

What talent wants

The journey to
talent segmentation



Key findings



What talent wants

Since the ‘War for Talent’ was first declared, organisations the world over have been attempting to gain competitive advantage through identifying and retaining their best people. From a plethora of models defining ‘potential’, through to complex demand and supply models, no stone has been left unturned in the attempt to triumph in this seemingly unending battle. However, talent management is still a notoriously difficult process to really get working in an organisation. This begs the question: **what if we have been focusing on the wrong things all this time?**

To give us a new slant on what it might take to ‘get it right’, it seemed that we needed to find out what the talented individuals themselves thought.

We spoke to a wide range of talented individuals along the length of the talent pipeline (universities, graduates, middle managers and more senior talented executives). This enabled us to really explore what talented individuals want from their relationship with their employer, and to test if there are any differences by group (eg sector, life stage, gender etc).

We also spoke to senior HR people from 44 companies about what their organisations are offering

talented individuals and how they are addressing the challenge of accelerating development for the next generation.

Our findings showed some significant disconnects between what talented individuals want and what organisations think they want or offer them. This is explored in detail in our depiction of ‘Talentville’.

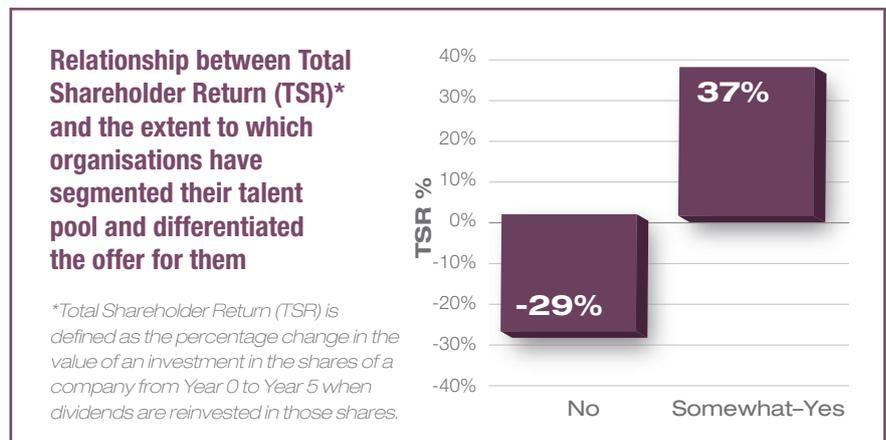


■ Talent wants
■ Organisations offer
■ Organisations think talent wants

Our findings suggest that great talent management is all about differentiation and the best results come from a personalised approach, with tailored Employee Value Propositions (EVPs) for those individuals who are your organisation’s main source of competitive advantage. In other words, giving talented individuals what they really want. And this approach delivers results...

Organisations which have done formal work to segment their talent pool (eg by type of talent) and differentiate development for these individuals, exhibit greater levels of Total Shareholder Return (TSR) than those organisations that do not do this.

The graph below does not imply that all the organisations that don’t segment and differentiate have a negative TSR. However, it is very interesting that the TSR for those that do segment and differentiate could be up to 66% higher than those that don’t.



Participants

- | | | | | | |
|----------------------------|---------------------|-----------------------------------|------------------------|--------------------------------|-------------------------------------|
| AET Tankers UK Ltd | BT plc | Invensys plc | Network Rail | The Royal Bank of Scotland plc | United Business Media (UBM) |
| APN News & Media Ltd | Bupa | Jones Lang LaSalle | News International Ltd | Schlumberger Ltd | Vodafone Group plc |
| Argos Ltd | Cancer Research UK | KPMG LLP | NHS Institute | Sony UK | Warner Bros. Europe |
| AstraZeneca | The Carphone | The Manchester Airports Group plc | NHS London | Sportingbet plc | Wipro Ltd |
| BAA Airports Ltd | Warehouse Group plc | Ministry of Justice | Nokia | Standard Life plc | ... and two leading UK universities |
| Barclays UK Retail Banking | CISCO Systems Ltd | Motorola, Inc. | O2 Telefonica | Thomas Cook Group plc | |
| BBC | Ernst & Young | Musgrave Group plc | Old Mutual plc | Thomson Reuters Corp | |
| Betfair Ltd | G4S plc | National Grid | PepsiCo UK & Ireland | TUI Travel plc | |
| | Hays plc | | | | |

