

Software Solutions for Employee Engagement Improvement



Chris Powell
CEO



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About BlackbookHR, LLC

BlackbookHR is a software company on a mission to create more engaged and connected workplaces and communities. Founded by tech entrepreneur Chris Ostoich and led by HR veteran Chris Powell, BlackbookHR delivers award-winning SaaS employee engagement solutions for organizations with 100 or more people. Their clients include GE, EY, Macy's and Procter and Gamble.

Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine

CEOCFO: *What is the concept at BlackbookHR?*

Mr. Powell: We are a software company in the business of creating and developing software solutions to measure, analyze and provide solutions to improve employee engagement in workplaces and communities.

CEOCFO: *What do you understand fundamentally about HR and the problems that exist that perhaps others do not understand quite as well?*

Mr. Powell: Unfortunately, HR is usually playing catchup with the rest of the business. For years, the HR function was positioned and focused on administrative and compliance tasks. This positioning regulated HR to play an essential role yet minimized the opportunity for the function to be seen as a differentiating factor to enabling the business. We know that innovation is an essential driver for growth, and progressive leaders understand that talent is core to this equation. Given this, leaders will want and need more relevant and timely insights about their workforces to drive innovation and remain competitive. Therefore, we have created an engagement platform to provide more relevant and timely insights to help organizations and employees achieve their goals.

CEOCFO: *What have you developed? What is the product?*

Mr. Ostoich: We developed a portfolio of talent solutions that span the employee life cycle all with engagement at its core. There are three products today that we have in market, the first of which is called Sense. Sense is the first comprehensive employee engagement platform. The majority of engagement solutions in the marketplace today are measurement only solutions. There are many people and very successful organizations that have really gotten through the last 10 or 20 years by running an annual survey, an engagement survey, once a year to make very important and highly critical business decisions. Imagine in this world that we are living in where big data has become so prevalent and we have all these tools that help us act in real time. Why do we not have the same kind of solutions for our people? That is exactly what Sense has been designed to do. The platform itself has three interdependent components, the first of which is an intelligent survey technology, meaning it actually learns from your workforce and then knows how to ask questions over time rather than a point-in-time measurement. There are real-time analytics behind the dashboard, so every time an employee responds or participates, we have new data in the system. This gives us the opportunity to track trends, to find hot spots or risks in the organization before they are even risks. Lastly, the tool actually has solutions for both the organization and the employee. One of the challenges in the market is that employees are tired of being surveyed. Part of the reason for that is that we have not given them anything of value. You ask someone to tell you how they are feeling, and then if you do not act on the information, it becomes very problematic for the organization. Our tools actually provide dashboards for the organization and the employee and then tools to actually help both of those stakeholders improve. That is Sense, and Sense was named Human Resource Executive Magazine's Top HR product last year. Our second product is called RNA, or

Relationship Network Analysis. RNA is a network insights tool, which actually visualizes both the relational and the informational networks of an organization. There is a great piece in the Harvard Business Review recently that was called "Managing the Invisibles." In every organization, there are people who are responsible for distributing knowledge and information, and they are really the centers of influence within the organization but you do not often see them in the organizational chart. They may not be a leader, they may not score really well in their performance reviews, but they tend to be highly influential in the organization. What RNA is designed to be is a tool to visualize those networks. This is used really powerfully in talent management efforts, leadership development, and succession planning. If a company is in a growth mode or a change management initiative or a merger and acquisition, this tool allows a leader in the organization to understand how the network is distributed, giving them the opportunity to manage these networks intentionally. We have a customer who came into this global organization and they are responsible for about 400 direct reports now. What this new leaders did not know was who knows who and who knows what in that organization. RNA is a tool that helps them visualize instantly how knowledge and information is transferred throughout that group.

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CEOCFO: *What is actually happening?*

Mr. Ostoich: RNA is driven by survey data or by integrating other passive network data sources, like email archives or the like. As an example, an employee is asked to identify the coworkers they most often rely on for information they need to get their work done. The employee would simply start typing a coworker's name. The employee starts typing names and references the database to pull up coworkers and their pictures, and the employee can identify those coworkers. They can also add skill and expertise information, so I can actually also indicate what it is I rely on them for. Once I have done that as an employee, I can submit their information and it builds an ecosystem where I can share knowledge and information with my coworkers, I can endorse my coworkers' skills and expertise, and most importantly, what the administrator gets is a three dimensional and interactive dashboard that shows the network itself and how it is distributed. You can see how many people point to each other, which direction the arrows go, and what function those people are in. It is an interactive data visualization that allows the leader to look at the network and examine how dense the network is. You can even layer in human capital data like hire dates or performance data - so you can show where new hires fall in the network or where high performers are positioned. We can also run models and scenarios to show what happens if we remove someone from the network. How does that disrupt the network? And how do we be mindful of those connections if we are going to promote somebody or if we happen to have the need for a downsizing? Or it could even be used for determining if you have the right people on a project. RNA provides a dashboard that brings these invisible networks into a manageable and actionable application.

CEOCFO: *Where are all of your items today as far as availability, testing and commercialization?*

Mr. Ostoich: Sense is in market. It has been available for about a year, and it won Human Resource Executive's Top HR Product award last year at HR Tech. We are actually rolling out RNA at HR Tech this year. BlackbookHR is being featured as an Awesome New Startup during the conference - and we'll be unveiling RNA at the morning session on Friday at HR Tech. Presto is also being rolled out simultaneously, so all three products will be available. HR Tech is the biggest conference for HR professionals and technologists, so we couldn't think of a better time to make all of these products known to the world.

