

From compliance to commitment

Bringing talent management
processes to life



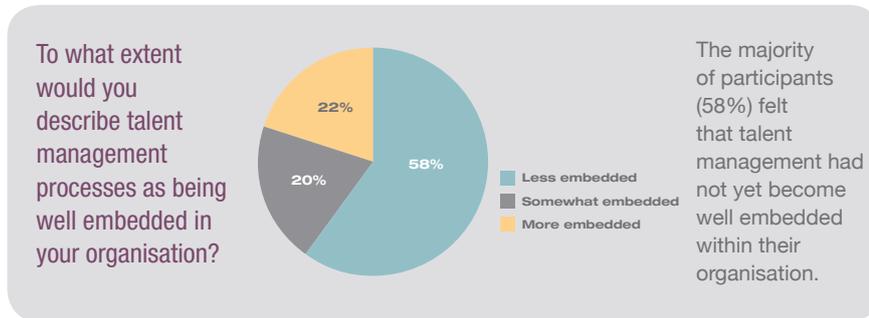
Key findings



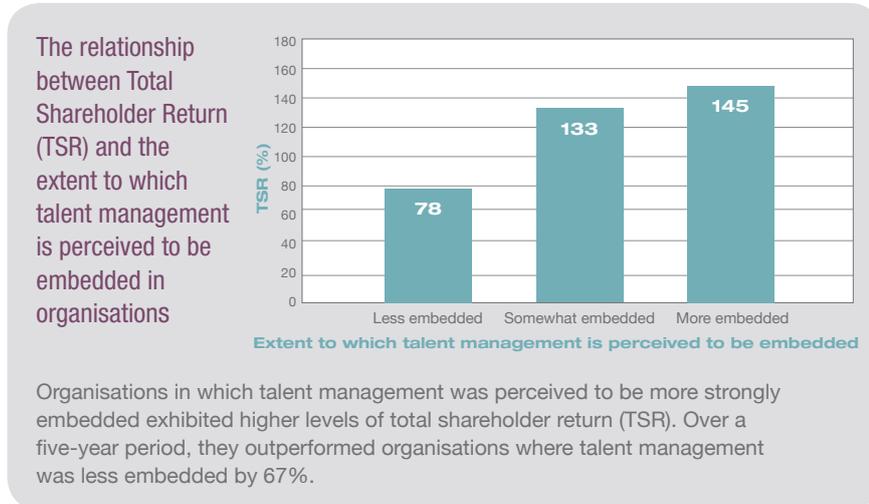
‘From compliance to commitment’ – why?

The aim of this research was to understand how to transform talent management from an exercise in compliance (with the associated tick-box mentality) to commitment, where executives have a genuine desire to build sustainable capability, and therefore competitive advantage, for their businesses. Through talking to 58 leading organisations, this is what we found.

Talent management is not perceived to be well embedded...



...despite the bottom line benefits



So, what are the challenges organisations are facing?

We know that in theory...

- Effective talent management drives business performance
- Having a strong business case helps
- There are well proven models for implementing change in organisations, and these should apply when implementing talent management processes
- There are a number of models on high potential and these should help bring clarity to the debate

...but in reality

- It is hard to get the attention of line managers to focus on talent issues
- Even a strong business case doesn't guarantee CEO attention
- The standard change models don't seem to work – effective talent processes require individuals to give more of themselves than other processes
- Organisations are still not confident that they are looking for the right things, or spotting the right people

Participants

- ABN AMRO
- Alliance & Leicester
- ALSTOM
- Anglo American
- AstraZeneca
- Bank of America
- Bank of New York
- BG Group
- BHP Billiton
- BOC (The Linde Group)
- Boots the Chemists
- British Museum
- Britvic
- Citigroup
- De Beers
- Deutsche Post World Net
- DSG International plc
- EDF Energy
- First Choice Holidays PLC
- Gallaher Group Plc
- GlaxoSmithKline
- Home Retail Group
- Honda Motor Europe Ltd
- HSBC
- Kingfisher
- KPMG LLP
- Lend Lease
- Liberty Global Inc
- London Business School
- Marks & Spencer
- Masterfoods
- Mercer Human
- Resource Consulting
- McDonalds UK
- Musgrave Group
- National Grid
- Nestlé UK and Ireland Ltd
- Network Rail
- News Corporation
- News International
- NHS
- Norwich Union
- Novartis (Consumer Health)
- PepsiCo UK and Ireland
- Pitney Bowes
- Rank Group
- Rentokil Initial
- Rexam
- Rolls Royce Plc
- Royal Dutch Shell
- Sainsbury's
- Schlumberger
- ScottishPower
- Severn Trent Plc
- Tate & Lyle
- The Body Shop
- The Royal Bank of Scotland
- TNT NV
- Unum Provident

