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CORPORATE RESEARCH FORUM

FUTURE-READY
TALENT
MANAGEMENT

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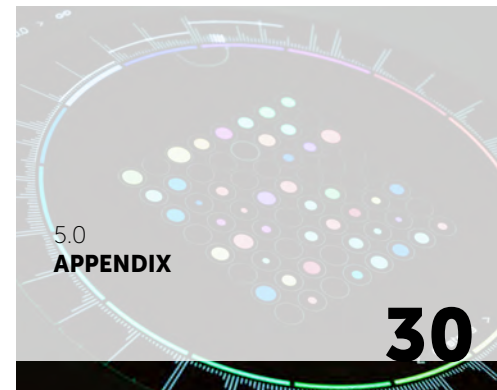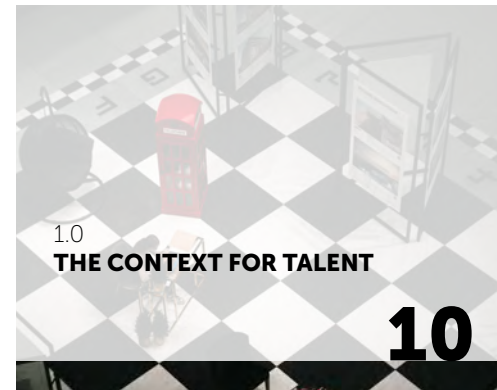
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FUTURE-READY TALENT MANAGEMENT

Gillian Pillans

ABOUT CRF

Corporate Research Forum (CRF) is a research-led learning network dedicated to building the capability of HR leaders and their teams to drive organisational performance.

Through more than 30 years of research and practical expertise, we have developed a deep understanding of the ways HR can contribute to business outcomes – what works, what doesn't and in what circumstances. We support our network of over 275 organisations through an evolving programme of evidence-based insights: delivering expert-led events, facilitated peer exchange, personalised and timely answers through our AI research tool and impactful technology-enabled learning – all informed by research and shaped by practice.

Our focus enables HR to become a more strategic, future-ready function delivering consistent and measurable value tailored to the needs of your organisation.

For more information on how CRF can support you and your organisation, please contact Richard Hargreaves, Managing Director, at richard@crforum.co.uk. Alternatively, please visit our website at www.crforum.co.uk.

ABOUT THE AUTHOR

GILLIAN PILLANS is Research Director and the author of over 30 CRF research reports on a wide range of strategic HR topics including HR and business strategy, leadership development, talent management, organisation development and learning. Gillian has worked as a senior HR practitioner and OD specialist for several organisations including Swiss Re, Vodafone and BAA. Prior to her HR career, she was a management consultant with Deloitte Consulting and is also a qualified solicitor.

This CRF study arrives at a time when talent uncertainty is structural, not cyclical. Demand for new skills is accelerating as roles are redesigned, working-age populations shrink and AI revolutionises work. In such conditions, long-range precision is elusive, yet the need for probabilistic modelling regarding implications for talent is at an unprecedented level.

BTS's experience is that talent planning should be dynamic, anchored in strategy, developed 'future back', stress-tested through scenarios and iterated with evidence. Stronger wiring of talent decisions to business dynamics and data, iterating through experimentation, rightly elevates talent planning from an annual exercise to a continuous business process.

The focus on critical capabilities and roles, those that disproportionately drive outcomes, helps organisations target scarce investment where it matters most. Skills-based approaches have value when they solve defined business problems, not when they expand into 'boil the ocean' taxonomies detached from impact.

As AI evolves, the focus of change is shifting from jobs to tasks and workflows. We observe that where organisations are having the biggest breakthroughs with AI is when frontline teams are reinventing how work gets done. Talent strategy must therefore pair with job and task redesign to redefine the human skills that will generate value such as judgement, problem framing and collaboration. This creates a powerful mandate for HR to shape grassroots AI innovation. The imperative is to use data to identify where the intersection of human and AI-agent workflows creates advantage, and to design a talent infrastructure that enables aligned mobility, reskilling and development.

From BTS's perspective, the question becomes how to enable this in the flow of work. Across industries, simulation and practice serve as a pragmatic bridge from plan to performance. Leaders can safely rehearse new operating models, decisions, and customer conversations – repeatedly and just-in-time – then apply into live environments. We describe this as cultivating a 'simulation culture', moving from asynchronous 'learn then apply' to 'learn and do', where strategy, change and skill development are practiced cheaply at scale.

FUTURE-READY TALENT MANAGEMENT

We see daily in our Talent Insights & Assessment work that potential and readiness are contextual. Traditional proxies like tenure and credentials matter less when work and tools evolve rapidly. Data quality becomes paramount, and as AI embeds deeper, biases and inaccuracies can easily amplify.

Signals such as learning velocity and decision quality under stretch, captured in realistic simulations or 'digital twins' of critical roles, offer more valid indicators of impact. Readiness improves when role-specific practice is combined with business-relevant and objective scorecards, enabling succession and deployment at business pace. Used thoughtfully, these methods shift evaluation from inference to evidence.

DEVELOPMENT THAT STICKS

Development endures when individual and organisational lenses are held together. In our coaching and leadership development practice, we emphasise strategically aligned mindset development, linking goals across four levels: business results, personal impact, behaviours and mindset. Line manager alignment and evidence gathered over time keep personal growth in service of strategy execution. This approach also provides a clear, measurable spine that complements the report's evaluation discipline and strategic orientation.

WHAT TO DO NOW

- **Run talent planning as a living, evidence-rich process.** Start from strategy, define critical roles and capabilities, model multiple scenarios and set baselines so bets can be reweighted with data, not intuition.

- **Manage the talent supply chain.** Map demand and supply, identify 'sunrise' and 'sunset' roles and use mobility, reskilling and targeted hiring to move capability where value is created.

- **Institutionalise simulation and experimentation.** Create safe, scalable ways for leaders and teams to practise new work in context, using performance data to guide readiness and design.

- **Connect development directly to business outcomes.** Align goals, involve managers and track impact through multi-source evidence so development fuels, and is measured by, strategy execution.

BTS is proud to sponsor this research. Its message is pragmatic and timely: organisations that invest not only in technology but also in people, culture, and ways of working build the adaptability, speed and resilience needed to navigate uncertainty. The pages that follow offer a practical agenda for building future-ready talent, business-relevant, fast and in the flow of work. We look forward to the discussions and experiments it will inspire.

Bruce Watt, Senior Director, European Head of Talent Insights and Assessment
Paul Wilson, Senior Director – Talent Insights and Assessment

LHH | Recruitment Development Career Transition

We are entering a critical moment for business. Both risk and opportunity are increasing, and yet the most critical factor underlying operational success remains the same. Strip back the geopolitical context, technological advancements and the hunger for supply chain durability and businesses are then left with one key consideration: their people.

This year's Corporate Research Forum (CRF) Future-Ready Talent Management report makes it clear that to successfully develop future-ready talent and build resilience, organisations must embrace a more human-centred approach, and this aligns with LHH's own research and findings. At a time where the skills required for jobs are changing rapidly, five-year workforce plans have become too rigid, and today's organisations need agile, iterative approaches which clearly connect talent to value.

In this context, the more business leaders invest in career development, the more they create a beneficial cycle: engagement and productivity rise, long-term retention rates improve and employees gain vital confidence to build their careers.

Nurturing this individual drive for success is crucial. LHH research has previously revealed that when workers feel a sense of purpose, they are more likely to stay with their employer. A proactive learning culture should not only support continuous development, but also promote curiosity, trust and a shared understanding of the business' values. Talent management should be future-ready, with talent upskilled for future-critical roles in a culture where skills are successfully leveraged internally.

Leaders are starting to understand that career progression should no longer be viewed in isolation, but in alignment with the overall business strategy as it evolves. There's real opportunity for organisations to use data and technology in their talent management strategies to support the attraction, retention and development of employees. When tech, AI and data are thoughtfully integrated with human interaction, it can help HR to support employees and drive a continuous journey of growth, upskilling and learning.

Proactive career development lies at the heart of a future-ready organisation. We are seeing great success from leaders who are mobilising their existing talent, embracing agile workforce planning and adopting a more human-centric approach to talent management. We are seeing organisations create greater opportunities on an individual level and build more agile, confident workforces who are enthusiastic and, above all, future-ready.

JC Townend, CEO, LHH UK & Ireland

RHR COMMENTARY

The modern business landscape is defined by relentless disruption, technological acceleration, strategic ambiguity and an accelerated pace of change. In this environment, the greatest competitive advantage is no longer a static product or market position, but a dynamic and adaptive leadership pipeline. Developing *future-ready talent* is therefore not a passive HR function but an active, enterprise-level strategic imperative, inextricably linked to the core business agenda.

Traditional, competency-based models for talent are insufficient. They are rearview-mirror assessments that reward past performance. A future-ready approach, by contrast, is predictive. It shifts the focus from *what a leader has done to what they can do* in a context they have not yet encountered. This model is built on an integrated system of assessment, development and retention, increasingly augmented by AI.

Assessment: Beyond Competency to Business Context and Potential

The first step is a radical re-evaluation of assessment. A future-ready assessment does not simply 'score' a leader against a generic benchmark. Instead, it measures their potential to scale by evaluating them against the specific, high-stakes challenges of the organisation's future business strategy.

This approach is inherently contextual. It asks:

- Does this leader have the cognitive agility to navigate ambiguity?
- Do they possess the enterprise-level thinking to manage cross-functional complexity and drive the business agenda forward?
- Do they have the digital and AI literacy to leverage data and technology for strategic advantage?
- Do they have the personal resilience and executive presence to lead others through sustained transformation?

