

Research Project Brief and Notes of Roundtable, 29 April 2015

Corporate Research Forum (CRF) held a roundtable event to discuss the current state of talent management and identify key areas of focus for our talent research project, which will conclude in June 2016.

FACILITATOR

Karen Ward, Associate, Corporate Research Forum

PRESENTERS

Jill Foley, Founding Partner, On3 Partners

Emma Hardaker-Jones, Global Head of HR, PA Consulting

What’s the issue?

- For most Chief Executives, talent is at or near the top of their priority list. However, CEO surveys regularly highlight executives’ concerns that talent is a major obstacle in attaining business goals.
- The fast-changing business context – characterised by volatility, uncertainty, complexity and ambiguity – means the talent needs of organisations are changing rapidly. However, many organisations are failing to respond at pace to the changing context for talent. Consequently, many find themselves behind the curve in terms of attracting and developing individuals with the attitude and aptitude to deliver sustainable performance.
- Key talent is scarce, particularly in areas such as engineering, technology, innovation and leadership. A combination of an ageing population leaving the workforce and increasing demand from emerging economies is leading to a talent crunch. Organisations are increasingly concerned that young people leave the education system ill-equipped to meet the demands of today’s workplace.
- Not only is talent scarce, it is often ineffectively deployed. In many organisations, the culture and context hold good people back. Inadequate or overly bureaucratic processes can be more of a hindrance than a help. Also, organisations are not designed to release the potential of a younger workforce with different work expectations.
- The aspirations and expectations of talent have changed. Outstanding people are less prepared to trust large organisations with their careers, and are increasingly drawn to self-employment, start-ups and more flexible careers. Millennials have different expectations in terms of work, careers and progression. The burdens of regulation, shareholder scrutiny, governance, and the physical and emotional demands of leading complex global businesses are dissuading individuals from pursuing careers at the very top of organisations.
- In spite of having well-developed processes and techniques for identifying potential and developing talent, the outcomes achieved from these initiatives often disappoint and organisations are not as good as they could be in optimising the talent they have.

On 29 April 2015, CRF launched a year-long talent management research project with a roundtable to discuss the current state of talent management within organisations, identify areas for improvement, and frame the topics to be explored within the research. The roundtable involved Heads of Talent, or similar, from approximately 40 CRF member organisations.

This document sets out the conclusions of the roundtable, the outline research brief and next steps for the project. A research report will be published in May 2016, and the conclusions will be discussed in more depth at a CRF event in June 2016.

Exploring the current talent landscape

Discussions at the CRF roundtable highlighted the following key issues in talent management practices today.

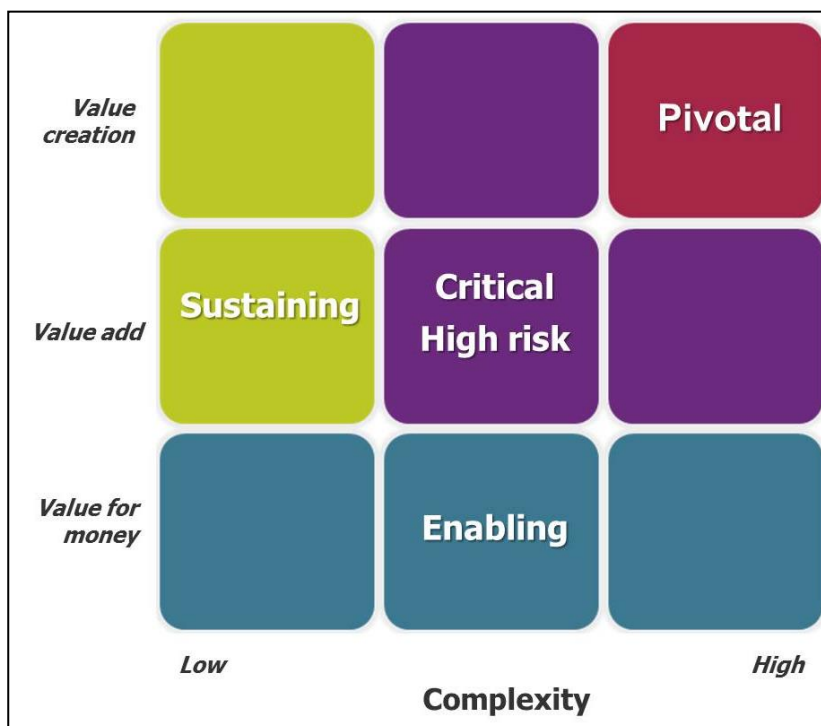
- Insufficient focus on the future strategic talent needs of the organisation. There’s a lack of clarity about what talent management actually is, and how it can contribute to overall business performance. Talent management practices can be backward-looking, focused on developing ‘more of the same’ talent which delivered success in the past rather than focusing on future requirements.
- Approaches to talent management need to be more dynamic and fluid, reflecting the fast pace of change in organisations today.
- What do we actually mean by ‘talent’? Is it potential future leaders, business critical skills, or talent for innovation, for example? Focus appears to have shifted towards supporting the careers of technical specialists as well as general managers and future leaders. But can a ‘one-size fits all’ talent approach meet the needs of different talent pools, or are different approaches required for different business needs/talent populations?
- Similarly, what do we mean by potential, and how can it be measured? Can past performance actually predict future success? Is it possible to predict potential more than one or two moves away?
- Should talent management focus on a small group of high potentials, or ‘talent for all’? Some organisations are moving away from having a designated small pool of high potential ‘special’ people towards treating all employees as talent. Some have even abolished the role of ‘Head of Talent’, pushing responsibility for talent into the business.
- Many organisations use a variation of the nine-box performance/potential grid, but there are many issues with it (see the CRF report [Planning for Succession in Changing Times](#) (2012) for a discussion about the limitations of the nine-box model and alternative approaches).
 - It’s often just a box ticking exercise that adds little value.
 - There’s too much focus on working out where people should sit on the grid and not enough thought given to what actions should be taken to support individual development.
 - It can undervalue technical experts.
- How do you engage people who are considered to be ‘talent’, particularly those who may not be motivated by progression? Do you inform your people of their ‘talent status’ or keep it as a secret process?
- Successful talent management relies not just on good HR processes, but on the quality of conversations between line managers and their people. How can this be improved?
- Processes have become overly bureaucratic and inflexible, and have lost sight of the desired business result. Business people can be put off by ‘HR-speak’.
- How do talent processes help or hinder organisations’ diversity and inclusion goals?
- Many organisations find the quality and availability of talent externally is a significant risk to their business. For example, a recent CRF discussion focused on the lack of engineering graduates. The six organisations represented who hired significant numbers of engineers added together the number of engineers they would need to either hire or develop in the next five years to deliver their existing business plans, and found the sum came to more than the total number of engineering students graduating annually in the US and Europe combined.