Bringing talent management to life

The six things to focus on

Our research showed that talent management means different things in different businesses. However, when it comes to getting real commitment to talent management, there are six core considerations that all organisations need to address.

1. Context

Just because 'best practices' deliver results for one business does not mean they will deliver for another – even if both companies are in the same sector.

Adopt a new model for change management – mindset first

Relative to other business processes, introducing talent management is characterised by high levels of uncertainty. Therefore, talent management cannot be implemented in the same way as other business (or human resources) processes.

Instead, organisations need to pay attention to three key areas when implementing talent management (see diagram):

- ▶ Infrastructure
- ▶ Messages
- ▶ Mindsets

Of these, mindsets are the most important. In our experience organisations have spent a disproportionate amount of time on the design of the process.

Build a business case that addresses the business and the personal agenda

The financial arguments for talent management are clear. Our own research revealed that companies in which talent management was more

embedded exhibited 67% higher Total Shareholder Return over a five-year period compared to companies in which talent management was less well embedded.

The message from our research is that line manager support can not be secured solely on the basis of a rational, well-argued business case. Engaging them on an emotional level is just as important.

This means communicating:

- ▶ What's in it for the business?
- ▶ What's in it for their people?
- ▶ What's in it for them?

Have a few clear talent principles

Effective talent management is as much about an organisation's 'beliefs' as it is about processes. It is important to give individual stakeholders the opportunity to

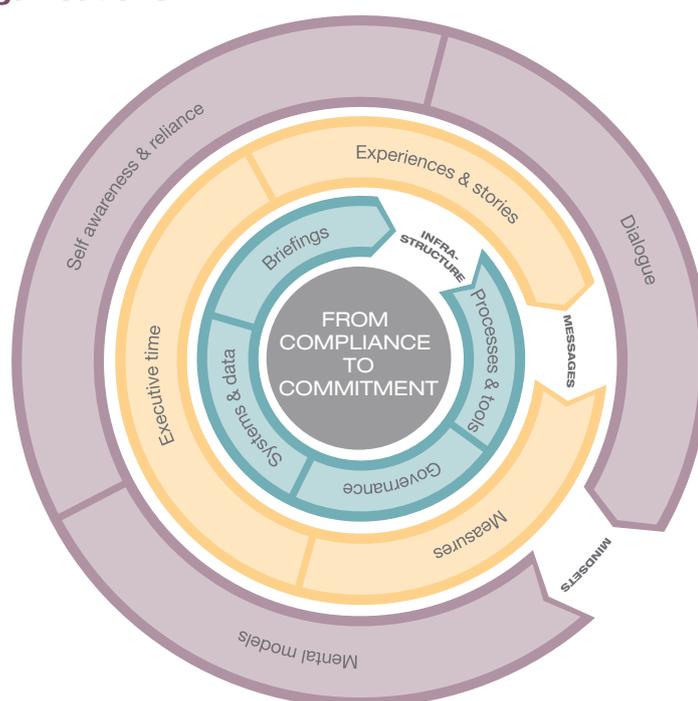
debate and develop a shared talent management philosophy/principles. These principles should:

- ▶ Be unambiguous
- ▶ Reflect the inherent trade-offs in talent management
- ▶ Be practical and action-oriented
- ▶ Be statements that will inspire and make sense to the people that need to be persuaded

Focus on best fit rather than best practice

Talent management is less about imitating a standard 'best practice' and more about selecting the elements of good practice that reflect an organisation's unique characteristics and context. Achieving 'best fit' means partnering with line managers to develop a shared understanding of the present and the future. From this understanding, the key talent issues can be identified.