This rigorous, 'whole leader' assessment provides the unvarnished truth about an individual's readiness, creating a clear-eyed view of the talent pipeline and its ability to de-risk the company's future strategy.

Click here for more information on RHR's leadership assessment solutions and insights.

Development: Accelerating Readiness for Strategic Impact

With a clear picture of potential, development becomes highly targeted. The goal is not incremental skill-building; it is the *acceleration of readiness* to make a tangible impact on the next critical business objective.

This is achieved by moving beyond the classroom and integrating development directly into the workflow. A robust approach centers on high-touch executive coaching combined with strategically curated 'stretch' assignments. This process can be scaled and personalised using AI-driven platforms to surface relevant insights and learning. However, the core remains the assignments themselves: real, mission-critical business problems that force the leader to develop the exact capabilities identified as gaps in their assessment. This process builds new muscles in real-time, closes readiness gaps and allows the organisation to test leaders against strategic priorities.

Click here for more information on RHR's coaching and development programmes.

Retention: The Byproduct of Strategic Investment and Alignment

Retention in this model is not a separate programme; it is the natural outcome of the first two pillars. Top-tier, 'future-ready' leaders are not retained by compensation alone. They are retained by challenge, growth and a clear line of sight to a compelling future where they can make a difference.

When an organisation employs rigorous, forward-looking assessment tied to the business agenda, it signals to its high-potential talent that their growth is a strategic priority. When it follows up with accelerated development and meaningful, challenging work, it creates powerful internal inertia. The leader sees a clear, bespoke path for advancement and understands precisely how their development contributes to the organisation's strategic success. This alignment is more compelling than any external offer and transforms succession planning from a reactive 'replacement' chart into a proactive 'leadership-on-demand' system that locks in critical talent.

In conclusion, developing future-ready talent is an end-to-end system. It begins with an honest, business-centric assessment of potential, translates that insight into an accelerated development journey and results in the retention of a leadership corps that is capable of – and excited by – the challenge of delivering the future in an age of AI.

At RHR, our mission is to unlock and amplify leadership capability throughout your organisation – individual, team and system – to empower your leaders to deliver against your business strategy and deliver outstanding business performance.

Orla Leonard, Senior Partner, Head of International, Region Lead – Europe

FUTURE-READY TALENT MANAGEMENT

01 This report considers the **practices of future-ready talent management.** The context for talent will feature a shrinking working population, global economic and political instability, large-scale technological change (particularly driven by AI), increasing risks and a need to reduce time-to-value.

02 **The context creates a paradox:** predicting much further than one-year out is hard, but planning is more essential than ever. The best response to unpredictability is to be prepared for different scenarios. Talent practices must become adaptive while remaining aligned to business needs.

03 **Future-ready talent management starts with the business strategy.** Vanilla approaches will not serve us well. Instead, talent practices should have five characteristics:

- **Strategic** – bringing the business strategy to life through focused talent actions
- **Pacy** – aligning with the business cycle time
- **Adaptable** – developing scenario-based options and taking an iterative, test-and-learn approach
- **Risk-based** – prioritising actions that present the greatest opportunities or risks
- **Data-led** – using internal and external data to identify opportunities, prioritise and track progress.

KEY TAKEAWAYS

We set out **CRF's framework for dynamic talent planning,** which has three parts:

1. Aligning the business and talent strategy
2. Iterative planning and action focused on solving critical business issues
3. Data-driven feedback loop.

The framework is built on the **principles of strategic workforce planning,** which we see as less a rigid framework and more a mindset and toolkit that HR should bring to discussions about business strategy and performance.

The first step is to **engage with the business strategy,** not just as an observer but as a player with informed views based on market and commercial knowledge.
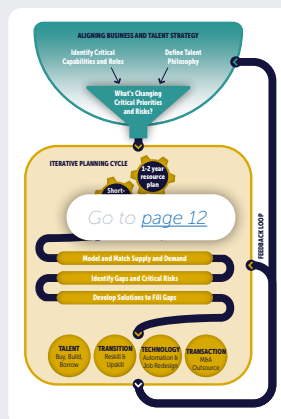
Next, we must **identify the key capabilities required to deliver the strategy** and the critical roles that have outsized impact on those business outcomes, ensuring that we have the best talent in these roles and they are adequately supported and developed.

To deliver the capabilities, we need to **agree a talent philosophy,** answering such questions as:

- How do we define performance?
- Do we promote from within or hire for key roles, and in what balance?
- Do we treat everyone as 'talent' or focus on high potentials only?
- What is the balance between company and individual responsibilities?
- Do we train and reskill, or restructure and hire new skills?
- What are the roles of HR, senior leaders, managers and individuals?

ALIGNING BUSINESS AND TALENT STRATEGY

Identify Critical Capabilities and Roles | Define Talent Philosophy

What's Changing Critical Priorities and Risks?

ITERATIVE PLANNING CYCLE

1-2 year resource plan

Short-

FEEDBACK LOOP

Model and Match Supply and Demand

Identify Gaps and Critical Risks

Develop Solutions to Fill Gaps

TALENT Buy, Build, Borrow | TRANSITION Reskill & Upskill | TECHNOLOGY Automation + Job Redesign | TRANSACTION M&A Outsource

Delivering the future capabilities is an iterative process. This means being pragmatic, balancing qualitative and quantitative data, starting small-scale, looking at multiple timescales and treating planning as an ongoing business conversation, not an annual event.

Talent plans require action and follow-through at leadership and individual level and a culture that values development. Individuals must understand their responsibilities for developing themselves, and the support they will receive. Managers should be targeted on achieving team development, and HR policies and practices must support.

Technology, AI and data are fundamentally reshaping the practice of talent management, leading us to rethink how we define talent, potential and performance. We explore three key areas where companies are leveraging the emerging tools to achieve better talent outcomes: workforce insight and modelling, talent matching and personalisation and automation of HR processes.

Technology will likely have a huge impact on jobs. The talent planning process must anticipate, facilitate and incorporate these changes, which will often appear at the job level as people learn and adopt new tools, rather than through top-down technology implementation.

We emphasise that technology is only there to facilitate the human experience. Employees need clear communication why using a tool benefits them and the user experience must be intuitive, engaging and easy to access.

Finally, we consider **the impact of skills-based talent strategies.** We find that skills-based approaches are most effective when they are built on a clear definition of 'skills', they are focused on a small number of key business use cases and they build in the right management and employee behaviours.

RECOMMENDATIONS

05 **Tie talent planning in with the rhythm of business planning and the strategic planning horizons relevant to the business strategy.** Consider how you can influence discussions of the leadership team to make sure talent philosophy, strategic workforce planning and talent risks get sufficient airtime. Make sure agreed talent plans are backed up by budgets and executive support.

06 **Consider what early warning systems you need for talent.** A key message is that organisations need to develop muscles around anticipating and responding to changes in their market. How do you gather, analyse and communicate external talent market trends and internal workforce profile data?

07 **Get your house in order with good internal workforce information,** including on costs, so you can extract and manipulate data quickly. However, don't get bogged down in pursuing perfect data. Start with a low-resolution picture, build momentum and refine as you go.

08 **Try out generative AI tools** to help you develop talent scenarios, test your assumptions and create career pathways.

09 **Make sure you have a bottom-up feedback loop** so you understand how people are using technology in your business and the impact it is having on jobs. This will enable you to identify opportunities for redesigning work.

10 **Create a culture of development.** Give employees access to tools and information, explicitly carve out time for learning and reward people who put new learning into practice. Upskill managers and incentivise them to support talent development and mobility. Measure their performance through incorporating talent KPIs in regular business performance reporting.

11 **Share talent plans with the workforce.** Make employees aware of future skills the organisation values. Signpost relevant career opportunities and learning resources.

12 Make sure that the **user experience on the platforms employees use** to access learning and career opportunities is intuitive, easy to access and straightforward to complete. Asking an employee to complete similar skills or career experience data multiple times on different platforms is likely to put them off.

13 Make sure the different parts of HR – talent management, recruitment, learning and reward – **act in a joined-up way.** Keep in mind that any changes to talent practices may take several iterations to get right, so consistent follow-through is essential.

01 **Start with your business strategy.** Reflect on the key objectives your business needs to achieve over the next three to five years. What capabilities will be required to execute the business plan? Which are in short supply or difficult to hire externally? What skills are likely to be surplus to requirements in the future?

02 **Focus on the three to five highest priority issues** or opportunities that will have greatest impact on revenue generation and growth.

03 **Partner with your head of strategy** to deepen your understanding of areas like your business strategy, the competitive environment and the impact of technology in your business to help inform your view of talent priorities.

04 **Don't expect to tackle the whole workforce at once.** It can be helpful to start where the biggest risks or opportunities are – perhaps working with a supportive business unit leader or focusing on a specific job family. Test and learn through small-scale experiments and proofs of concept.

CRF's work considers what our response should be as the pace of change in the business and geopolitical context continues to accelerate. Weak global growth, trade wars, geopolitical instability, regional conflicts, an ageing and declining working population, political polarisation and large-scale technological change are fundamentally changing the landscape for talent management in organisations.

Employers are facing a multi-faceted resourcing challenge, with demand for new skills accelerating while the global workforce is shrinking. The OECD estimates that, by 2060, the working-age population of its member countries will have declined by 8%. Research by Lightcast shows that 32% of the skills required for the average job were different from the skills required in 2021 and the World Economic Forum predicts that 39% of workers' core skills will change by 2030.

We live in a world of increasing risk. Increasingly complex and dynamic global systems mean it is becoming more difficult to know precisely where risks will originate or how they will impact our organisations. For example, cyber attacks launched in a single market can cripple global businesses in a moment.