Rethinking Talent Management – Connecting Strategy, Performance and Potential for Tomorrow’s Challenges

Jill Foley, Founding Partner of On3 Partners, a specialist talent management consultancy, made the following observations about the state of talent management today.

- Talent management practices are not keeping up with the pace of change and increasing complexity organisations are confronted with today.
- There’s too much focus on the supply side, with the talent agenda driven by improving current talent rather than confronting future talent gaps and identifying key risks. Foley likens this to “steering your talent boat by looking at the wake”.
- Talent management should work ‘future-back’, using the organisation’s strategic direction to create a map of what the organisation needs to do brilliantly to succeed, and using this as the basis for defining needs.
- Rather than adopting the nine-box performance/potential grid, Foley suggests segmenting roles based on level of contribution and complexity. Thus, organisations can identify
 - *Pivotal roles*: future game changers
 - *Critical High Risk roles*: key to ongoing performance
 - *Sustaining roles*: mature positions which are well-rehearsed
 - *Enabling roles*: which support day-to-day operational performance.

By mapping existing talent to these roles, organisations can gain insight into both where future performance is at risk through lack of resource, or high potential talent is under-utilised.



- Often, organisations make the mistake of placing their best people into their biggest jobs. But often these are ‘Sustaining’ roles, which have a tried-and-tested infrastructure in place. Organisations can take a risk by making these roles stretch assignments for relatively untested high-potential talent, knowing that the success of the endeavour is not reliant on the performance of that individual leader.
- Key talent should be placed in ‘Pivotal’ roles, which are critical for future business growth.

Emma Hardaker-Jones, Global Head of HR at PA Consulting and formerly Head of Talent for BP, shared some insights as a practitioner.

- HR tends to be overly focused on constructing and managing processes which are designed to ‘force’ the business to have conversations about talent. A better approach is to help business leaders understand that this is not just ‘fluffy stuff’; it’s a critical aspect of commercial success or failure.
- The Head of Talent needs to engage with the executive team to clarify their respective responsibilities with regard to managing talent, help them understand the connection between building talent and business outcomes, and the implications of not investing in talent.
- Talent processes often happen in secret. A key challenge for Heads of Talent is how to increase transparency and bring these discussions into the open.

What shifts in talent practices are required to deliver sustainable organisational performance?

Discussions at the roundtable of how talent management practices need to improve highlighted the following points.