'Talent segmentation' is the tool to enable you to obtain a greater degree of differentiation in a pragmatic and simple way:

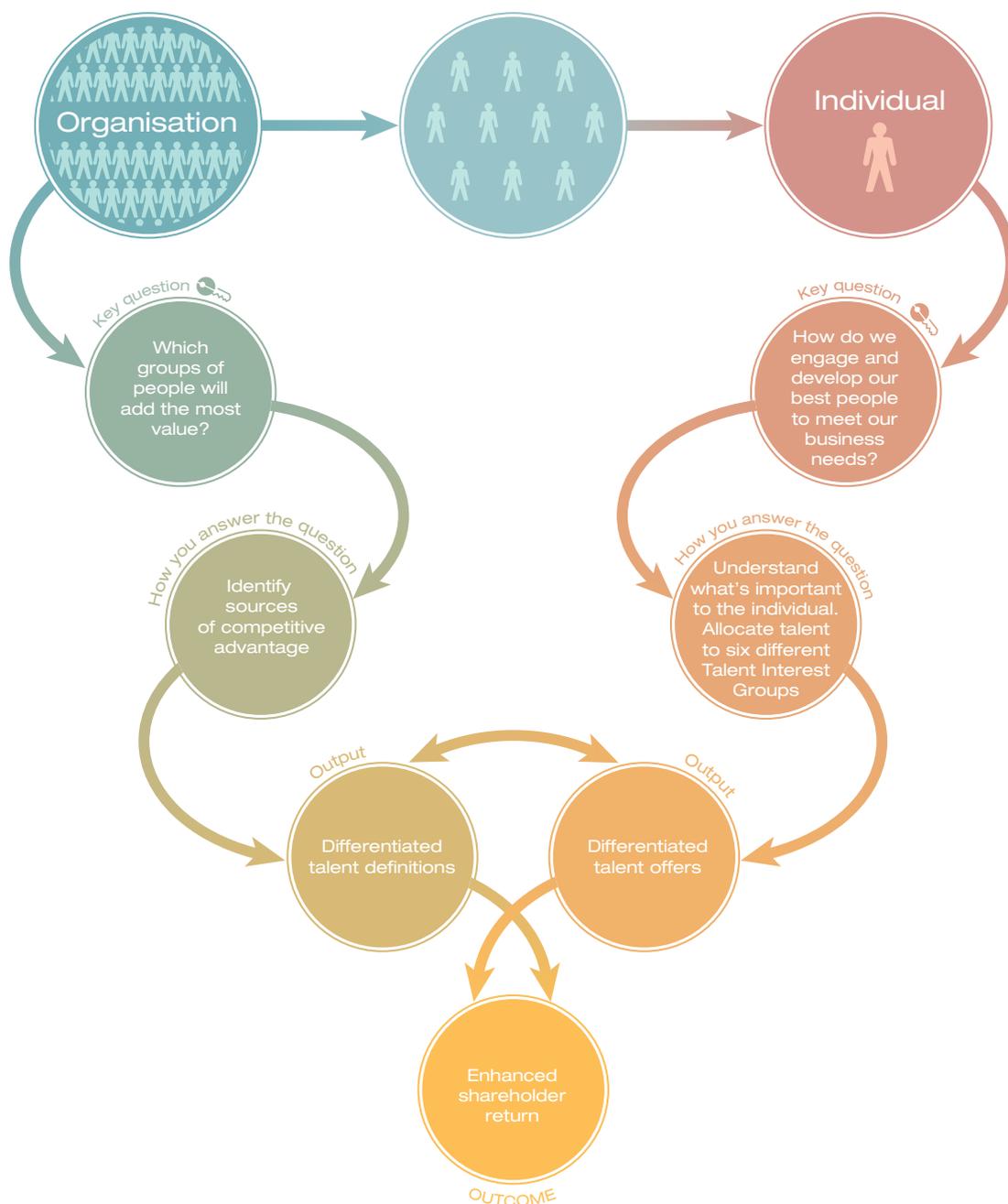
- ▶ It helps the organisation to choose who to focus on (key value-generating talent) and to create definitions for these different populations of 'talent'.

- ▶ It enables organisations to really understand what the talented individuals within each population want from their relationship with the organisation.