Meanwhile, as the adoption of generative AI in organisations continues, there remains huge uncertainty around what this will mean for employment. Will we face mass unemployment as jobs are automated or will the promised productivity effects fail to materialise? We need to be prepared for either scenario.

At the same time, pressures on organisations to reduce time to value have increased. Talent initiatives must demonstrate impact quickly, and at low cost. According to Marcus Downing, Partner, Workforce & Organisational Transformation, Mercer: *"There are no three-year programmes any more. You'll have a bunch of stakeholders asking what they are going to get and when, and you'd better make it quick."*

1.0
THE CONTEXT FOR TALENT

The fast-changing environment creates a paradox: planning is both harder and more essential. As the rate of change increases, it becomes more difficult to predict and plan. As the Good Judgment Project has shown, predicting beyond one year out with a reasonable degree of confidence is difficult. Long-term planning cannot be much more than informed guesswork. This means the capacity of our organisations to forecast talent supply and demand with any degree of accuracy has become more limited. Traditional workforce planning, with its rigid five-year forecasts and massive spreadsheets, is seen as too slow and cumbersome for today's pace.

In this context, while we may not be able to plan with a high degree of accuracy, we can focus on bring prepared. As Margaret Heffernan, Professor of Practice at the University of Bath argues, preparedness in terms of building capacities, relationships, resilience and experimentation ahead of time means we will be better able to respond when things don't go as predicted. *"Once you accept that the world is more uncertain and less predictable, you know you can't sit around and wait for the future to reveal itself. You have to try to define it for yourself through experimentation."*

The best response to unpredictability is to build resilience and flexibility into our systems, and this is the key challenge for future-ready talent management. In this research we consider how organisations can develop approaches to talent planning and deployment that make them better prepared and more resilient to respond to the challenges their businesses will inevitably face.

The fundamental question is how to make talent management more adaptive – able to respond quickly to change – while keeping it aligned to business strategy and proactive in building necessary capabilities.

2.0
DYNAMIC TALENT PLANNING AS A RESPONSE TO UNCERTAINTY

> *"The unifying factor for those organisations doing talent well is how HR leaders are facilitating the thinking of the business. They're understanding the business problem, and they're helping the business articulate in language beyond headcount and budgets and broadening it towards work and skills."*
>
> **MARCUS DOWNING**, PARTNER, WORKFORCE AND ORGANISATIONAL TRANSFORMATION, MERCER

> *"Most companies essentially acquire talent on the spot market and only train people because employees ask for it or it's seen as a benefit. If we don't build those muscles of anticipation, we'll always be at the mercy of the market."*
>
> **MATT SIGELMAN**, PRESIDENT, THE BURNING GLASS INSTITUTE

Future-ready talent management starts with retooling how we plan and manage talent to suit a world of constant change. This means challenging decades-old practices and assumptions. As Izabella Khazagerova, SVP, Global Head of Product and Innovation at LHH, put it *"Organisational talent processes and models are largely based on models from the 1950s even though the business context has transformed. They don't give you the flexibility and adaptability needed today"*. Too often, talent management operates on 'vanilla' principles or generic best practices disconnected from the real business context. In many cases this has led to processes becoming over-engineered and time consuming. Talent reviews have become a top-down industry in themselves, generating huge amounts of activity for HR with limited business benefit.
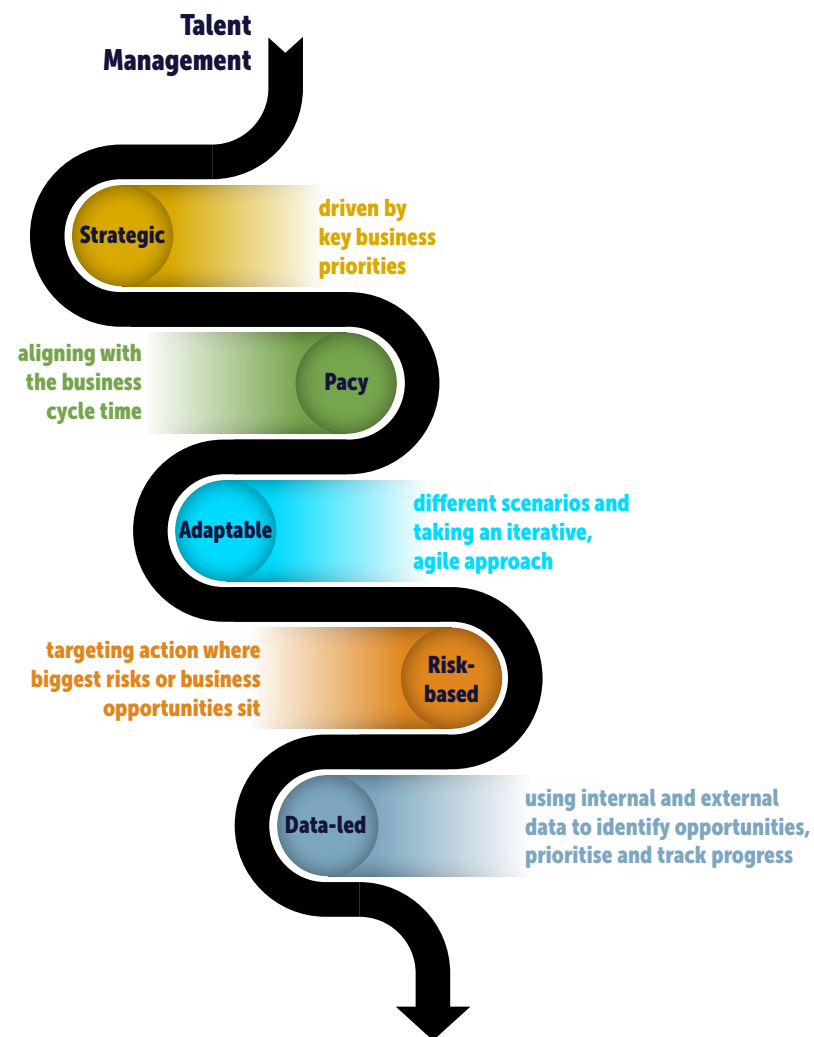
Faced with the levels of uncertainty businesses have to contend with, we may conclude that forward planning is impossible and we would be best served by simply responding to changing talent needs as they arise. However, we argue that having a planning framework for talent is essential.

Future-ready talent management must address the following business needs:

- Bringing the business strategy to life in terms of critical talent actions that enable the business to achieve its strategic objectives.
- Taking a 'future-back' perspective to determine the work that needs to be done to achieve the business objectives
- In the face of uncertainty, developing a range of options than can be rapidly scaled so we develop adaptability and resilience and are prepared for multiple scenarios.
- Approaching talent planning as an iterative process requiring organisations to experiment, adapt and update plans in line with experience on the ground.
- Helping HR prioritise those actions that will have greatest business impact and maximise adaptability and responsiveness.
- Building on a foundation of good internal and external data to identify opportunities, prioritise and track progress.

FIGURE 1

How we approach talent management needs to shift to be more:

Talent Management

Strategic — driven by key business priorities

aligning with the business cycle time — **Pacy**

Adaptable — different scenarios and taking an iterative, agile approach

targeting action where biggest risks or business opportunities sit — **Risk-based**

Data-led — using internal and external data to identify opportunities, prioritise and track progress

> *"If you're thinking about adaptability as an organisational capability, strategic workforce planning is a tool to help you achieve that. It can help you think about how to evolve your workforce models, structures, processes and systems to create a more responsive organisation."*
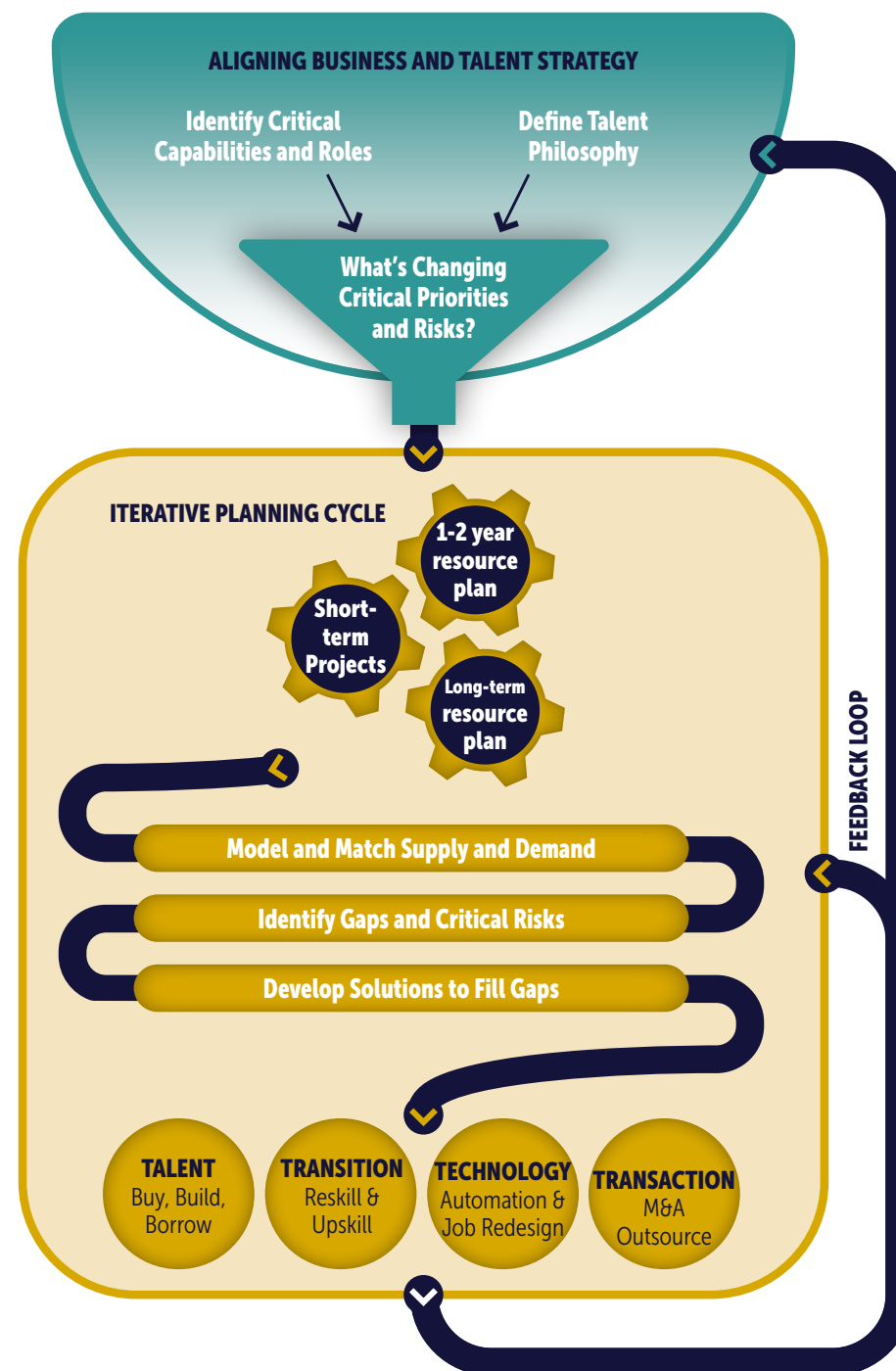>
> **PROFESSOR NICK KEMSLEY,** HENLEY BUSINESS SCHOOL

