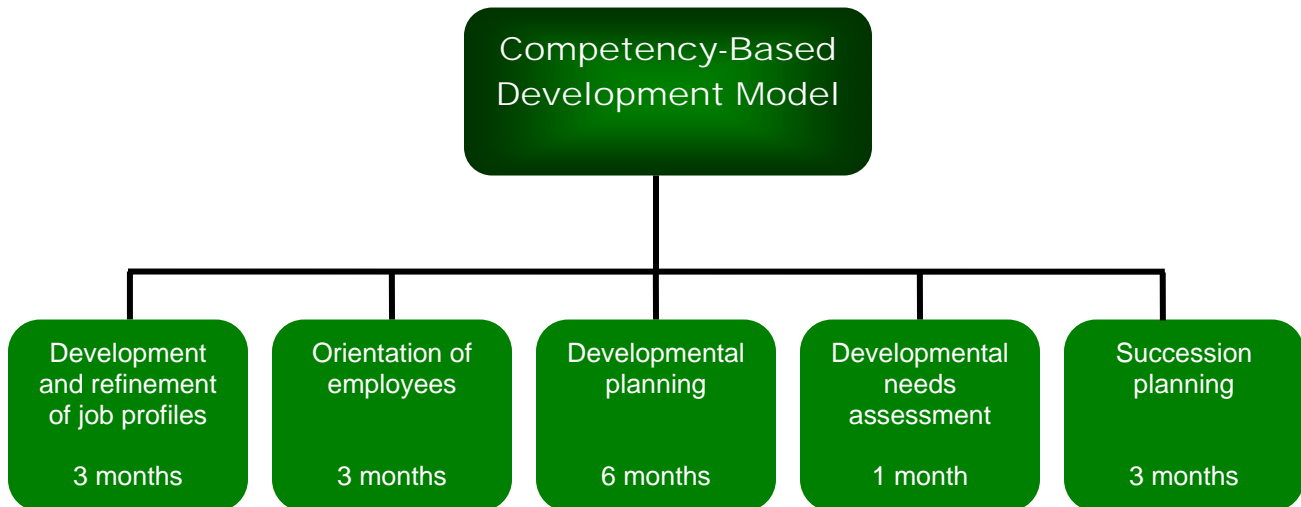
Hebert wanted the effort to provide the following tangibles:

- > Competency Based Job Profiles
- > Uniform criteria for selection and retention
- > Increased accountability, including:
 - Established expectations for employee performance
 - Objective performance standards
- > Understanding Growth Expectations
- > New Communication Tool and Common Language
- > HR Can Compete for training funding on ROI bases.
- > Personalized Competency Developmental Plans
- > Development & Training Needs Assessment
- > Quantifiable & Viable Succession Planning System
- > A Giant Step Towards Alignment of HR Systems
- > Documented and Statistically Significant Work Culture Shift
- > Competency Based System Overflow Alignment to other company systems

Roll Out

Hebert began the process at the top, with members of site senior management who were involved in the design of the program. Hebert and Phillips facilitated discussions with the senior management team, helping them to understand the importance of moving

the organization toward a learning culture using a competency-based model. Senior managers were on board conceptually, but had to work through a number of implementation concerns. Ultimately, it was agreed that the roll out would occur in two phases—Phase 1 would include senior management, middle management, supervisors and key selected employees, and Phase 2 would include the remaining PCS Nitrogen workforce. Both Phase 1 and Phase 2 were expected to last approximately three years and involve five stages, described in more detail below. Phase 1 revealed strengths (and weaknesses) in the model, which were then replicated (or eliminated) during Phase 2.



Stage 1: Development and refinement of job profiles. The existing job descriptions for 52 positions were reviewed and updated. Once the job descriptions were up-to-date, Lominger Associate Beth Summer used Lominger’s SPA to identify relevant competencies for each position. At this point, the decision was made to identify and select only those competencies possessed by high performers, thereby setting a new and higher standard of performance for each position—i.e., “cloning the superstars.” Job profiles were then refined in group sessions with managers, supervisors and job incumbents. The VOICES® 360° survey instrument could then be used to assess the incumbents for each of the 52 positions, and the resulting profiles could be used to move toward alignment of related HR systems.

