

Rethinking Talent Management

“Effective talent management starts with business strategy and future priorities, not extrapolating forward from the status quo. It is built on well-executed, adaptable plans and processes that articulate and implement the steps needed to proceed to the desired future. It is underpinned by an organisation culture that supports development, and line leaders who visibly champion and follow through on developing others.”

Jay Conger and Gillian Pillans, Report Authors

Executive Summary

“Someone’s sitting in the shade today because someone planted a tree a long time ago.”

Warren Buffett

1. How to identify, attract, develop and engage the critical talent needed to execute strategy is a key issue for organisations today. Talent management regularly appears at the top of the priority list for CEOs. Studies show organisations that are more sophisticated at talent management also achieve better business results. However, levels of satisfaction with the results of talent management among both executives and the HR function are low. A survey of 231 respondents from CRF member organisations conducted as part of this research found that only 17% rated their organisation as effective at predicting and planning for future talent needs, and only 20% were satisfied at the outcomes of their organisation’s talent management efforts.
2. Talent management is defined as a set of integrated processes designed to attract, develop, assess, deploy and retain the people needed to achieve strategic objectives and meet future business needs.
3. Talent management has to take account of a number of social factors that are affecting the shape and attitudes of the workforce today.
 - Responsibility for managing careers continues to move away from employers toward individuals.
 - Career paths are less clear cut than in the past, and delayering has reduced the opportunities for upward progression.
 - On the one hand employers no longer routinely offer lifetime employment, and on the other hand employee loyalty and engagement is low and passive job-seeking is high.
 - Talented individuals are less attracted by careers in large organisations and increasingly seek careers as freelancers or entrepreneurs.
4. Global competition, scarce skills and demographic shifts pose challenges for employers.
 - Local competition in emerging markets is making it ever harder for global players to find and keep the talent needed to grow.
 - Competition for talent remains high, with critical shortages in key areas such as skilled trades and engineering.
 - The rise of professional networking sites such as LinkedIn have lubricated the movement of talent in dramatic ways over the last decade.
 - Some countries face constraints on future growth due to labour shortages.
 - The profile of the workforce is changing, with older workers choosing to remain in employment post-retirement age and Millennials already making up around half of the workforce.
5. We identify the following key priorities for reshaping talent management.
 - Clear alignment with business strategy and the corporate culture, to enable the organisation to execute plans effectively through people.
 - Robust but adaptable workforce plans, so HR is clear about the actions required, but also has flexibility to respond to changing business conditions.
 - Building an organisation culture that values and prioritises people development.
 - Simple, effective processes that can be executed by business leaders, who must ultimately take responsibility for developing talent.
6. A key element of connecting business strategy with talent management activities is to identify and focus on critical roles, which are those that have the biggest impact on the organisation’s ability to build and sustain competitive advantage. This is where organisations need to focus their investment in developing talent, and they should also ensure the best talent is deployed to these positions.

We find, however, that little new thinking has emerged in talent management in recent years. Tools and processes in use today don’t look very different from those in place a few decades ago. The field and its practices appear to have evolved only incrementally.

“The right talent is the fundamental building block when it comes to creating an organisation capable of innovating and changing and using this as a source of competitive advantage.”

Ed Lawler, Distinguished Professor of Business, University of Southern California

7. Strategic workforce planning enables organisations to translate strategy into concrete action plans for talent. This allows them to make informed choices about where to invest in people, where to build talent capabilities, and how best to identify the risks of being unable to execute strategy owing to workforce constraints.
8. Talent reviews, which bring together line leaders and HR to identify talent and agree actions for talent development, form the core of the talent processes for most organisations with defined talent processes. Organisations tend to use either one or combination of the two following techniques to develop and deploy talent to critical roles.
 - Succession planning is used by 75% of respondents to our survey. Although some experts think it is an outdated practice because of the pace of change in business today, it is still used widely.
 - Talent pools are a more fluid way of identifying and progressing key talent.
9. One of the common criticisms of talent management is that it focuses too much on the process of identifying talent, and not enough on making sure those identified as talent have opportunities to learn and progress. The best way to develop future leaders is by giving them job experiences that allow them to build and practise the skills required of leadership, along with coaching and feedback. Therefore, effective talent management programmes need to have at their heart processes for assigning people to strategically-relevant job experiences that provide the opportunity to develop key skills.
10. Technology is playing an ever-greater role in talent management. Many organisations now have sophisticated systems that make it easier to match talented individuals to positions within the organisation, and to undertake talent analytics. Technology also affords greater transparency, allowing people to share their experience and aspirations with their employer. This is placing a burden on organisations to open up the ‘black box’ of talent processes, share the organisation’s plans for individuals with them, and give people more insight into what leaders think of their performance and career prospects.
11. CRF has developed an integrated, strategy-driven Integrated Talent Management Model. The Model is underpinned by some principles we think are critical for well-designed talent management activities.
 - Led by business strategy and corporate culture.
 - Systems-driven, so actions are implemented consistently across different people and organisation processes.
 - Owned by the line, supported by HR.
 - Built on effective execution of processes that are kept as simple and targeted as possible.
12. We conclude by identifying some key success factors for effective talent management.
 - Talent planning needs to begin with imagining the future state of the organisation based on the business strategy, and working back from there to establish the steps to build the capabilities required.
 - It’s easy to get hung up on identifying ‘who’ is talent, but it’s more important to focus time and investment on developing and preparing talented people for critical roles. Talent management needs to prioritise outcomes, not processes.
 - Line leaders need to be committed to following through on actions around developing people, and HR needs to support them to make these actions happen.
 - Visible commitment to action from top leadership is one of the key differentiators of organisations that are excellent developers of talent.
 - Strategic talent management requires the HR function itself to develop a higher level of skills, including the ability to think strategically, deep business insight, expertise in the science that underpins talent management, and the courage to speak up and influence business strategy.

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CORPORATE RESEARCH FORUM

Corporate Research Forum

One Heddon Street Mayfair London W1B 4BD United Kingdom

T + 44 (0) 20 7470 7104 F + 44 (0) 20 7470 7112

www.crforum.co.uk info@crforum.co.uk [@C_R_Forum](https://twitter.com/C_R_Forum)