To help organisations understand this process, we have mapped out 'The journey to talent segmentation'.

Our full report covers all the steps you would need to go through to differentiate how you define 'talent' in an organisation, and the types of things you could offer your different groups of talent based on their individual needs. The process is broken down into six key steps: **Focus, Define, Refresh, Group, Align and Accelerate** (described on the following pages).

The journey to talent segmentation



Focus

How does your organisation really compete in the market place? Is it about a truly distinctive customer service offering? Price and efficiency? Or market-changing product innovation? This first step is all about getting clear on:

- ▶ The organisation's strategy
- ▶ The near-term and longer-term performance goals
- ▶ Who is in the competitor set and whether or not there are likely to be any significant changes, eg leavers and new entrants
- ▶ The competitor that causes most concern
- ▶ Your strengths and weaknesses compared to the competitor set
- ▶ How you compete – your primary source of competitive advantage

Understanding how an organisation competes is one thing, but in order to make this knowledge useful in a talent context, we need to also consider

the market conditions within which the organisation currently operates. Focusing your talent process on great people, who can run a stable business efficiently, is not going to help you if your market conditions are particularly volatile. What you actually need is to identify quickly those individuals who can radically alter, for example, your customer service proposition. Being clear about whether or not your current market conditions are steady, volatile or indeed game-changing, will help you to spotlight the type(s) of talent that will make the most difference to your organisation. Your perspective on the market conditions can be built at the same time as you consider your source of competitive advantage, using the same methodology.

Our research will guide you in getting a deep understanding of your organisation's main source of competitive advantage and the market conditions within which you currently operate. This will help you sketch a picture of which individuals and skills will add the most value to your organisation. Our 'Talent Segmentation Wheel' will help you build this picture.

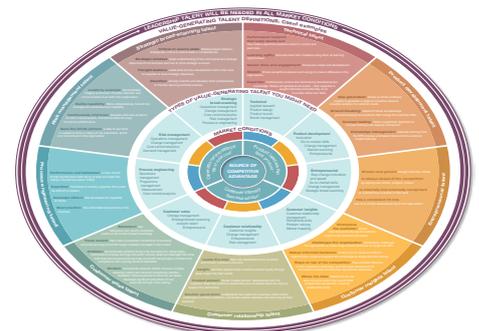
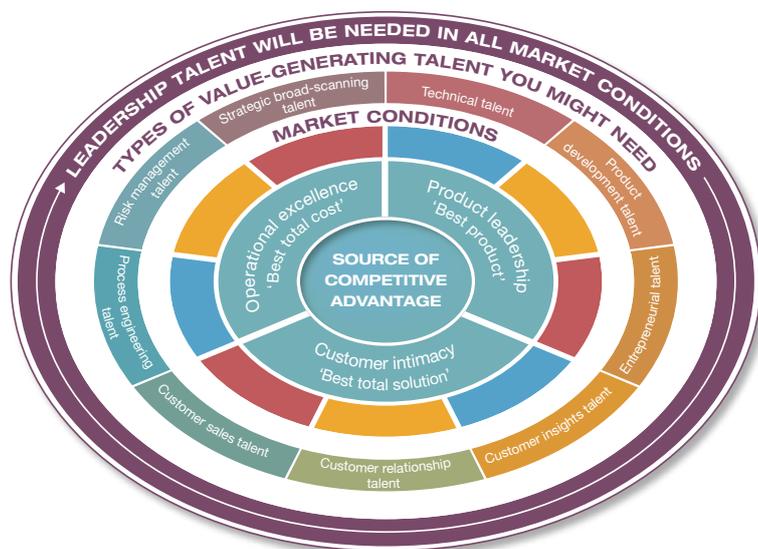
Define

Once you have identified your organisational source of competitive advantage, and clarified the market conditions, the next step would be to identify the type of individuals/capabilities that add the most value. This means prioritising the various capabilities needed in your organisation against the market conditions and the source of competitive advantage.

This step fills in a few more pieces of the puzzle that is talent segmentation. From here, you can begin to plot the different types of talent critical for different competitive disciplines and market conditions. Whilst leadership talent will be needed in all contexts, other types of talent will be specific to your source of competitive advantage and market condition. Our Talent Segmentation Wheel below gives one example of such talent for each context.

For full details of the Talent Segmentation Wheel please see the *What talent wants* report.