Stage 2: Orientation of employees. All site employees were introduced to the competency development model through a series of orientation sessions. The orientation stressed the importance of moving the company toward a learning culture through a competency development model, and discussed WIIFY, (What’s In It For You) to the employees. These sessions also functioned to identify any barriers to implementation, and helped to fine-tune the roll out plan.

Stage 3: Developmental planning. Participants consisted of the 60 employees including managers, supervisors, middle managers and other key employees. The development planning component included three parts, each including a two-hour group training workshop and a one-on-one session with the participants and a coach.

In Part 1, the results of the VOICES® 360° were reviewed and discussed with the incumbent by Success Labs coaches certified on the VOICES® 360° tool. The coaches helped the incumbents identify competencies from the VOICES® 360° report that would be contenders for the participant's development plan. The coaches also encouraged participants to read about these competencies in the Lominger FYI book to gain a better understanding of each applicable competency before moving to Part 2 of the process.

In Part 2, coaches and incumbents discussed "how to create a development plan," and coaches assisted the incumbents in creating a first draft of their development plans. The plans listed specific measurable action items to be accomplished, with due dates for each of the 3 or 4 competencies.

In Part 3, the coach and participant met with the manager and/or supervisor to review, discuss, and gain agreement on the development plan.

Stage 4: Developmental needs assessment. Based on all the employees' VOICES® 360° results and a summary of the competencies from employees' final development plans, Hebert and Phillips facilitated a discussion with the senior management team to determine the future training needs of the organization. This discussion led to decisions about training needs and the allocation of resources to meet these needs.

Stage 5: Succession planning. Hebert and Phillips again facilitated a discussion with the senior management team to develop a succession strategy for the organization. This strategy was based on employees' development plans, a statement from each employee about his or her desire to be considered for promotions or increased responsibilities, and the manager's recommendations about the employee's viability for promotion. Candidates for succession were selected. Hebert and Phillips then conducted meetings with those candidates' managers to discuss developmental tasks for each candidate, and to ensure that the tasks would be implemented and reviewed regularly.

Results

The competency-based development model has made a significant impact on the culture and processes at PCS Nitrogen. Tangible outcomes include:

- A new, competency-based job description and profile for every position in the organization.
- A personalized competency-based development plan for all 60 incumbents.
- A new development needs assessment, pinpointing the organization's training and development needs. PCS Nitrogen management now uses this needs assessment for planning, goal setting, scheduling, and budgeting.
- A new succession planning system to aid in critical position bench strength.

- A giant step toward aligning HR systems (recruiting and selection, advancement and promotions, performance management, and compensation).
- A common language for managers and supervisors to use in managing their direct reports, and a better understanding among employees of what is expected for job performance and succession.
- The new model provided a system and method for HR to compete for training and developmental funding on an ROI basis.
- A shift in the overall work culture at PCS Nitrogen, as described below.

Additionally, periodic discussions between incumbents and managers about their written development plan will help to ensure continued improvement and follow-through.

This objective approach to development needs will ensure that the organization receives a greater return on investment for training and development. Listening, motivating others, conflict management were identified as three “mission critical” competencies for global training within the whole organization. The needs assessment gave management the information they needed to make the decision to address these three competencies with a combination of on-line and group classroom training approaches.

Evaluation: A New Learning Culture at PCS Nitrogen

One of the overall goals of the project was to establish a movement of the organization toward a learning culture. To gauge how successful the project was in this regard, a pre- and post-implementation survey was conducted using a survey developed by Peggy Simonsen and outlined in her book *Promoting a Development Culture in Your Organization*. The survey questions were grouped into three categories—(1) questions about the *organizational systems* that promote employees’ growth and development; (2) questions about how *managers* contribute to the growth of the employees; and (3) questions about the *employees’ needs* and awareness of how they themselves contribute to their own development. Response categories ranged from 1 (“Not true of my organization”) to 5 (“Very true of my organization.”)