CEOCFO: *Would the same people be buying all three or are there different segments of a company that might be looking at your products?*

Mr. Powell: There are some clients that will have all three solutions in place, but there are other clients who are buying single point solutions from us. For example, one may client may say they already have an engagement company in place for the next two to three years but there are really interested in RNA or Presto. We will have the opportunity to sell those then. You can buy the whole suite or you can buy them individually.

CEOCFO: *What is your target customer?*

Mr. Powell: We target meeting the unmet need in the small and mid market. Although the core focus is the SMB market, our products are scalable to meet the needs of larger enterprise clients as well.

CEOCFO: *Are many companies looking for a better way or is it more something they will be happy to know exists?*

Mr. Powell: Many customers that we talk with are open to new tools and approaches for measuring and tracking engagement. The openness to tools like ours is driven by advances in technology, changing workforce demographics,

evolving nature of work and the overall need to have more useful and timely insight to remain competitive are the top items listed by our customers.

Mr. Ostoich: You probably have that friend who still have a VHS player or CDs, and we see a lot of that in the market. Organizations that are very sophisticated are using archaic technology to try to measure this very critical business issue. It's been really exciting to see more and more organizations recognizing that they need more than a point-in-time measurement, and away from the annual survey. Smart leaders are recognizing that sending an employee survey out once a year, waiting months to get the data back, and then even longer before the data is reported - is an ineffective way to understand our people. In this scenario - decisions are being made based on data that is outdated and is useless. There is a tectonic shift that is happening in the market where organizations are moving away from a point in time measurement and getting the same kind of real-time analytics and diagnostics they can with all the other technology solutions in the market today. Salespeople have CRM systems, automation platforms, even phones that dial themselves. Marketers have real-time measurement tools like Google Analytics and systems like HubSpot that track every interaction with a consumer as it happens. Why don't we have these kinds of tools for our people? Well, now we do.

CEOCFO: *What changed from your initial concept? What have you learned along the way?*

Mr. Ostoich: When I started the company several years ago in 2009, the first product that we built was a like a Match.com for employees. The idea was to get employees connected with other people in the organization that shared things in common. Those attributes might be where they went to college, what they do for their job or what kind of hobbies they have. The tool was designed to help build relationship networks in the organization. The challenge for us was that in 2009, most of the time we were kind of getting thrown into the onboarding category. We still believe that this is a great use of technology to bring employees into the organization and then instantly help them connect with other people. We thought it was very valuable, but the challenge in the market was in 2009 most CEOs and CFOs were talking about constricting, not hiring anyone or even downsizing. It was a really challenging time to be in a space of the market that was really focused on hiring people. What I will say is we have had the good fortune to work with P&G, Macy's, GE and other wonderful companies that have given us the chance to work with them and learn from them. One of the things they did early on was they challenged us to think deeply and analytically about how to prove empirically that our product was actually moving the needle. One of the tools that we built into the employee profiling instrument was an organizational diagnostic that measured engagement. We wanted to show if a person started at one point on the line and ended at another point on the line, we could measure their engagement through the process. Like many startups, you build your first thing or your first two things, and in that process you discover the gold. It is usually just a layer of what you initially thought it was going to be. What we realized is that we had this really interesting measurement technology that we thought we could pull out and productize specifically. That is what Sense became about 18 months later.

CEOCFO: *What is next for Blackbook HR?*

Mr. Powell: Our immediate focus is on driving sales of our existing products. We continue to identify opportunities to disrupt and reimagine the current marketplace and approaches to measure and analyze engagement. You can expect that we will continue to refine our existing products as well as develop some new diagnostic tools to measure key business drivers. As a start up, we are not short of ideas and products to bring to market.

CEOCFO: *When you are talking with a prospective client, what is the aha moment when they understand you can do this?*

Mr. Powell: Many people are familiar with surveys, and the aha moment comes in when they see how easy it is to implement tool, the richness of the data provided and our ability to provide on-going/real-time measurements of engagement through pulse surveys and dashboards. The second aha comes in when we are able to show how engagement impacts performance, productivity or retention.

CEOCFO: *Why pay attention to BlackbookHR today?*

Mr. Powell: I think there are a couple of reasons. For one, we are focused on providing relevant and useful information to the organization to make decisions and to the employees to help them be more engaged. The other reason is that we develop our products based on documented, researched science that has shown to have a direct impact on improving engagement. This provides our customers with some assurance this is not some monkey business. Lastly, we use contemporary design techniques to create a unique user experience that results in a higher user engagement and use of our tools.

Mr. Ostoich: There is a great deal of research in the market that suggests "new tools are coming to market". Additionally, we're seeing a resurgence of "best-of-breed" solutions like ours that are winning business from industry giants like IBM Kenexa. We've demonstrated over the last 24 months, that if you're a leader in an organization - and you're thinking about what's next - we're probably already thinking the same thing. Additionally, we're also probably on the way to building something to manage or measure it. So, we're looking for the people who want to know what's next, and I think that's what people should pay attention to.

BIO: Chris Powell is the CEO of BlackbookHR; a software company on a mission to create more engaged and connected workplaces and communities. He previously served as executive vice president of human resources for Scripps Networks Interactive (HGTV, DIY, Food Network, Cooking Channel, Travel Channel, et al.), as vice president of human resources for the global financial services company ING, Deloitte and in various corporate HR roles at Marriott International.

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