In this section we set out CRF's framework for dynamic talent planning. The framework has three parts:

1. Aligning the business and talent strategy
- Notice what is changing in the strategy
- Identify new or emerging Critical Capabilities and Roles
- Define the Talent Philosophy

2. An iterative approach to planning and experimentation focused on developing solutions to critical business priorities
- Model and match supply and demand
- Identify gaps
- Develop options to address the gaps
- Identify and address critical risks

3. A data-driven feedback loop that allows for course-correction along the way
- Have our actions been successful in reshaping the business?
- Mapping changes to jobs affected bottom up as people adapt and deploy technology
- Course correcting for emerging business scenarios

While this framework is built on the principles of strategic workforce planning (SWP), it seeks to avoid the trap that SWP has often fallen into, becoming overly cumbersome and tactical. Our intention is that this framework can be used as a thinking tool to help HR leaders prioritise and develop actionable plans and practical scenarios.

FIGURE 2

Dynamic Talent Planning

ALIGNING BUSINESS AND TALENT STRATEGY

Identify Critical Capabilities and Roles

Define Talent Philosophy

What's Changing Critical Priorities and Risks?

ITERATIVE PLANNING CYCLE

1-2 year resource plan

Short-term Projects

Long-term resource plan

Model and Match Supply and Demand

Identify Gaps and Critical Risks

Develop Solutions to Fill Gaps

TALENT Buy, Build, Borrow

TRANSITION Reskill & Upskill

TECHNOLOGY Automation & Job Redesign

TRANSACTION M&A Outsource

FEEDBACK LOOP

STAGE **1**

ALIGNING BUSINESS AND TALENT STRATEGY

1. What critical capabilities and roles are needed to deliver the strategy?

Before getting into detailed planning around critical roles or talent pools, it's important to identify the key organisational capabilities required to build or sustain competitive advantage.

Teasing out the critical capabilities is a stepping stone to get from business strategy to talent actions. This stage seeks to answer questions such as:

- What are the 4-6 major business objectives that the business needs to achieve?
- What organisational capabilities will need to be developed to achieve the objectives?
- What is the work that needs to be done for that value to arrive? Note that the actions required to develop capabilities might relate to talent but could include other elements such as entering a new market, investment in new technology or automation, developing new partnerships or acquiring another business.
- What new work will the organisation need to be able to do, and where do we need to develop capability for the future?
- What work will we need to continue to excel at to sustain our position?
- What work has been part of our success to this point, but will have decreasing relevance in the future?

The analysis needs to focus on differentiating capabilities that:

- Have greatest impact on business outcomes or are a source of competitive advantage
- Are difficult or time consuming to develop
- Are not in common supply externally
- Are a significant stretch from where the organisation is today.

Connecting Talent to Business Value through Critical Roles

The next step is to focus on critical roles and/or capabilities that have outsized impact on business outcomes. As Prateek Sinha, Partner, CEO.works, points out, when business strategies change, financial capital tends to move quickly but talent often doesn't. This means organisations often find their best talent is tied up in roles which are important to delivering today's business results but may not represent future critical sources of value to the business. The talent system must enable the organisation to allocate its best talent to delivering tomorrow's value and to move that talent around as strategies change.

According to Sinha, a common problem is that companies move straight to talking about the supply side of talent (Who do we have and what can they do?), without giving sufficient attention to the demand (What's the work that needs to be done? What capabilities do we need to get that work done?). *"A lot of the risk of non-delivery of the strategy comes from the demand side because I may not be clear what I want from the role and stakeholders are not aligned about what the role is there to do,"* said Sinha. *"You then can end up with roles being set up in a way that means the individual will never succeed."*

Sinha advocates a Talent to Value© process that begins with identifying the 4-6 big bets that drive disproportionate value. These value hotspots often sit at organisation seams (product, markets, functions, capabilities) and are the elements within a strategy that bend the performance curve. For each of these hotspots, the approach defines the work to be done for the value to arrive (including new work) and then determines the new capabilities or roles required to deliver that work. The process helps answer questions such as:

- What are the 20-25 most critical roles that will deliver 80% of the value?
- Is the organisation designed to enable delivery for these roles?
- What are the 1-2 new capabilities that we need to invest in to deliver the strategy and how do they show up in our critical roles?
- Are these critical roles designed for success? Are we clear (and is the organisation aligned) on the jobs to be done within each of these roles? Do they have the decision rights and authority to execute these jobs to be done? Does the role have the right capacity (time, team, resources, budgets)? Is there likely to be resistance to what the role is delivering?
- Do the incumbents 'fit' these roles? Does their experience, skills, professional and personal capabilities give me the confidence that they can deliver the jobs to be done and manage the risks associated with authority, capacity and resilience? Does their track record inspire confidence? Do I have a retention risk for the people in these critical roles?
- Are my best talents sitting in these most critical roles?

This forensic analysis for 20-30 critical roles identifies the greatest areas of organisation and talent related risks and enables the definition of a precise, minimally invasive intervention plan to mitigate risks. Interventions could include reconfiguring roles, complementing role holders, coaching individuals or changing the talent. These interventions have been shown to reduce time to value, thereby positioning talent as a strategic value accelerator.

2. What's our Talent Philosophy?

Aligning the business and talent strategy starts with defining an explicit talent philosophy that clarifies what talent means for the organisation in its context and what business outcomes talent practices should drive. This is important work that sets out the principles guiding talent practices.

It is essential to have the CEO and executive team lined up around the talent philosophy, as they ultimately hold accountability for following through on the talent strategy. Without contextualising talent within the business strategy, executives are likely to lose interest as the processes feel generic and are disconnected from business realities. Marc Effron, President, Talent Strategy Group, who developed the Talent Philosophy framework discussed here, said: *"In most companies, HR has never asked the executive team to define their shared beliefs about the best way to manage talent to achieve the strategy. HR ends up rolling a series of ideas up to the executive team to ask if they like them. The executive team is overwhelmed because they don't understand how all these things fit together and the business loses track of exactly what they are supposed to do and what's most important."*

Creating a talent philosophy requires the executive team to develop a point of view on the best way to manage talent to achieve the strategy by addressing questions such as:

- **Performance:** What do we mean by performance? How important are behaviours versus performance?

- **Differentiation:** Do we believe everyone has talent worth developing or only certain high potentials? Are we focused on building broad-based capability or just filling critical roles? Where do we devote our limited resources? How much of the development 'goodies' such as money, projects, exposure and development opportunities do we give to high performers only versus making them available to everyone?

- **Transparency:** How transparent are we with people about their performance, potential and capacity to progress?

- **Internal versus external orientation:** Do we primarily seek to develop and retrain our resources or acquire new resources to meet future challenges, with consequences for restructuring?

- **Individual versus Company:** To what extent do we believe that individuals should develop their own careers versus company-led development and talent management?

- **Accountability:** How accountable should a manager be to build the quality and depth of his or her team. What rewards and consequences apply?

The answers must flow directly from the business' strategic aims and challenges. It provides a framework for decision-making, resource allocation and prioritisation and creates a 'north star' for the talent function. *"Having a clear talent philosophy allows you to do things that are commercial and outcome-oriented and can be readily measured,"* said Jig Ramji, Human Resources Director, Informa.

The talent philosophy is determined by the CEO and executive team through conversations facilitated by the CHRO or talent leader. Often this takes time. *"It's strategic work and it takes time to engage people in strategic thinking,"* said Ramji. *"But once you've done that you'll be able to move faster."* At a Global FinTech organisation, Ramji got the top 100 leaders together to discuss the business' critical talent challenges. This was used as the basis for sign off by the CEO, executive team and board.

It's HR's responsibility to ensure talent practices align with the philosophy. Who gets access to development programmes, developmental projects, differentiated rewards, international assignments and so on must derive from the talent philosophy. *"If your philosophy says you believe in differentiation, but then you only give your highest performer a 3% bigger bonus than the average, then you are not acting consistently with your philosophy,"* said Effron.