Talent Segmentation Wheel



Key to market conditions

- Steady – predictable change
- Volatile – rapid and unpredictable change
- Dislocation – game changing

Source: Adapted from *The discipline of market leaders*, Michael Treacy and Fred Wiersema, 1997



Organisations that begin the journey to talent segmentation and define the key types of talent that the organisation needs, will also need to refresh their processes to identify the talented individuals who fit these definitions. For some time, the talent management community has been reliant upon a very simple matrix – the 9-box grid – to assist them with the identification and categorisation of talent. There are many adaptations of this grid in use across organisations, but the basic concept remains the same – plot the top levels of your company against a set of simple performance and potential criteria and place their names in a grid.

This approach is somewhat seductive because it is so simple and easy to understand. But it is the grid’s very simplicity that is often the cause of deep frustration in organisations. We often hear line managers say: “If the grid is supposed to help us identify who we focus on as an organisation, why is it that the people in my business who generate the most value – those who keep the company ticking over – are now in one of the bottom boxes and won’t get any focused development? How can this be right?”

The outcome of this frustration is often ‘top-right-hand-box drift’ – where every individual an organisation values, whether they are truly ‘high potential’ or not, ends up sitting in the top box.

This often has the knock-on effect of the talent review meeting being hijacked by quite lengthy debates around whether or not ‘Fred’ really ought to sit in the high-potential box,

or should be moved one box down to the right. The important conversations (about what we are actually going to do to continue to engage and develop our most valued individuals) are then sidelined. If we look at ‘talent’ through the lens of the 9-box grid, then we ignore two key things:

- 1 Talent in organisations is about more than ‘future leadership talent’.
- 2 The whole point of working out who your most valued people are, is to DO something different with them.

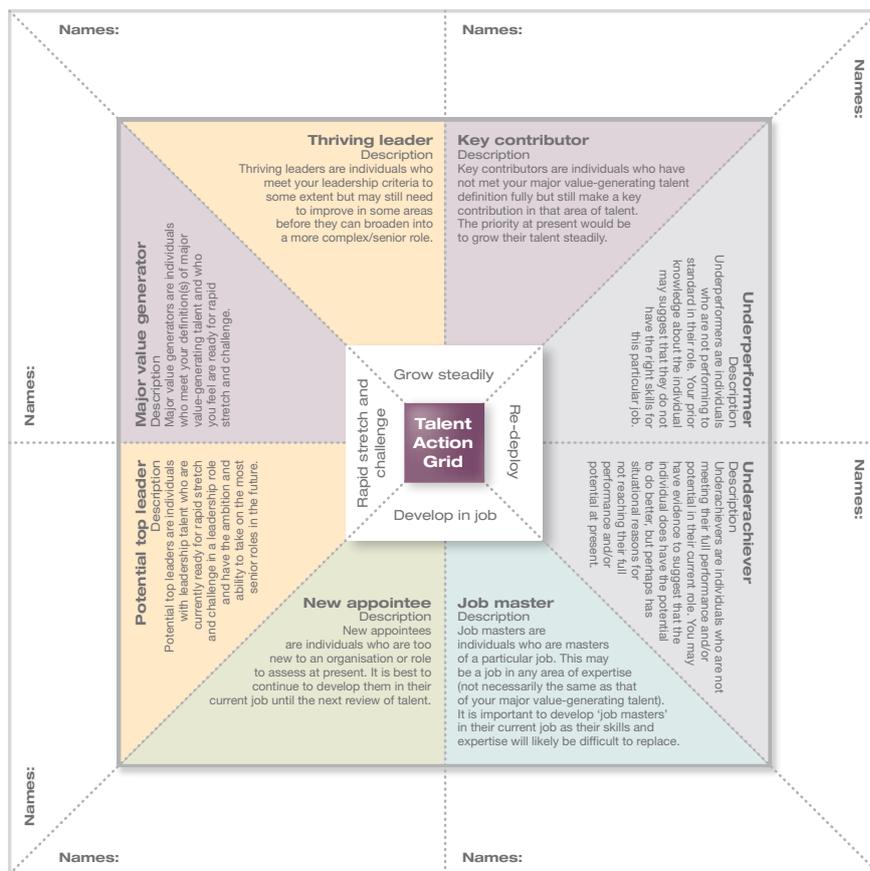
Taking a differentiated approach to talent management leads to a

need to look beyond the 9-box grid, to consider not just performance and potential, but also who the value generators are. This also means that we need to think about the action we are going to take with each of the types of talent.