- Clarity is required around the purpose of talent management. For example, is it to build a leadership pipeline, identify business-critical skills, or enable delivery of future business strategy? Different purposes will result in different talent strategies.
- The Talent function needs to adopt a more commercial mindset, focusing on how good talent management contributes to business performance.
- There’s a need to rethink talent management for the challenges of developing global organisations, particularly to build cultural diversity. Should you focus on building a global talent pool or building talent for specific countries or regions? How do you deliver a consistent approach across 100-plus markets?
- Give it time to stick. Many organisations change tack every few years, but you need to allow the process a few years to make a difference.
- Talent processes need to be evaluated to determine what is working and why, and what needs to be improved.
- Line managers play a critical role in delivering talent strategies. It is important to engage them in taking responsibility for talent development, and equipping line managers with skills to engage in high quality development conversations with their people. It’s important to build a culture of development, so thinking about how managers are selected and rewarded for being good developers of people is important.
- Organisations need to think more broadly about possible sources of talent. For example.
 - Should you be looking further ahead by engaging with the education system to build pipelines of needed skills over the longer term? For example, should companies be running programmes in schools to encourage girls to engage with engineering and science?
 - Are alternative sources of talent such as freelancers or crowdsourcing considered in talent plans?
 - Should we view other organisations as enemies in the war for talent, or collaborate to build industry-wide talent pools?
 - Can we engage better with alumni?
- Talent management has to move away from being a management process that’s ‘done’ to employees. How do we work out what employees want from their careers and match expectations and opportunities?
- There’s a need to demystify top level jobs for up-and-coming executives, so they understand what’s required, the potential opportunities and the sacrifices they may have to make.

- It’s also important for the senior executive team to be brought closer to emerging talent, perhaps through reverse mentoring.
- The employment market is shifting, and organisations need to be realistic about the expectations of younger talent. Can they reasonably expect to hire graduates and expect them to stay with the organisation for 20 years until they reach positions of leadership?
- Consideration needs to be given to how talent practices can support diversity initiatives.
- Exploiting the opportunities presented by talent management systems and technology for improving talent management practices.

CRF observations

- The critical place to start is by understanding business strategy and direction, and focusing on what this means in terms of future demand for talent, not just what we have today. Too often, we see talent management focused internally on the supply side, and insufficient consideration is given to how the business context is changing and what key skills and resources will be needed to prepare.
- There needs to be a clear definition of what we mean by talent. Talent for what? Potential for what? This discussion needs to start by considering the business strategy and medium to long-term workforce needs.
- HR needs to get out more into the business, to understand commercial realities and business needs, and spend less time talking to other HR professionals.
- HR needs to take the lead on behalf of the organisation in terms of scanning the horizon, understanding the pressures on talent and key trends, and translating these into talent plans and actions.
- HR needs to be prepared to lead the business in thinking about talent, not wait to be asked. Business leaders are looking for commercially savvy talent professionals who have strong opinions, supply good evidence to back up their perspective, and are willing to have robust conversations in the interest of getting and keeping the best people for their business.
- Talent roles should be staffed by individuals who are considered high potential within the organisation (not just within HR). They need to have strong business credibility and command the respect of senior leaders.

Areas of focus for research

Our research will focus on the following key areas.

- What do we mean by ‘talent’? How do/should approaches to talent management differ for different populations? How far ahead do organisations need to be looking?
- How can talent management be more explicitly connected to organisation purpose and strategy? Are there organisations which do this well?
- Which key theories should underpin approaches to talent management?
- What do business leaders expect/need from the talent management function? We will interview some senior business leaders and participants in talent programmes to understand their views and expectations.
- What new skills do organisations and individuals need to develop to succeed both today and in the future? How can we assess for and develop these skills?
- What approaches to talent management are in place today? How effective are they? How can they be improved? Who is doing good work and what can we learn from them? What is the current level of satisfaction with the impact of talent activities? We will conduct qualitative interviews with companies and an online member survey.
- How can organisations make sure their talent is effectively deployed? How do you prepare people for roles they may only take on several years from now?

- How do talent strategies need to develop to take account of demographic changes, the needs of global organisations and emerging markets and the rise of the contingent workforce?
- How do you build sufficient diversity in the organisational 'gene pool'?
- Who's responsible for talent management within organisations? How is/should responsibility be shared between HR and the business?
- What's the role of the 'Talent Manager'? What is the ideal profile?
- How should we evaluate talent management activities?
- How can data and technology enable talent management processes?

Next steps

Over the next 12 months, we will conduct a critical appraisal of talent management practices, exploring how they need to change to meet the demands of global organisations operating in a dynamic and uncertain business context. We will seek input and insight from leading thinkers, experts and practitioners. This will include

- Talent Innovation Group discussion
- CRF member survey
- Webinar to explore the survey's findings and key issues arising from the research
- Research briefing and event – Assessing Potential – in Spring 2016
- Research report and event presenting the conclusions of our talent research in June 2016.

We would be very interested to hear the experiences and observations of members.