

Closing the talent management gap: Harnessing your employees' talent to deliver optimum business performance

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Most business leaders recognise that it has become increasingly easy to imitate business strategies, copy systems and processes and acquire new technology. They understand that having the right people in the right place at the right time to maximise business opportunities has become the most important factor in ensuring ongoing organisational success.

Whilst managing all employees effectively is obviously important, it is the acquisition, allocation, development, retention and succession of the most important, value-adding people that can best create competitive advantage. No wonder that survey after survey show effective management of this resource, the organisation's talent, ranking as one of business leaders' most critical challenges and opportunities. However, these same surveys show that despite the strategic importance of talent management, few business leaders are heavily involved in leading and sponsoring talent management programmes as they currently exist.

What is the reason for the disconnect between talent's importance and the low key nature of the response? This article argues that the gap is caused through the prevalence of non-strategic talent management programmes that treat talent very much the same as everyone else in an organisation. Most people identified as talent find that they benefit from just a few incremental additions to other employees - a little bit more development, some coaching, a few more planned career moves - but the basic career dynamic remains the same. We propose that an organisation's relationship with talent needs to be fundamentally different from that with other employees if the strategy / implementation gap is to be closed.

A strategic approach cannot therefore treat all employees as talent. This method boils down to straightforward HR without the strategic benefits of employee segmentation. And talent management, implemented effectively, does not have to be seen as divisive by those people not identified as talent, or stop organisations developing skills, 'talents' and potential in all of their employees.

The opportunity is to present the organisation as an employer of choice. Not in the bland, meaningless context this term is often used, indicating that an organisation wants to be just one of a number that a prospective employee will review. A real employer of choice will have developed and promoted itself in such a way that those people the organisation considers to be its talent would never want to look anywhere else (perhaps only to add a bit more variety to their career). This does not mean that only very few organisations can become employers of choice. Just as there are plenty of variations in business strategy and particularly in the way that these strategies are executed, so there are many opportunities to differentiate those people who are identified as talent.

Penna's experience of working with a variety of leading organisations on strategic talent management programmes indicates that closing the strategy / implementation gap and delivering real business value requires a holistic approach to managing the following five areas.



1 – Talent Strategy

There are many possible objectives and approaches to talent management and in order to develop strategic capability, potential employers of choice need to ensure they have real, deep clarity on their particular requirements including the success criteria to be used to measure their programmes' contribution. Questions that need to be answered within a talent strategy include what should be the balance between assessment and development, inclusivity and exclusivity, openness and closure, and how talent management will be integrated with existing performance management, development, succession planning, reward and recognition and other HR processes.

2 – Talent Definition

As well as creating a talent strategy, organisations need to clarify the focus, scope and boundaries of their own approach to talent management. The appropriate definitions of talent will depend upon an organisation's business strategy, type of firm and competitive environment but could cover the following types of talent pool:

- The current leadership team
- Other people in significantly key roles
- Senior people with particular capabilities, networks and relationships which would be difficult or time consuming to replace
- Individuals with skills which are scarce in the employment market
- High performers who make a particular contribution to value adding processes
- High potentials, which could include graduates in early career grades, or employees at positions just below the leadership team.

Note that in this article, we refer to those within these talent pools as 'people who have been identified as talent'. We advise clients to avoid labelling individuals as talented (and others as untalented) as this is firstly unhelpful and secondly inappropriate. In a strategic approach to talent management, the people any one organisation identifies as talent will differ from those identified by any other, and will bear only tangential relationship to any objective measure of natural talentedness (i.e. there is no single, correct view of whether any one individual is generically talented).

3 - Talent Framework

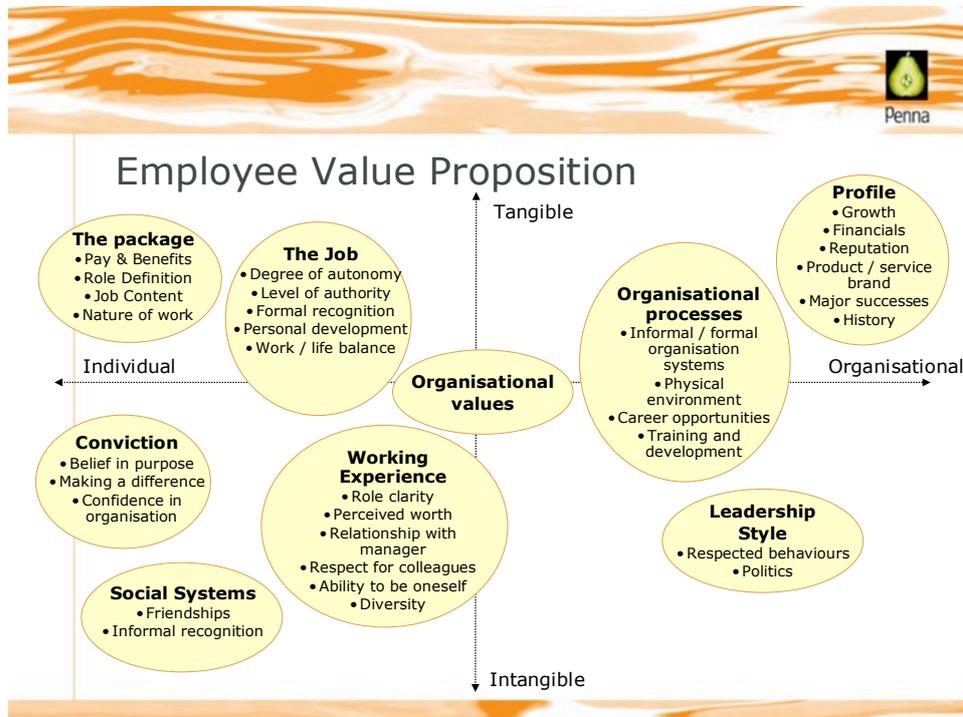
A Talent Framework adds detail to the definition of talent by describing what an employer needs its talent to exhibit and develop. Talent frameworks are broader than most competency frameworks in that they encompass peoples' entire long-term contribution and are therefore a mix of competencies plus