A model for implementing talent management in organisations



Key findings

Our research highlighted the top five talent issues participants are facing:

- 1 Identifying and developing the internal talent pipeline
- 2 Succession coverage for business critical roles
- 3 Acquiring and developing mobile managers
- 4 Acquiring and developing technical experts
- 5 Retention of talent

2. Definition

Having a clear definition of talent is essential because you can only find talent if you have a clear picture of what you are looking for.

Have an explicit definition of talent

- ▶ The majority of participants had at least one formal definition of talent
- ▶ In cases where there was only one, this was invariably a 'high potential' definition

Once talent is formally defined, then organisations need to make sure that they have:

- ▶ Agreed a consistent policy on how this definition is communicated to both managers and employees
- ▶ Provided line managers with sufficient support to feel comfortable using the definitions and explaining the implications to their people

Consider multiple definitions to maximise competitive advantage

In certain circumstances (see inset) there is a strong case for more than one talent definition.

Avoid the definition pitfalls

In creating a talent definition, organisations need to be mindful of the following three pitfalls:

- 1 Failing to differentiate between performance and potential
The majority (85%) of organisations avoided this pitfall

by having a clear definition of what it means to be high potential in their business. However, few were using measures (other than line managers' judgement) to review levels of potential in individuals. This is a risky approach, especially if line managers are, themselves, not strong on the high potential attributes being assessed.

- 2 Getting caught up in competency frameworks
In some organisations, particularly in matrix or divisional structures, talent processes incorporate layers of definitions and meaning to reflecting functional, country and/or corporate requirements. Without careful planning this can send out confusing signals to the ultimate end users, line managers. It is best to go for a simple, streamlined framework.

Characteristics of a good talent definition:

- ▶ Unambiguous
- ▶ Easy to communicate
- ▶ Multidimensional
- ▶ Includes a dimension on potential performance
- ▶ Forward looking

- 3 Adopting a talent definition that is too restrictive
Given that a common outcome of talent management is a cohort who are selected for differential treatment, it is essential that any talent definition is legally defensible against accusations of unlawful discrimination.

Does having more than one definition make sense?

Source of competitive advantage	Competitive advantage comes from different types of people	Likely Create talent definitions centrally based on strategy and people requirements Roll-out to the group through line managers	Likely Provide divisions/ functions with a framework for defining talent Allow them to create their own definitions
	Competitive advantage comes from our leaders	Unlikely Define leadership talent centrally based on strategy and leadership requirements	Maybe Provide divisions/ functions with leadership framework Allow them to adapt it to their own requirements

Policies and processes tend to be developed at the centre and are followed consistently throughout the organisation

Divisions have autonomy to develop their own policies and processes

Decentralisation

3. Transparency

Once you have identified who your talented individuals are... do you tell them?

This question is probably the most hotly debated and, for most organisations, the answer is usually arrived at emotionally. From a rational perspective it is important to:

Understand the implications of varying degrees of transparency

Our results showed that being more transparent is more likely to be associated with embedding talent management. Interestingly, those businesses which had mixed levels of transparency were more likely to demonstrate a lesser degree of embedding than those which were 'closed'.

This suggests that if you want to embed talent management the best option is to be transparent.

Ensure consistent messages

Organisations which have successful talent management processes are consistent in the messages they communicate to their people:

- ▶ If potential ratings are not communicated then they are not communicated to everyone
- ▶ If labels are used to differentiate individuals then these labels are used consistently by everyone

If you are going to be transparent, be very transparent

As talented individuals become more sought after and confident in asking for what they want, it will be a natural progression for companies from being merely transparent to being 'intimate' with their talent.

Key to this is having a dedicated member of either human resources or the line to work solely with the high potential group to:

- ▶ Find out more about their personal career aspirations

- ▶ Create career and development plans
- ▶ Identify opportunities for them to move across the organisation

Few organisations have the luxury of such a dedicated resource, but most could create opportunities for senior executives to get closer to their talent, eg Resource Committees, mentoring schemes and even segmented analysis of employee survey data.

4. Simplicity

Talent management processes need to be robust – but this must be balanced against the need for simplicity.