Having a simple tool that helps the organisation to think through who these people are and what they need to do with them is still critical, because we know simplicity is a big driver of line manager commitment to the talent management process.

Taking this into consideration, we would propose a new approach to the 9-box grid that looks like this:

The Talent Action Grid





Group

Once you have chosen your differentiated definitions of talent and identified the people who meet the criteria of these definitions,

the next step would be to get to know the individuals and find out what they really want from their relationship with the organisation. Our research into what talented individuals want enabled us to identify six 'Talent Interest Groups'

who share similar needs and wants. Identifying the six Talent Interest Groups in your organisation will allow you to get to the root of what talent wants and create a more tailored Employee Value Proposition (EVP) for each of these groups.

The six Talent Interest Groups



Align

Once you have assigned individuals into Talent Interest Groups, the next key stage is to align the Employee Value Proposition

(EVP) to them. That is, tailoring the compensation, benefits, development and working environment that these individuals receive. To do this, you can use the information you know about what talented individuals want, based on the Talent Interest Groups

they are in. In addition, you will need to know the current challenges your talented individuals have and take a future-focused approach when thinking about the type of experience you want to create for them.





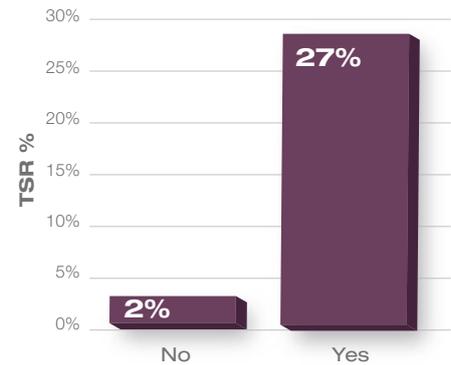
Accelerate

We have found that organisations which have programmes in place to accelerate the development of talented individuals show a clear return on investment for their effort. Of the 44 organisations in this research, 31 have programmes in place to accelerate the development of their high potentials and their TSR is up to 25% higher than those organisations that do not have such programmes in place.

But what do talented individuals get the most from? Our talented individuals told us what they believe has accelerated their development the most:

Relationship between Total Shareholder Return (TSR)* and whether organisations have programmes in place to accelerate the development of their talented individuals

**Total Shareholder Return (TSR) is defined as the percentage change in the value of an investment in the shares of a company from Year 0 to Year 5 when dividends are reinvested in those shares.*



- 1 'Continuous challenge' and having a variety of 'on-the-job' learning opportunities.
- 2 Personal support, most often having a line manager who really believes in them and encourages them to take on bigger challenges.

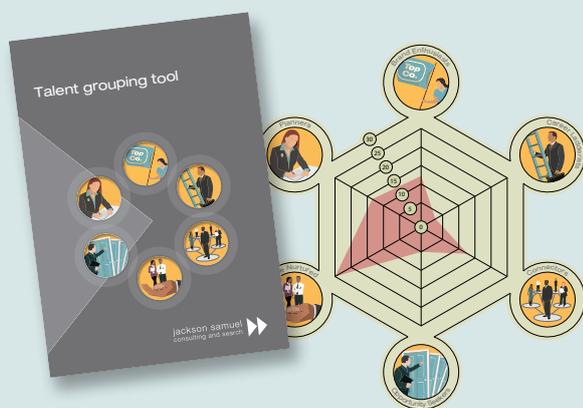
But if challenging jobs should be at the top of the development list – how do you bring the right people and opportunities together? Our report tackles the barriers to accelerated development and explores how you can supplement this with great off-the-job development.

To find out more...

About *What talent wants*

Our full report covers what we found and how you can make it work in your organisation. It includes key tools and practice examples to make it as practical as possible. We have also developed a simple diagnostic tool which has a brief series of questions aimed at teasing out what talent wants and identifying an individual's preferred 'Talent Interest Group'.

My Talent Group



Prior research

To date, we have produced two substantial pieces of research, both in the talent management arena:

- ▶ *The Golden Few: Lessons in talent management from the worlds of entertainment, sport, arts and academia*
- ▶ *From compliance to commitment: Bringing talent management processes to life*



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



