Let's Talk Talent

An introduction to Talent Management

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1. Let's talk talent: an introduction

Let's talk talent has been developed to introduce you to some of the key thoughts and principles behind talent management. It provides you with some key information to enable you and your organisation to decide as to whether now is the right time to focus on talent and if it is, where to start and what to consider.

Having skilled, motivated and supported employees could be your differentiator from your competitors and provide you with an advantage with customers. Having the ability to attract the right people into the right roles at the right time, develop your organisational capability and retain key individuals to ensure your business has the right people to meet its goals and future strategic plans.

Talent Perform has been developed specifically to support organisations through the talent management process, from defining what your organisational needs are to process and implementation. We deliver talent management solutions to organisations of all sizes:

- Let's talk talent discovery sessions that help you to understand your organisational goals, create and align your talent plan with these and deliver actions that support the improvement of your business results
- A team of committed, friendly talent professionals whose focus is to serve others in sharing the technical expertise of talent management
- An online portal constantly being updated with tools, templates and processes to support your talent management plan
- Open talent development programmes allowing you to provide groups or individuals with a structured 12-month blended development plan and activities.

Thank you for downloading this ebook and we hope that you will find it useful in defining your initial talent management plan.

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2. Are you ready to focus on talent?

Without a shadow of a doubt, talent management executed well will lead to improved business results and create a sustainable future for any organisation.

However, timing is important and there are a number of things to consider when thinking about talent management within an organisation:

- **What is your purpose for introducing talent management?**
  It's important to understand what issues you are addressing. Some organisations consider this to be their workforce planning, making sure that they have the right people in the right roles and future skills are covered and can be easily obtained. Understanding this question, also helps you to create a definition of talent within your business, consider this as future proofing your business.

- **Do you have the people resources to focus on talent management?**
  Who is responsible for defining the strategy, creating the vision, embedding practices and processes and maintaining it once it is created? Often the latter falls to HR and we all know that the HR function wears many hats, whoever takes on the responsibility, they should have the capability and time to do this well.

- **Do you have any existing people frameworks and systems in place to support talent management?**
  These could be performance systems, people data, competency frameworks and so on? Or do you need to build on some foundations first? It's often useful to ask yourself 'what is the current state of talent within your business and what would the desired state be'? This helps to define what that gap looks like.

- **What do the leaders or board say?**
  Any organisation considering talent management or talent strategy needs the approval and buy in from the team that sit at the top of the organisation. You may require some investment or change in direction from a people framework perspective, if your leaders are bought in, you will have more success in your talent strategy and delivery. It's often useful to gather their thoughts around talent before embarking on any talent plan.

In 2013 the Institute of Employment Studies (IES) conducted a study of issues and practices in talent management that led to a four-step model of talent management:

This created a very simple four-step approach to talent management that could be adopted if an organisation hasn't already developed a talent strategy or is looking to refresh its approach:

The four-steps approach includes:

Definition: What do we mean by talent management in this organisation?

Focus: Which jobs and group of people will talent management focus on?

Process: How will talent management be done in practice?

Action: What are the practical outcomes of talent management?

3. Defining and making the case for talent management

Let's start with the term Talent Management which has been around for several years now with a host of research available to us, increasing in popularity after Mckinzey's research in 1997 and the book written in 2001 on The War On Talent and published by the Harvard Business Review. But let's keep it simple for now and use the definition given by the CIPD:

'Talent management seeks to attract, identify, develop, engage, retain and deploy individuals who are considered particularly valuable to an organisation. By managing talent strategically, organisations can build a high-performance workplace, encourage a learning organisation, add value to their branding agenda, and contribute to diversity management'.

This may already be what you are doing within your organisation or for some this may seem aspirational! Wherever you are in your talent journey, the key fact is clear, the focus on talent is a business wide initiative with the aim to strengthen an organisations potential to succeed through its focus on key people that will support the achievement of that success.

Bersin Associates conducted research in 2012 showing that making the investment in improving talent management pays off, this is what they found:

- 26% higher revenue per employee
- 40% lower turnover among high performers
- 17% lower overall voluntary turnover
- 87% greater ability to hire the best people
- 156% greater ability to develop great leaders

The case for defining and focusing on talent management is very clear, you could use this data to calculate a return on investment before approaching the leadership team or board by using simple data sources:

- Annual employee attrition rates. You could consider breaking this down by level or function to give an indication of any areas, key skills or roles that may be greater at risk of higher attrition.
- Calculate the cost of attrition. There are varying opinions as to how much it costs to replace an employee that ranges between 30% of annual salary to 200% depending on the level of role. You should consider the cost incurred through hiring, agency fees, time to hire, lost time or business, onboarding and the time it takes to reach full performance once an employee is on board.

Use the following calculation to understand the attrition cost to your business:

Number of employees leaving the business voluntarily

X

Cost of attrition

=

£TOTAL COST

You will never be able to reduce your attrition to zero, be realistic about the attrition rate you would like to achieve. For example, if your voluntary attrition is currently 16%, in 12 months' time you would seek to reduce this to 14% and then reset the target for the following year, this would then give you a cost improvement of £X.