STAGE 2

DEVELOPING AND ACTIONING THE PLAN

This stage involves an iterative process for the critical capabilities identified, developing options to address gaps between today's position and a desired future state. This uses the principles of SWP to build and deploy action plans. However, SWP is often criticised for being a data-heavy and onerous process that can easily lose sight of the business outcomes it is trying to achieve. The key is to put pragmatism ahead of precision to avoid getting bogged down.

Ironically, building the muscle of adaptability does not mean less planning. It means getting better at anticipating and planning for multiple scenarios and being ready to switch gears as needed. This makes SWP more important than ever, but it needs to become less a comprehensive process that happens on an annual or biennial timeframe, and more a mindset or discipline that underpins how HR interacts with the business. In that regard, SWP is not just a function within HR, it is a mindset and toolkit that HR business partners bring with them to any discussions about business strategy and performance.

In practice, this means adopting an agile planning ethos that enables SWP to adapt and respond to changing circumstances:

- **Pragmatic, priority-based planning.** Rather than attempting to model every role and every skill five years out, focus on identifying a few critical talent issues that will have the greatest bearing on the business. *"Focus on the 20% of the action that makes 80% of the difference,"* said Professor Nick Kemsley. This might mean a move away from corporate, top-down planning towards a more organic approach that applies the principles of SWP on a smaller scale to address local needs. The key is to home in on the critical capabilities, roles or talent segments without which the strategy will falter. *"It can be as simple as having a regular conversation with the leadership team to develop some key talent commitments,"* said Joanne Neild, Director of Talent Management, Syensqo.

FIGURE 3

Talent Philosophies

Philosophy	Core Beliefs	Talent Practices	Employee Deal	Strategic Alignment
Performance-Driven Meritocracy (e.g. McKinsey)	Success depends on attracting exceptional people and enabling them to perform at their best. Excellence and impact are the key differentiators.	Hire for intellect, drive and potential; rigorous performance management; accelerated promotion for high performers; feedback-rich, stretch assignments.	*"If you're exceptional, we'll accelerate you."*	Supports a high-performance, client-impact model where differentiation comes from superior talent and execution.
Growth and Learning Culture (e.g. Microsoft)	Everyone has the capacity to learn and improve. Curiosity and collaboration fuel performance.	Managers as coaches; focus on learning agility; encourage experimentation.	*"We grow when you grow."*	Enables cultural transformation, innovation and adaptability in fast-changing markets.
Skills-Based and Fluid Workforce (e.g. Standard Chartered)	Skills, not roles, determine opportunity and value. Mobility and reskilling drive adaptability.	Build skills taxonomy; enable internal mobility and project-based deployment; continuous learning and reskilling.	*"We'll help you build skills for the future – inside and beyond our organisation."*	Builds a future-ready, flexible workforce that can respond to evolving business priorities and technologies.
Entrepreneurial and Agile Talent (e.g. Spotify)	Innovation thrives when talented people are empowered to act, experiment and learn from failure.	Hire for creativity and initiative; small, autonomous teams; reward innovation; low bureaucracy.	*"You own it – and you'll grow fast."*	Fuels rapid innovation, speed to market and responsiveness in competitive, fast-moving industries.
Long-Term People Stewardship (e.g. Shell)	Sustainable success comes from developing leaders and investing in people for the long term.	Structured career paths; rotational assignments; mentorship and leadership pipelines; long-term retention focus.	*"We'll invest in your career for the long haul."*	Ensures leadership continuity, organisational stability and deep institutional knowledge.

> "Those companies that do small scale pilots and refine before scaling tend to get better outcomes. They start with a clearly defined business issues and use case applied to a tightly defined group of people."
> **MARCUS DOWNING**, PARTNER, WORKFORCE AND ORGANISATIONAL TRANSFORMATION, MERCER

Balance qualitative and quantitative data. Focusing on what's changing most rather than trying to count everything. By identifying a narrow and manageable scope of action, HR can show impact quickly while avoiding getting bogged down in analysing the workforce in minute detail. Phillip Hellyer, Director at Hedwyn, said: *"Everyone assumes workforce planning is horrifically complicated but really it's about answering some fundamental questions about where you are going and where you are today."* Skills-based talent tools (discussed in chapter 3) are making it easier to access data to diagnose key capability gaps.

An iterative process. Companies are finding they may need different cadences for different elements, such as a two- or three-yearly long-term strategic review running alongside a one- to two-year tactical resource plan. There may also be regular (quarterly or ad hoc) check-ins on 'hot jobs' or project-driven deep dives, such as when entering a new market or making a business change.

Test and learn. Starting with small-scale experiments creates the opportunity to develop a proof of concept and iron out problems before scaling.

Framing talent needs in the language of risk. At Ericsson, David Edwards, Head of Workforce Planning, is shifting the emphasis towards identifying and mitigating talent risks that could derail the business. He produces risk assessment reports that highlight talent hotspots. The risk-oriented framing grabs executives' attention more than abstract headcount plans. Flagging business vulnerabilities is more likely to lead to actions in areas such as succession planning, knowledge management or targeted hiring.

Treating SWP as an ongoing business conversation, not an annual event. Edwards has pushed to integrate workforce planning into regular strategy discussions, joining regular strategy review meetings *"although it took a year for me to get invited."*

Lining up HR and business planning cycles. SWP should not be run as a separate HR process. It needs to be integrated with the organisation's strategy development and business planning processes and run to the same timetables.

Look at multiple timescales according to risk. While planning cycles are generally becoming shorter, sometimes it's essential to look further ahead. SWP may need to run on multiple time horizons at the same time. For example, reskilling a segment of the workforce is a multi-year endeavour that may require planning over longer time horizons.

Segmenting the workforce to identify parts that disproportionately drive value or risk. This may result in multiple smaller workforce plans running in parallel according to different business needs. For example, Ericsson's Edwards has identified some micro-segments affecting only a few roles where a large proportion were approaching retirement and would therefore pose an outsized talent risk if not addressed.

Consider multiple scenarios. Preparing for multiple scenarios means the business is more likely to be prepared to pivot quickly when circumstances change. While some managers resist what they perceive as extra work, companies are increasingly considering multiple scenarios and asking: for each, what would our talent needs be? This encourages readiness for a range of outcomes. Generative AI tools are making it easier to model multiple scenarios without the need for specialised planning systems. In one example, an interviewee fed publicly available information, including the company's annual report, into ChatGPT and came up with several realistic business scenarios. Owen Muir, Director at Hedwyn, said: *"Having what-if scenarios puts you in a good place to react when something major occurs. It also gets you in the mindset of not always thinking things are going to be smooth running."*

Focus on actions and outcomes. Adam Gibson, author of *Agile Workforce Planning*, noted that SWP is often criticised for *"resulting in analysis without clear outputs that people can do something about."* The goal is a set of clear initiatives around recruitment, learning, reskilling, role redesign, succession or talent pools for key positions, with clearly identified owners. For example, Standard Chartered conducted some strategic workforce planning to identify 'sunrise' and 'sunset' roles – roles expected to grow, such as data analysts or cybersecurity experts, and those to be dialled down, such as ones that can be easily automated. Actions agreed included reskilling programmes and hiring controls in certain areas. These workforce insights have been embedded into operational decisions, such as making the process for approving new hires in sunset roles more onerous. See **page 28** for a detailed case study.

In practice, talent planning (whether it's labelled SWP or something else) needs to consider the following questions:

1. What internal capability do we have?

- Current size, location, skills levels and profile of the workforce.
- Expected major talent flows both in and out (turnover patterns, retirements, anticipated restructurings, internal moves, vacancies).
- Talent management information regarding the future internal supply of talent (succession plans, internal talent pools, anticipated cohort recruitment such as graduates).
- Career paths and promotion information, which shows the nature and speed of movement in talent pipelines.
- Resourcing mix (balance of external versus internal resourcing for critical workforce groups), which is important in terms of understanding future supply options.
- Trainability of resources into emerging capability areas.

2. What does the external labour market look like?

Build a picture of the external supply of talent in the timescales required to fulfil the business strategy, including broader workforce, demographic and technological trends that may affect the availability of talent. Relevant external market information would include:

- Changes in the working population in critical talent segments and markets.
- Understanding competitors for critical talent, and whether this competition is likely to increase or decrease.
- Likely future shortages or surpluses of key skills in current and future labour markets.
- Output of the education system in terms of subject, level and type of qualifications and quality of skills.
- The impact of innovation or automation. Is technology becoming available that will allow work to be wholly or partly automated? Will that result in demand for different skills?
- Alternative sources of supply, such as outsourcing, contingent workers or acquihiring.
- Alternative hiring strategies to tap into new talent markets (older workers, people with disabilities, rehabilitated offenders).
- Pools of workers currently working in other sectors who could be reskilled.
- Industry trends and the impact of regulation.
- Emerging roles or skills in competitors.

Modelling and matching supply and demand

Once the organisation has developed a point of view on the capabilities needed to deliver the strategy and examined data relating to the internal and external talent supply, it should be possible to develop models to match supply and demand, assessing the gaps between what the business will need and its potential future workforce supply. Sometimes this will be obvious – we need a lot more of X and it's hard to find – and will not require detailed modelling.

3. What's the gap?

The purpose of this stage is to identify gaps between future need and current supply and highlight areas for action. This step may consider multiple timeframes, setting out when gaps are likely to open up and allowing action to be phased in line with anticipated demands.

Gap analysis can be done both at the level of individual roles, workforce groups or skills-based. Focusing on workforce groups or skills allows planning for cohort-based recruitment and development or for reskilling programmes.

4. Where are the critical risks?

A key aim is to identify the few critical things that could trip up the business and should be priority focus areas for action.