The survey results summarized below reveal a significant change in each of the three question groups, indicating that respondents perceived movement toward a learning culture at PCS Nitrogen. Additionally, a t-test combining all questions showed an *overall* statistically significant change at the 95% level. The two questions in each category with largest improvement are shown in bold. Although the results reveal significant improvements in all three categories, the most significant shift occurred in the employees’ needs and awareness of how they shape their own development. Respondents were significantly more likely to indicate that employees had written development plans, and that “employees like to work here, as demonstrated by high morale.” These results suggest that employees see real progress toward a learning culture at PCS Nitrogen.

A Learning Culture Pre and Post Survey

Question Group	Question	Pre-Project Average	Post-Project Average	Percent Change
Organizational systems that support growth and development	1 Our organization values managers who develop their employees.	3.30	3.57	8.18
	4 We have systems so that employees can gain information about opportunities in the organization.	3.20	3.32	3.75
	7 Managers' and employees' responsibilities for performance and development are clearly identified and stated.	3.02	3.09	2.32
	10 Our organization provides access to career assessment and planning tools/materials for employees.	2.68	3.23	20.52
	13 We prefer to grow people internally than to hire from the outside.	3.36	3.28	-2.38
	16 Our organization provides training and development for managers and employees.	3.09	3.63	14.88
	19 We have "bench strength"—that is, employees prepared to move into key positions in the organization.	2.68	2.95	10.07

Average percent change for *Organizational Systems* items: 8.2

Managers' contribution to the development of employees	2 Our managers are skilled and comfortable coaching employees.	2.93	3.27	11.61
	5 Our managers/supervisors know how to help marginal employees.	2.64	3.02	14.39
	8 Our managers work with employees to enrich their current jobs.	2.57	3.09	20.23
	11 Our managers use performance appraisals as a development activity.	3.02	2.82	-6.62
	14 Our managers help employees explore career goals other than promotions.	2.14	2.66	24.31
	17 Managers know how to reward and keep top performers motivated even when promotions aren't possible.	2.47	2.54	2.83
	20 Our managers give employees frequent, candid feedback on performance.	2.59	2.84	9.65

Average percent change for *Managers' Contribution* items: 11.0

Employee needs and awareness of responsibility for their own development	3 Our employees seek feedback about their performance from their supervisors.	3.23	3.18	-1.54
	6 Employees initiate new work procedures, activities, and responsibilities.	3.09	3.32	7.44
	9 Employees have written development plans.	2.59	3.23	24.71
	12 Our new supervisors are trained in managing the performance of subordinates.	2.52	2.89	14.68
	15 Employees like to work here, as demonstrated by high morale.	3.05	3.56	16.72
	18 Our professional/technical employees can grow without moving into managerial positions.	3.07	2.68	-12.71
	21 Our productivity is high.	3.66	4.11	12.29

Average percent change for *Employee Needs* items: 8.8**

Overall percent change for all items: 9.3%*

*Statistically significant at the 95% level
**Statistically significant at the 99% level

Lessons Learned

- To be successful, senior management must help lead any culture shift, but the entire workforce must be involved to ensure the greatest level of success.
- It is important to identify barriers to implementation at the outset, and to encourage participants to find solutions to those barriers. The process goes much more smoothly with participant buy-in.
- Begin the process by providing participants with the answers to these three questions: (1) *What are the goals and objectives of the process?* (2) *what part will the participants play in the process?* (3) *What's in it for the participant?* (This is critical for buy-in to the process.)
- Be patient, and give participants time to be absorbed in the process.
- Expect the poor performance of the bottom 10% of employees to become very visible as a result of the culture shift and new focus on employee development. This may even result in eliminating some of the poorest-performing employees.
- The competency-based system can not only help to align HR systems, but it also overflows and aligns with other systems in your company outside of the HR Department.
- A comprehensive analysis of Lominger Tools should be made and incorporated at the planning phase of the process, not as an afterthought, i.e. Development Tracker.