knowledge; networks and relationships; mobility; values; motivation and potential etc. It is important that the framework references the values and other attributes that talent will be required to possess and display in the future in order to ensure that potential is not harnessed to criteria that are obsolete by the time it is developed.

Once completed, the talent framework can be used as the basis for assessing and confirming talent, using the appropriate combination of framework based interviews or group discussions; psychometrics (possibly involving specific tools that have been developed for the assessment of potential e.g. CPA, Potentia and Prospector), problem solving exercises and role plays / scenarios. Effective use of the talent framework for assessment and development of talent helps ensure that talent management actions are aligned with the organisation's talent strategy.

4 - Employee Value Proposition

An employee value proposition (EVP) should articulate what is unique and compelling about an organisation that would make people want to join and stay. It therefore partly formalises and articulates the psychological contract between individual and organisation. However, to have a strategic impact, the organisation's EVP needs to be aligned to people within the talent pools, rather than just to all employees.



As the diagram indicates, the EVP will cover a range of individual and organisational, and tangible and intangible factors. For example, Penna's unpublished research shows that the most important factors for a broad range of talent groups are:

- Compensation linked to performance
- Understanding how they contribute to the success of the company, they want to make a difference
- Friendship with quality colleagues
- Within work-life balance, it is flexibility that is important
- Job security is not irrelevant.

Once developed for a particular organisation and talent pool, the EVP needs to be consistently demonstrated through all HR and management processes. Note also that although the key need is for an organisation to understand the EVP it offers as a whole, the demand and competition for talent today is such that the EVP also needs to be restated and reinterpreted for each individual person identified as talent. The EVP then becomes the basis for 'the deal' with individual employees, in which the organisation commits to meeting their particular, broad needs in return for ongoing contribution to the organisation. In this way, the organisation's and each individual's EVP become key elements of developing a compelling employer brand and engaging talent to help become an employer of choice.

5 – Talent Management Capabilities

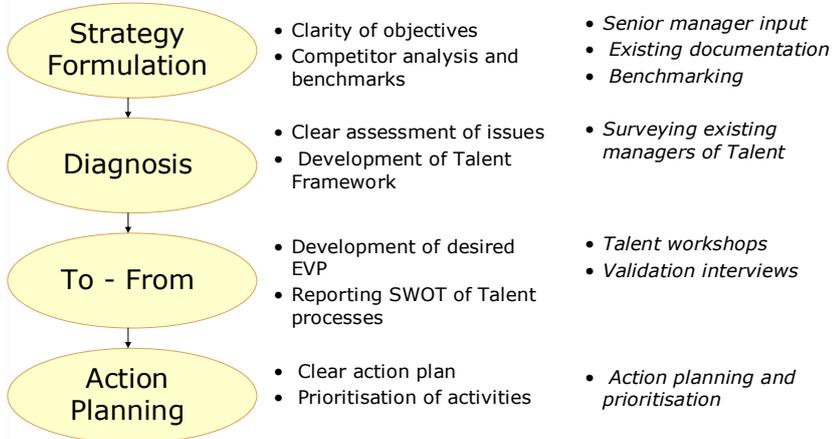
Those key individuals identified as talent deserve and require more intensive support than other employees. This can often be provided through mentoring, executive shadowing and coaching to leverage exposure and learning within the organisation. In Penna's experience, this type of support, if set up and maintained in a consistent manner, can be of significant value to talent and the business in general. However, effective implementation of this support depends on the motivation and capability of managers who are going to provide it. Since many line managers struggle to manage even everyday performance effectively, introducing this enhanced management and support is likely to prove a significant challenge in most organisations.