This step involves reviewing the gap analysis through the lens of risk. Where is our strategy most at risk if we fail to address the gaps effectively and in good time? Risk is not just about the size of the gap – it is a combination of the size of the gap, how critical it is to strategy execution and how difficult it will be to close the gap. Focusing on risk is an exercise in prioritisation: narrowing down all the possible actions to those which are most likely to address the key risks identified.

It also opens up a conversation around options for mitigating the risks identified. Should we build partnerships across our industry to pool investments in new skills and share resource? Where might we need to invest in reskilling programmes?

5. How do we fill the gaps?

Having identified the major gaps and risks, the next stage is to develop solutions and run experiments. This stage forms a bridge between the business strategy and people strategy/plan.

Potential solutions – the 4 T's:
Talent, Technology, Transition, Transaction

TALENT – Buy, Build or Borrow

⟩ **Buying in talent through recruitment.** Distinguishing between 'build' roles which are developed from within; and 'buy' roles, which are brought in from the external market.

⟩ **Growing talent internally** through both formal on-the-job skill and career development, and deployment of people through developmental experiences. Harnessing talent marketplaces and learning platforms to alert employees to skills gaps and nudge them towards preparing for in-demand future roles (see chapter 3). Using skills-based incentives to reward employees for developing new skills.

⟩ **Increasing workforce flexibility** through 'borrowing' talent from the contingent workforce (temporary and agency staff, self-employed contractors, consultants). See the case study on the next page on Unilever's U-Work programme.

TRANSITION – Reskill, Upskill and Retain

⟩ **Create talent transition pathways,** which can be facilitated by the algorithms within digital learning platforms and talent marketplaces, to smooth out internal demand curves or redeploy people from parts of the business where demand for talent is reducing, while avoiding blanket workforce reductions. This can result in lower restructuring costs through better planning of redundancy or retrenchment programmes.

⟩ **Improving retention and engagement.** Analysis may indicate 'leaky' parts of the talent pipeline that need to be addressed through understanding and responding to the reasons for turnover.

⟩ **Adjusting the employment proposition to ensure that critical roles and skill areas are made attractive to potential employees.**

⟩ **Developing differentiated EVPs.** Where the organisation is looking to hire skills it previously did not require (such as developing a new technical capability or hiring talent from outside its sector), it may be necessary to make changes to the employer brand and employment value proposition. This could include offering more flexible patterns of work (especially part-time working), rethinking career pathways, developing mentoring schemes or updating reward and benefits packages.

TECHNOLOGY – Automation and Job Redesign

⟩ **Automation** of work. Identifying opportunities to automate tasks or roles with AI.

⟩ **Redesigning work** to meet changing business needs more effectively. For example, developing multi-skilled teams to increase resource flexibility or designing a new function or job role to focus on a new capability to be developed.

TRANSACTION – Outsourcing and M&A

⟩ **Outsourcing** of non-core activities.

⟩ Targeted **mergers and acquisitions** or acquihiring, where a business is acquired for the purposes of securing its talent.

For a more comprehensive review of SWP, including CRF's detailed methodology, see our research *Strategic Workforce Planning: Unlocking Future Capabilities*.

U-WORK – BUILDING A FLEXIBLE WORKFORCE

Unilever's U-Work programme is an innovative example of a new working model designed to increase flexibility in talent practices.

Changing workforce demographics, shifting expectations of employees about how they ideally wanted to work and a business need to improve access to skills were drivers for implementing the programme. *"We saw it as a change in mindset from owning talent to accessing talent,"* said Morag Lynagh, who led the U-Work programme. *"It's about making sure at any moment that you have access to the talent you need."*

The U-Work model gives participants the freedom and flexibility of contract roles with the security and benefits associated with permanent roles. U-Work employees receive a monthly retainer and benefits, whether they are working on an assignment or not, and are paid for assignments when they do work. Originally, the programme was about retaining older workers as they approach retirement. But it soon became clear that people across life stages wanted to work in more flexible ways, for example those juggling families or wishing to travel or study without losing their job. *"We found we were responding to a need that didn't really become visible until we introduced the model. Even for people whose need for flexibility went away, they chose to remain in U-Work because they valued the assignment-based way of working,"* said Lynagh.

The following were key success factors:

- **Small-scale piloting helped build sponsorship for a wider roll-out.** The programme began as a pilot across two sites. *"People seem to think pilots need to be bigger than is actually required to have a strategic impact,"* said Lynagh. *"We decided to just try it and grew organically from there, using stories to show it worked and people wanted to work in that way."*

- **Put in the ground work around attitudes and behaviours.** Unilever created a Contact Manager role who was responsible for working with leaders and line managers, sourcing projects, recruiting people into the talent pool and matching people to work. It was important to have a human interface, not just technology, to get buy in and maintain momentum. Part of the Contact Manager's role was to help managers think about how they could frame assignments differently, shifting their mindset from 'this must be my resource, my team' to being open to alternative ways to resource work.

- **Don't let perfection get in the way of progress.** *"It can be tempting to say we can't do this because we don't have a system to support it, but we did a lot with basic tools such as spreadsheets."* Now tools are being retrofitted, for example developing an AI agent to infer skills from the assignment description and match people's skills and availability to opportunities.

STAGE **3**

EVALUATION AND FEEDBACK

The final stage involves evaluating the business impact of actions and identifying opportunities for improvement. It starts with having objectives set up-front, with business metrics and a baseline against which to measure progress.

Specific measures will be determined by the actions arising from the talent plan. For example, an objective related to reskilling might be measured by reduced recruitment and restructuring costs in the skills segments affected. An objective to increase internal succession for critical roles could be measured by the percentage of roles filled by internal succession.

The ultimate measure is whether the shape and size of the workforce is adjusting in line with the business' future strategic direction. For example, if a company sees its future in added value services as opposed to product sales, can we measure, in resource terms, the extent to which this is being achieved? This would require resource modelling.

AI will have major impacts on roles, and to some extent this will happen from the bottom up as individuals or teams experiment with and adopt AI tools or other technologies. They will, in effect, redesign their own jobs by employing AI. The feedback mechanism needs to identify these bottom-up changes and build them into future planning as they will change the talent or resource landscape.

Questions to consider in constructing the evaluation process include:

- What are the key objectives of the talent plan and how do they connect to the organisation's strategic priorities? What outcomes would constitute 'success'?
- What baseline are we measuring against?
- What data do we need to measure? Do we have access to the relevant data and if not, how would we collect it? Do the measures give us insight into business impact in areas such as reduced cost, improved profitability or increased speed to market?
- How do we use lessons learned as feedback to improve the process?
- Who needs to know about the results and how do we engage them? What do they think about the results achieved relative to the costs incurred or effort involved?

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> *"You don't unlock mobility with a new platform – you unlock it by changing the system. Compensation, culture and trust matter more than process."*
> **NICOLE FORWARD**, HEAD OF COACHING AND DEVELOPMENT, RHR INTERNATIONAL

3.0
KEY ENABLERS FOR FUTURE-READY TALENT MANAGEMENT

In this chapter we explore how technology and AI are facilitating new ways of managing talent and consider the impact of skills-based approaches to talent. But first we consider the most important factor in successful talent strategies – having the right leadership behaviours and mindsets that support talent development.

3.1
A DEVELOPMENTAL ORGANISATION CONTEXT

The best talent plans in the world are useless unless they lead to action and follow-through. This is where having a development-focused culture is important, where, when faced with difficult decisions around balancing short-term results and long-term development, leaders are prepared to make tough calls to prioritise development. *"It's a mindset shift for managers to see people as enterprise-wide talent as opposed to one of my team,"* said Celine Floyd, Chief Skills Officer, Cappfinity. The best organisations have development built into the corporate DNA, so individuals are expected to develop themselves and the requirement to develop others is built into managers' and leaders' roles. *"You need to foster curiosity for learning across the board and you need to create social accountability for managers so they feel they are letting others down if they don't do this,"* said LHH's Izabella Khazagerova.

Managers also need to have development explicitly built into their KPIs and be held to account if they fail to take the actions required. However, this is uncommon. *"In most companies there are no consequences for managers either being good or bad at managing performance and developing people,"* said Talent Strategy Group's Marc Effron. *"The message is 'get to it if you can'."*

> "The potential of generative AI tools for development is vast. But what's missing is the organisation has to commit to enabling people to make those developmental moves."
>
> **ANDY HILL**, SENIOR DIRECTOR TALENT MANAGEMENT, ALGHANIM INDUSTRIES

HR must play a role in holding leaders to account and ensuring they follow through on talent commitments. *"It doesn't mean HR takes over but it can be saying: 'you made a promise to move Marc this year, how can I help you fulfil that promise?'"* said Effron

As well as holding managers to account, HR policies may need to change. Technology, such as talent marketplaces, makes opportunities within the organisation more visible. However, corporate policies such as managers being automatically alerted when someone applies for a new assignment, can get in the way of talent mobility. *"Technology can facilitate a different talent philosophy but you need to be explicit about it,"* said Teresa Wykes, Senior Director, Talent-Centred Transformation, Eightfold. *"Choices such as whether your manager can see that you've applied for an internal role drive the development culture you have."*

It may also be necessary to update rules and guidelines to encourage the right behaviours. For example, there could be a requirement that any vacancy arising in a 'sunset' role that's subject to reskilling must be filled internally. Standard Chartered encourages its people leaders to consider posting new work on its talent marketplace prior to formally replacing a job.

It's also important to invest in line manager capability. Managers often lack skills in core talent practices such as goal setting and coaching, so it's important to help them develop those skills and recognise and reward managers who do this well. Clear selection criteria for managers, coaching on management skills and guidance on how to support their teams use the resources available for their development are important considerations.