The improvement in attrition rates are not the only benefits to an organisation, others are harder to put a monetary value to, but these are some you could consider:

- Diversity
- Improvement in employee brand and value proposition
- Attraction of higher performers
- Improved internal promotion rate
- Employee engagement
- Customer satisfaction

4. Where will your talent management focus be?

Businesses focus on different organisational levels for various reasons. It could be a skill shortage and you need to attract and retain the best talent to deliver in those roles and capability. It could be management or leader level roles, for example, in a smaller organisation, you may have a number of retirees in the next few years, who will fill those shoes? Who will take over the business? The shape of your business may be changing, driven by internal or external forces, future innovations in technology may require different skills and capability. Fundamentally, whether you focus on critical or scarce roles, leadership, talent management for all, it has to align with your business needs.

We have seen debates in talent management that sits organisations in 2 camps for how they focus on talent. Some would say that talent management should be for all and would therefore develop a strategy, clear systems and processes that is inclusive to all employees with the 'High Potential' employee having specific development offerings that complement the overall learning culture of an organisation. Others would say it should only focus on High Potential. There is no right or wrong to which camp an organisation sits in, the systems, processes and framework will just differ.

Understanding the drivers for talent management is important and you may consider a PEST analysis that can be coupled with a SWOT analysis to help you to understand both internal and external factors that influence your talent focus. Below is an example:

PEST ANALYSIS (External influencers):

POLITICAL	ECONOMIC
SOCIO-CULTURAL	TECHNOLOGICAL

SWOT ANALYSIS:

STRENGTHS	WEAKNESSES
OPPORTUNTIES	THREATS

Using these tools will give you a clearer picture as to where you may want to focus your time and financial investment, coupled with your attrition analysis that will help you to create a very clear workforce plan.

We talked earlier about the buy in from the leadership or board team. These tools are useful to work through with this team, after all, being true to the talent definition and messages behind it are important and they will help you to build a true picture to the driving forces behind building a talent strategy to align with the business needs.

5. What processes will you use and how will you implement?

You've decided on the definition you will use for talent management and the kinds of job roles or groups of people that you will focus on to identify and manage talent, you now need to establish the processes. The IES (2013) established that talent management can be embedded more successfully if the processes are transparent with clear roles and responsibilities within the organisation. Therefore, appose to employees feeling that they simply have it done to them and behind closed doors, they feel part of the process.

Processes to be considered

Processes and frameworks that sit behind a talent management strategy and plan, should consist of a set of up to date job descriptions, grading structures, competencies and so on. Systems that measure performance and output should also accompany the processes for talent management. An understanding of what constitutes 'high potential' within your organisation should also be considered i.e. is this someone with the potential to move one role above or more?

Common talent management identification processes are to review either the entire workforce or the areas of focus. For example, if you have identified a need to focus on the leadership level, then you may wish to review the workforce that sit one and two levels below them. If you have a longer-term plan to develop the leadership pipeline, you could consider reviewing the high potential and succession pipeline throughout your organisation with individuals who are ready now, in 1 to 2 years, 3 to 5 years or 5+ years.

Tools to identify talent vary. The 9-box grid having been adopted by many because of its simplicity and ease of application. However, there is much debate as to whether it is a credible tool, based on the understanding of the term's potential and performance. We would say that the value is in the talent conversation, tools can be adapted to suit the organisation depending on the maturity of the organisations systems, processes and capability.

This is where the transparency element comes in! You should have a good understanding of identified individuals' skills, behaviours and aspirations. This insight can be gained more credibly through discussion with individuals and their managers.

Your process should also include a clear definition of high potential traits that supports managers and the organisation in making decisions on high potential. These traits vary dependent on who you talk to, Thomas International have recently conducted research in to this and have established the following, they include a study of 250 successful CEO's that provides an optimum percentage in each trait:

- Conscientiousness
- Adjustment
- Curiosity
- Risk approach
- Ambiguity acceptance
- Competitiveness

Other organisations have created an anatomy of high potential based on strong results, expertise, behaviours, learning agility, emotional intelligence, enterprise spirit, drive for success, team orientation and the list goes on.

6. Taking talent management action

We view talent management as a cultural change within an organisation, particularly at the initiating stage where talent management is at low maturity. What we mean by this is that to manage talent well, you have to win hearts and minds and take your employees and management teams on a journey. By having solid definitions, processes, systems and tools in place and by educating the business in its proper application, talent management can bring great results to an organisation. Executed poorly, with little time or being seen as a tick box exercise, it could cause more damage than good! Which is why we ask the question very early on 'Are you ready for talent management'?

Thinking about the practical outcomes

Once you've been through the process of workforce planning and talent identification, give some thought to what you will do next. These are some of the actions that will support the development of talent management practices within your organisation and reinforce the credibility that your focus is serious:

- Career path planning – providing clear career paths and how to access carers within an organisation is crucial to developing talent. If an individual can't see where they can go, they may look elsewhere
- Develop a learning culture or at least provide access to development and learning to support the acceleration if talent.

- Support through development – having clear development planning discussions and activities that support the succession and career paths for individuals will strengthen your pipeline
- Measure success – we have often worked with organisations to review an internal promotion rate and external sourcing. Statements like 'we will appoint 55% of internal employees in to promotional roles' is an aspiration and measure.
- Facilitate career moves by deploying talent elsewhere in your organisation

We provide a case study for deploying talent management actions at www.peopleperform.co.uk/develop where we worked with a global engineering company to create it's learning culture, primarily to provide the tools that support talent development and to improve organisational capability.

For more information on how People Perform can support you in developing a talent strategy and maintaining talent momentum, please visit us at www.peopleperform.co.uk or call us on 033357771319.