Focus on people *and* roles

Talent management is fundamentally about differentiating people and roles:

- ▶ Differentiating people in terms of both performance and potential
- ▶ Identifying business critical roles to prioritise succession planning

Our research participants were more likely to focus on differentiating their people (86%) and miss the opportunity to differentiate roles (36%).

Link the talent process to your existing business and human resources processes

Having talent processes that are linked to each other, and to business processes, was identified by participants as the second most important factor in helping to embed talent management. In practice, however, only just over one in five participants made an explicit link between talent management and meeting their organisations' current and future skill requirements. Linking talent management to human resources and business processes means following a few simple guidelines:

- 1 Focus on future as well as current requirements
- 2 Use existing vehicles to talk about talent

- 3 Get talent on the agenda of the Executive Committee
- 4 Ensure there is a compelling business case for talent management
- 5 Be clear on the inputs and outputs of each stage in the process
- 6 Be clear on what human resources will be responsible for and what line managers will be responsible for

Provide managers with simple yet impactful tools

Line managers have little time for over complex or protracted processes. The key to getting them on board is to provide simple but powerful tools, so that they can get the maximum return for their investment of time.

The most popular tools were:

- 1 Competency/capability frameworks
- 2 High potential checklists
- 3 Feedback scripts/guidance
- 4 Talent databases
- 5 Career paths/maps

Stick with it

It is common, especially for newly appointed human resources executives, to amend existing talent processes with the aim of improving efficiency or effectiveness. Whilst this is a laudable goal, the message from our participants is that sticking with an imperfect process (unless it is very badly broken) is more likely to result in long-term commitment.

A better approach is to engage senior managers to build their commitment to talent management.

Participants did this in a number of ways, the most popular being:

- 1 Presenting objective data
- 2 Linking talent to reward/objectives
- 3 Linking talent management to business issues
- 4 Creating a steering committee of senior stakeholders
- 5 One-to-ones with the line managers/Executive Committee members



5. Capability

Talent management is executed effectively (or not) through the conversations between individuals and their line managers. To get quality conversations requires investment to build the capability of line managers – and of the individuals and the human resources function.

Build line manager ‘will and skill’

Managers find conversations with individuals about their performance and potential far more difficult and challenging than one would imagine. Before you build skill in this area, you need to build will.

How do you get line managers to care about this issue?

- ▶ Involvement – for some organisations, the most appropriate way to engage managers was to involve them closely in the set-up of talent management
- ▶ Objective-setting/reward – for others, a better approach was creating talent KPIs and holding managers accountable for hitting targets

Organisations which have addressed line managers’ willingness to manage talent are in a better position to build their skills, focusing on two areas:

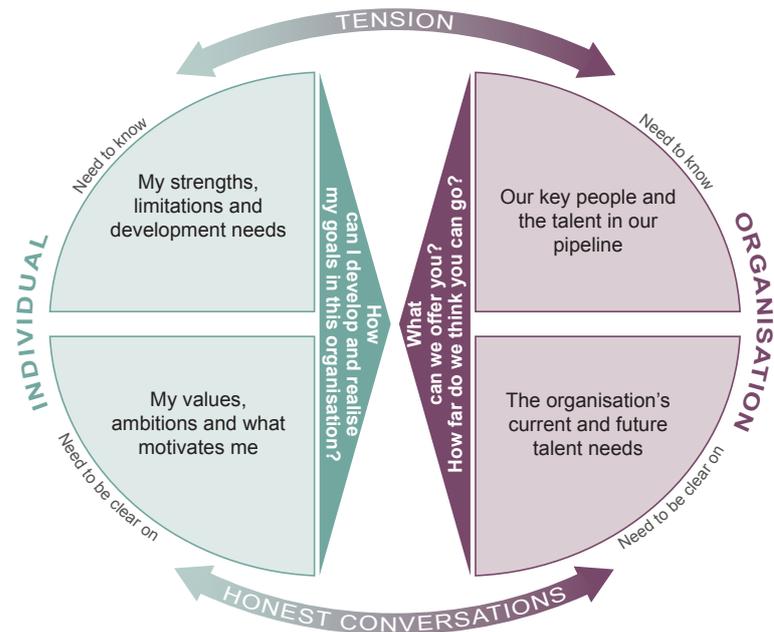
- 1 Having productive conversations with their talented people, in which the tension between the individual’s and the organisation’s agenda is managed (see diagram above)
- 2 Helping others to build appropriate career plans

Build human resources (HR) capability

One of the factors identified in embedding talent management was having skilled HR practitioners who can both influence line managers and provide appropriate solutions.