3.2
ADAPTIVE PLANNING CAPABILITY

As mentioned, traditional planning methods may not serve companies well in faster changing environments. But does the organisation have the capability to plan in a more adaptive way, to experiment and learn? This may require different skills in business planning roles, tools for modelling and a mindset in senior leaders that plans and strategies must be flexible enough to adapt to arising risks or opportunities. This may require a cultural shift, different skills and new systems and processes. HR can play a vital role in facilitating a top team discussion around this capability and building the skills and resources to deliver it.

3.3
THE ROLE OF TECHNOLOGY, AI AND DATA IN RESHAPING TALENT MANAGEMENT

Technology – and AI in particular – has the potential to revolutionise how organisations plan, attract, develop and deploy talent. Over the past few years, a wave of platforms including skills inference engines, internal talent marketplaces, learning experience platforms, AI coaching tools and AI-driven recruiting tools, have appeared. More recently, generative AI offers glimpses of how technology might be used to solve many of the problems that dog talent systems. For example, helping create line-of-sight between business strategy and individual goals or automating follow-ups around development planning to check agreed actions are followed through.

AI will also lead us to rethink how we define talent, potential and performance. Leaders will increasingly be called upon to lead both humans and bots. According to Nicole Forward, Head of Coaching and Development, RHR International, organisations will soon face paradoxical questions such as: *"What do you do when your high potential is a bot? AI will challenge traditional performance metrics or criteria for promotion as managing digital agents can produce exponentially more output with less effort, which undermines legacy measures of productivity and potential. AI will mean redefining human contribution and leadership effectiveness."*

We find, however, that most organisations are still finding their footing in using technology effectively in the talent space. While AI is embedded in all career platforms these days, the most used talent tool is still the spreadsheet. As we discuss further below, technology itself does not address some of the human challenges that hamper talent initiatives, namely a lack of management accountability for talent development and poor strategic alignment of talent initiatives.

We observe the most forward-thinking organisations leveraging AI in the following ways.

FIGURE 4

Ways Organisations Can Leverage AI

- Workforce insight and scenario modelling
- Talent matching and personalised career development
- Automating HR processes and tasks

> *"Companies who are using the technology well tend to start from a place of relating it to specific business problems that require hiring more talent, different talent or talent that's difficult to source."*
> **TERESA WYKES**, SENIOR DIRECTOR, TALENT-CENTRED TRANSFORMATION, EIGHTFOLD

1 Workforce insight and scenario modelling

AI is helping organisations make sense of internal and external data, model simulations of workforce supply and demand, and run what-if scenarios. Companies can feed data into AI models that project how their workforce would evolve under different conditions. In one example, a practitioner built an AI agent that automatically trawls internal documents such as strategy papers, skills and attrition data and external sources (hiring data, competitor reports) to generate real-time risk dashboards. It's not far-fetched to run queries such as: *"Given what you know about our business strategy, workforce and the external market, suggest three viable strategies to secure the software engineering talent we need over the next eighteen months."* While still emergent, these examples hint at an AI-augmented planning process where humans collaborate with agents to develop and stress-test plans.

2 Talent matching and personalised career development

AI is already commonly used to match candidates to vacancies for talent acquisition. It is becoming more widely embedded in tools that connect employees to opportunities such as jobs, projects or learning. It is also speeding up the creation of talent pools and helping companies tap into hidden talent pools. As tools become more sophisticated they enable employers to better join up talent planning, learning and developmental moves. They also offer the prospect of democratising access to career development tools by putting them in the hands of individuals and their managers. Platforms like Eightfold are seeking to increase talent mobility by surfacing opportunities and suggesting matches that a human manager or employee might overlook. They are also 'nudging' employees towards in-demand skills and alerting them if their skillset is at risk of becoming obsolete.

Development is becoming hyper-personalised, focused on the sweet spot between what the employer and individual needs in the moment. For example, Valence's AI coach, Nadia, which is used by 80+ large businesses like Costa Coffee, Delta Airlines, and Experian, can be configured to understand the company's strategy so it guides people through a conversation to help them set their goals more effectively in line with the company strategy. This leads to better quality goals and a clearer line-of-sight between corporate purpose and individual objectives. *"There's been a move for some time towards democratising coaching, but as long as it's delivered by humans, coaching remains an elite benefit,"* said Anand Chopra-McGowan, MD, Europe. *"With AI, we are now moving towards much more precise and scaled use cases which have more tangible and measurable business benefits."*

Some practitioners are using AI agents which can handle individual tasks fast and at low cost. For example, Craige Heaney, Head of Group Talent at BT, has developed an agent that's trained on the company's strategy and context that he uses to design development interventions. *"I can write up a session plan in a couple of hours that would previously have taken weeks,"* he said.

See other examples from DHL and Standard Chartered below which demonstrate that AI-driven matching, combined with supportive policies, can improve internal mobility.

> *"Lots of companies are working with skills inference tools, talent marketplaces and so on. But they're not necessarily having the business impact they had hoped because the things you need to have in place are cultural and not just technological."*
> **PAUL WILSON**, SENIOR DIRECTOR, BTS

3 Automating HR processes and tasks

AI is being applied to streamline and enhance various HR processes. However, many use cases are at the basic stage – speeding up the writing of job descriptions, for example, or being used to reduce cost rather than increase the strategic impact of HR interventions. An emerging frontier for HR is 'task intelligence', where HR can use AI tools to identify opportunities for job redesign through task automation. This will require HR professionals to build new skills to get more deeply embedded in work content. It will also have a knock-on effect on talent as it affects the future roles and skills for which employees will need to be prepared.

While technology offers many possibilities for improving talent practices, there are challenges to be addressed:

Integration of systems. While best-of-breed talent systems can offer better functionality than core HR systems, organisations can easily end up with a patchwork of systems that don't talk to each other and require data to be pieced together manually. David Edwards likens the HR tech landscape as *"technological mud being flung at the wall."* The most sophisticated tools are only as valuable as the connections between them, and this needs careful consideration before committing to investment.

Humanising the technology experience. The human architecture (how people experience and adapt to the system) is as important as the technology architecture. AI agents are beginning to show potential as an integrating layer across HR applications, improving the user experience, but it is still early days. Employees need clear communication and explanation why using a particular system benefits them – how it enhances their career or makes their job easier, for example. The user experience must be intuitive, engaging and easy to access. One solution to this is to focus on use cases: start with the business problem to be solved, not the technology solution. *"There has to be something in it for individuals to share their data,"* said Cappfinity's Celine Floyd. *"You need to be really intentional about the psychological contract you're building. As an organisation you need to do something honourable with that information and follow through."*

Data quality and ethics. Many tools rely on inferring employees' skills or experiences from various inputs, but these can be hit-and-miss. If HR then applies further AI on top, errors and exaggerations can be amplified. This is the 'synthetic data paradox' which can lead to reinforcing biases or inaccuracies. To avoid this, HR must be prepared to question how the data and algorithms are trained and apply human oversight to AI-generated insights. AI should inform, not make decisions. Recognising this risk, Standard Chartered established a responsible AI council early in its AI journey. This led to deliberately slowing down some implementations while ethical guardrails and governance were put in place.

Regulatory limitations. Stricter data protections in some markets have led to caution and low ambition when it comes to AI adoption in some places. This can be an issue for talent attraction. One interviewee told the story of a candidate who withdrew because the company lacked the basic AI productivity tools they were used to in their current employer. HR leaders will need to balance careful governance with keeping pace with employee expectations around AI-augmented work.

HR skills and mindsets need to evolve. HR professionals need new skills in data literacy, asking the right questions of AI, critical thinking and understanding how to integrate technology into work design. We also need to support senior executives in developing their skills in understanding and deploying AI.

In summary, technology and AI will be key enablers of a future-ready talent system, but only if implemented thoughtfully and responsibly.

3.4
SKILLS-CENTRED TALENT STRATEGIES – FAD OR GAME CHANGER?

> *"Organisations run the risk of skills taxonomies and tools dying on the vine unless they invest in the culture and management behaviours needed to make them work."*
> **TANIA LENNON**, EXECUTIVE DIRECTOR, STRATEGIC TALENT LAB, IMD

One of the major evolutions we have seen in talent strategies in recent years is the shift towards being skills-based. While the idea of having an accurate skills profile of the organisation and planning for skills is not new, technological advances are making it easier for companies to build and maintain skills taxonomies that underpin talent planning, learning platforms, talent marketplaces and performance management systems. The technology that enables more accurate prediction of talent supply and demand and matching of people to opportunities is becoming more sophisticated.

Increasingly we hear that skills are the critical currency of the future of work and companies are exhorted to become 'skills-based organisations'. Is 'skills-based' the future of talent management or is it simply the latest HR fad?

For those organisations going 'all-in' to become skills-based, we would urge caution:

⚠ To make skills-based organisations work, you have to connect talent structurally with other aspects such as KPIs, compensation and performance management. For most organisations, that involves changing the way they operate and this is not feasible. Pay-for-skills is particularly challenging as most organisations lack good data on both pay and skills.

⚠ Skills-based recruitment is also a key prerequisite, where people are hired on the basis of their skills, experience and mapping to a role profile rather than on the basis of qualifications or a previous job title.

> **It's important to begin with the question: what is the business issue for which a skills-based approach could be the best solution? Be clear about the relevant use cases and how they will add value to your organisation.**

Our research suggests the potential benefits of skills-based talent approaches are more likely to be realised when certain conditions are met:

- Clear definition of what 'skills' means for your organisation. How do skills differ from competencies, values or behaviours for your organisation?