Taking Action

The following four stages in the creation of a strategic talent management programme will help develop the five areas explained above. They operate as a cascade down the organisation, from senior management, to talent managers and onto the people identified as talent themselves:



Taking Action



Taking Action in the 5 Areas

Management Capability				
Employee Proposition				
Talent Framework				
Talent Definition				
Talent Strategy				
	Strategy Formulation	Diagnosis	To-From Analysis	Action Planning

Stage 1 – Formulating Talent Strategy

This stage involves understanding the current business context and its challenges followed by developing objectives and processes for the talent programme. Meetings with senior management are used to elicit their views and experiences of existing methods for recruiting, developing and engaging talent and to understand demands for change. Further supporting input can be provided through reviews of competitor activities and benchmarked practices in other leading organisations.

Stage 2 – Diagnosing Talent Capability

The next step is to hold interviews and focus groups with current managers of those identified as talent. The main focus of the diagnosis is understanding how well talent management is working in providing them with what they need to run the business, and in particular, what attributes they believe talent needs to exhibit. These attributes can be documented in a high level Talent Framework. The diagnosis stage may also include an assessment of talent against the framework. By including head-hunters in this process, internal talent can be compared to people outside the organisation who might also display the attributes identified in the talent framework. This comparison can provide information on the internal talents' strengths, weaknesses and further development or replacement needs.

Stage 3 – To - From Analysis

Based upon the results of the diagnosis, the future talent management programme can be mapped out. This involves workshops and interviews with those people identified as talent. The understanding of what talent needs (moderated by what the organisation believes it can provide) developed from this analysis can be documented as an organisational level EVP.

Stage 4 – Action Planning

Recommendations to build upon existing talent management processes can be made based upon the above data. Examples of strategic, value-adding actions that might arise at this stage in talent programme development and that could excite business leaders and help close the strategy / implementation gap are outlined below.

Examples of Strategic Actions



Example Strategic Actions

Pre-Recruitment

- New types of recruit from new recruitment sources
- Early identification
- Maintenance of an external community

In Employment

- Personalised relationship
- Delivery of the deal
- Development of potential
- Recognition and reward

Departure Related

- Open and honest discussion about opportunities elsewhere
- Long term relationships
- A career partnership

Pre-Recruitment Actions

Organisations have an opportunity to ensure they are recruiting the very best people (rather than just those who are available when an organisation wants to recruit) by proactively searching for external talent. The benchmarking conducted in the Diagnosis stage of talent programme development has an additional benefit here in enabling organisations to pinpoint the external talent which exists. Organisations can then engage the external talent early on, finding out how they are being looked after, identifying their career drivers and even possibly influencing the development they are receiving from their current employers. This helps potential employers of choice to identify who to go for when the time is right but also to recruit internally with knowledge of all options and to succession plan externally as well as internally, transforming the level and quality of talent that can be made available.

In Employment Actions

During employment, it is the personalised relationships between talent managers and the individuals identified as talent that is key. This relationship needs to be based upon discussion around the organisational and adapted individual EVP, supported by the enhanced manager capabilities, described earlier on. With this support, management of performance extends into management of the 'deal' – clarifying both organisational and individual needs and providing a two-way review of whether and how well needs are being met.

However, even more important than the discussion is effective delivery of the deal that has been agreed.

One important area emerging from the EVP is likely to be development of potential. Experience and research tell us that the key development opportunities for talent lie within the roles they occupy and the element of stretch these roles provide. Formal executive education programmes can address specific development needs and produce better performance, but they are unlikely to offer the range of development situations necessary to maximise potential. It is therefore important that those assessed as talent are assigned to and are able to contribute towards high value strategic roles or assignments. These should be real work assignments that a leader would be expected to deliver against.

Effective development aligned to both the Talent Framework and the EVP will have the potential to significantly upgrade talents' contribution and retention and so have tangible impact on business results.

Departure Related Actions

Most leading organisations already maintain ongoing contact within departing talent for six months or more following their exit, in case their career move proves not to be a success. Another common approach involves developing alumni networks to encourage talent with further appropriate development experiences outside of the organisation back in again at a later date.

However, a more strategic approach to either response would be to develop an ongoing relationship with those who have been identified as talent rather than focussing on just one short, transactional contract of employment. This approach recognises that talent will always be in high demand and will also be attracted by the prospect of short periods of employment with a large number of employers.

Real employers of choice will be totally focussed on developing their talents' full potential and will understand that the best development opportunities can sometimes be found elsewhere. Through enabling, open, honest conversations with these organisations, their talent will be encouraged to review their long-term career development needs and how these needs can best be met – internally or externally. At the appropriate point, employers should encourage the people they have identified as talent to leave, in order to rejoin as even more valuable talent later on. Implementing this approach would fundamentally alter the talent career dynamic and make it absolutely clear which organisations were operating as true employers of choice.

Summary

Following the four stages involved in developing a strategic talent management programme will provide the basis for understanding which of any of these examples and what other strategic actions may be appropriate for a particular organisation and their identified talent groups. The opportunity is there to make a difference and we look forward to reading future surveys indicating that talent management activities are starting to live up to the strategic challenge of managing an organisation's key resource that is its talent.