For some of our participants, there was a dual agenda to build the profile

The importance of dialogue



of talent management within both the line and the HR communities.

This meant addressing issues of HR awareness and capability by:

- 1 Being clear on the role of HR
- 2 Engaging the HR function
- 3 Identifying capability gaps
- 4 Closing capability gaps

We identified four alternative roles for HR in talent management (see diagram below).

- 1 **Grandmaster:** HR is responsible for moving talent around the organisation to ensure that, for example, high potentials

acquire the experiences needed to be successful leaders of the future

- 2 **Talent Broker:** HR liaises with line managers and talent across the whole organisation to coordinate talent supply with talent demand
- 3 **Resource Allocator:** HR moves talent around the local function/division to meet immediate resourcing requirements
- 4 **Toolsmith:** HR provides line managers with tools/templates and guidance to help them address talent issues

The four roles of human resources in talent management

Talent is a corporate-wide resource Who owns identified talent? Talent belongs to the function/team in which it sits	Grandmaster	Talent Broker
	Resource Allocator	Toolsmith
	HR drives talent management	Line drives talent management

Who drives talent management?

Develop individual career management skills

Can an individual be identified as high potential without being able to demonstrate that they have the motivation and drive to develop themselves and progress their career? Many of the organisations we spoke to would argue 'no', indeed 'motivation and drive' and 'ability and willingness to learn' were two of the most commonly mentioned high potential indicators.

6. Action

In many respects, taking action is *the* most important element of talent management. In practice this means taking action to develop, deploy and engage your talent.

Manage data to make decisions

Action should be preceded by analysis of the issues, informed by relevant, reliable and robust data. This is not a nice to have – it is a must have.

It is also essential to have a database to enable the storage and analysis of the data. Approaches adopted by participants ranged from the simple and economical (an Excel spreadsheet) to more complex and expensive options – Oracle or SAP modules, or stand-alone web-based, outsourced, talent management solutions.

Top five practices for differentiating executives/senior managers

- 1 External coaching
- 2 Appointment to a role with significant people management demands
- 3 Turnaround assignments
- 4 Formal education programmes (accredited) at business schools (eg MBAs)
- 5 Ongoing support for professional development

Top five practices for differentiating high potentials

- 1 Formal education programmes (accredited) at business schools (eg MBAs)
- 2 'Chairman's dinners' (formal exposure of high potentials to the Chairman or CEO)
- 3 Turnaround assignments
- 4 International assignments
- 5 Jump in scale or scope of role

Differentiate the 'development deal' for different types of talent

Organisations in which the 'development deal' was perceived to differ by category of employee exhibited higher levels of total shareholder return. Over a five-year period, they outperformed organisations where talent development was not perceived to be differentiated by 52%. In practice, participants most often differentiated the development for two populations: executives/senior managers and high potentials (see inset).

Mobilise talent

Challenging roles, or projects, are the most effective ways to develop talent. For talented individuals to be exposed to these challenges, there needs to be both recognition of, and commitment to, the principle

that talent belongs to the whole organisation rather than a specific division, business unit or even an individual manager. Organisations that were perceived by participants to follow this principle exhibited higher levels of Total Shareholder Return (132%) compared to organisations in which talent was perceived to belong to individual functions or business units (22%).

Talent movement, across functions, divisions or geographies, is the most obvious manifestation of a commitment to the principle of corporate ownership of talent. Participants faced a variety of challenges, both individual and organisational, in getting mobility to work in practice. An emerging trend is the use of 'talent brokers' to encourage the movement of talent across an organisation.

About us

A specialist consulting and executive search firm, Jackson Samuel was established in 2004 to provide a unique blend of expertise in talent management. With an impressive track record of working with international blue chip firms, from a wide variety of sectors, we help bring talent management to life for our clients through consulting, research and search.

Contact us

To find out more about our consulting work or prior research publications, visit our website at www.jacksonsamuel.com