- Skills are focused on a small number of critical capabilities that make a difference to a specific business outcome or are linked to the organisation's competitive advantage, rather than taking a 'boil the ocean' approach that covers every aspect of what the organisation does. Beware the danger of creating rigid taxonomies that lose sight of real business problems. Matt Sigelman, President of The Burning Glass Institute, said: *"It's tempting to want to build a skills architecture and roadmap for the whole organisation but in reality there is a limited set of roles where this really matters, and that's where to focus. Prioritise those areas where you're already facing a shortage or you have a transformation that depends on new talent."*

- Focus on 'why' the technology will benefit individuals and the business. Have a clear business case and make sure the benefits for individuals of sharing and updating their skills data are well communicated and understood. Give people a reason to share their information and keep it up to date, for example opportunities to learn and practise new skills are clear or there are incentives for becoming proficient in new skills. For example, at Standard Chartered, employees can sign up for gigs through the talent marketplace in an area where they want to build certain skills or a role that allows them to hone skills by practising them in a new domain.

- Start with tangible business use cases, such as when a role is being redesigned for automation or to support reskilling initiatives.

- Develop a single source of skills data that feeds all talent systems. Off-the-shelf skills taxonomies may help you get started but will most likely need to be augmented with your own data relevant to the skills that are unique to your organisation.

- Have a plan for keeping the data current. There need to be incentives for individuals to keep their skills data up-to-date, for example better access to career development opportunities through a talent marketplace, clear learning pathways that lead to things of value such as accreditations or badges and skills-based reward. Have a single entry point for employees to complete and make it easy for them to update their data.

- Build the right culture and management behaviours. As discussed in 3.1 above, often organisational maturity lags behind the capability of systems. Invest in developing a learning culture (see the Standard Chartered case study on **page 28**), supporting talent mobility, upskilling managers to be better career coaches and have a clear communication plan for sharing the outcomes of the workforce plan with the organisation, so people understand what skills the business is likely to value in future.

- Role modelling and storytelling are important. Get senior leaders to visibly use and update the systems themselves to encourage others to follow suit and share success stories.

- Develop a plan for validating the accuracy of the skills data. For example, asking employees to validate data that's generated automatically by the system. Treat inferred skills data as a start point for discussion. AI tools may give you a first cut of data but it is important to validate the accuracy of the skills data that emerges. Some organisations use focus groups involving functional leaders, subject matter experts and HR to validate skills data that's generated by AI.

- Create a point of ownership for specific skills within the business. Some companies have appointed senior subject matter experts who are accountable for identifying future skills needs and developing and leading a skills development plan.

DELIVERING DIGITAL STRATEGY THROUGH SKILLS

When Meredith Wellard took over as VP Group Learning, Talent and HR Platforms at DHL, the company had launched a digital transformation strategy – Delivering Excellence in a Digital World. However, what this meant for talent was unclear. *"Nobody could tell me what 'digital' or 'excellence' meant,"* said Wellard. *"So how could we develop a coherent story around the talent and skills needed to deliver that strategy? Nobody was talking about what skills, roles and talent we would need to deliver the strategy, where we would find the people or what different technology we would be using."*

Wellard kicked off a multi-year programme to develop and roll out a new skills-based talent strategy to support the digital strategy. This included rolling out a new talent technology infrastructure and skills taxonomy. Key elements of the programme included:

- **Engaging the senior leadership team to agree strategic priorities and bring them on the talent journey.** As an initial step, the company initiated a reverse mentoring programme to get the executive team engaged in conversations around digital transformation and provided learning content to senior managers to raise their digital awareness. HR led conversations with the business about talent priorities to support the strategy. This helped identify the key actionable areas for the talent plan and highlight key value-contributing roles and skills. Later, when the new talent system was being rolled out, getting the executive team enthused about using the latest technology and focusing communications on business use cases helped keep business stakeholders on board.

- **Rolling out a new talent platform.** This delivered a learning platform, talent marketplace, ATS and people experience layer on the front end. It was designed so users only experienced a single interface, which was key to engaging employees in using the system. The platform was underpinned by a global skills taxonomy which provided data on skills across the group and at regional and country level. *"This gave us perspective on where we had over- and undersupply of talent. At the touch of a button we could identify the top five candidates for a role based on skills-to-profile fit."* It also meant the company could develop targeted reskilling programmes and provide more high-touch development at lower levels in the organisation where skills that were essential for the digital strategy needed to be developed.

- **Using AI for dynamic skills identification.** With a job architecture already in place, the company used an AI-driven skills profiler to identify the top skills for reference jobs. It took three rounds of expert validation over a three-month period to achieve a high degree of accuracy. Skills are now kept up to date using dynamic skills updating which is built into the talent system. Employees can also add in any skills they have which are not core to their role but might be relevant to jobs in the business.

- **Data was key.** Data had to be both globally consistent and sufficiently granular at local market level so managers could make effective talent decisions.

- **All jobs are posted on the talent marketplace.** If there is a preferred candidate, this is flagged on the posting. This is essential to getting consistent data.

- **Talent reviews became more focused and this saved time and money.** *"We used to have an industry of talent reviews. Introducing the talent marketplace meant we could reduce the number of meetings and focus them on specific problem areas or critical roles, so they became more output focused."* The quality of data available in those meetings also improved.

The investment resulted in multi-million dollar savings through increasing internal placements, reducing the cost of external hiring and time to hire and reducing the time and cost of onboarding.

Key lessons learned:

- Talk in terms that the business can relate to. *"We didn't say: 'We're implementing a talent platform that helps us deliver Excellence in a Digital World.' Instead we said: 'You're planning to roll out electric vehicles next year, which is a great initiative that will support our strategy of Excellence in a Digital World. What's going to be different for your team? What do you need to be able to do differently in two years' time that you can't do today? How can we plan for that?'"*

- Don't overcomplicate things. It was important to narrow down the action plan to two to three tangible top priority things that needed to happen in each business to execute the strategy and focus efforts there. *"You've got to target priority roles and skills groupings, otherwise you risk trying to do too much and delivering nothing to nobody."*

- Make the user experience as engaging as possible. *"You have to make sure users don't have to go looking for the tools or need to remember a password to sign in."* The user interface to the talent system fires up automatically when an employee logs on to their computer. The system nudges employees to complete their profiles and provides recommendations for learning pathways and career opportunities, based on the reference job attached to an individual's role. It was also accessible on mobile and desktop. Within three months, 60% of employees who could access the system were using it, and the rate of internal job placement went from 67% to 82%.

- Tackle talent hoarding. HR data shows which managers hoard talent and this is actively discussed as a management topic. Managers now recognise that talent hoarding is unacceptable and HR recognises that enabling talent blockers by failing to tackle their behaviour is also unhelpful.

- Some unhelpful policies had to be changed. For example, a previous requirement for employees to repeat probation and basic compliance training if they moved division has been removed.

- Importance of joined up action across HR. A project to rework the job architecture was already underway in Compensation & Benefits. Talent, Learning and Comp worked on a joint business case for introducing a skills-based organisation, building on the work that had already been completed. *"It benefited Comp through better aligned job profiles and compensation structures, it helped Learning do more targeted development and it meant Talent could facilitate more cross-divisional, cross-regional and cross-functional moves."*

CASE STUDY **STANDARD CHARTERED**

BECOMING A SKILLS-BASED ORGANISATION

Standard Chartered, the UK-based multinational Bank, is currently well-advanced on a multi-year journey to become a skills-based organisation. It began with a commercial business case based on the strategic workforce plan. This highlighted jobs which would no longer be relevant due to changing client expectations or technological change ('sunset' roles) and new jobs that would be created as a result ('sunrise' roles). More broadly, the plan anticipated changing demand for skills as junior roles would be displaced by technology. It demonstrated a positive business case for prioritising a 'build' versus 'buy' strategy.

Standard Chartered breaks down skills into three buckets:

- **Human Skills** (what you need to perform at your best)
- **Behavioural Skills** (what you need to behave appropriately in different circumstances)
- **Technical Skills** (what you need to perform a particular task). The Bank has various reskilling programmes focused on identifying and developing critical future technical skills.

The transition to becoming a skills-based organisation involves three phases:

1 Phase One: **Build the Learning Habit.** *"We put a lot of focus from the outset on shifting the learning mindset to help people understand what it means to be a skills-based organisation and to get people self-motivated to learn new skills that interest them,"* said Will Brown, Group Head of HR. Actions included launching a digital learning platform and future skills academies with learning pathways targeting priority skills identified by the business. The platform uses AI to suggest personalised learning pathways based on an individual's skills and career goals. A priority was to improve learning content and increase the volume of bespoke learning through investing in internal content development capability. Average learning days have doubled since the programme was introduced.

2 Phase Two: **Nurture the Priority Roles.** In phase two, the Bank designed and deployed experiments with targeted upskilling and reskilling journeys for priority roles, such as Universal Banker, Data Analyst and Cyber Security Analyst with structured learning pathways for each. A talent marketplace also gives employees access to relevant work experiences. Prior to launch, each journey had to have a business sponsor who would guarantee that sufficient experiences would be made available in the marketplace, and that candidates would have access to mentors and work shadowing. This was designed to ensure hiring managers supported employees through their journey of redeployment.

3 Phase Three: **Embed Learning and Skills into the Bank's DNA.** Having the infrastructure in place to support its skills strategy is only one element of the transformation. The next phase is about connecting skills supply data with work design, using 'task intelligence' to unlock productivity through identifying which aspects of roles require human touchpoints and which can be automated. *"As we think about the speed at which the work environment is going to change, we need to be able to move skills to work far more quickly than we've done in the past,"* said Brown. The Bank's talent marketplace is a key tool for engaging the workforce. *"It was pitched and understood as something highly employee centric, helping people understand what's in it for them."* Initially the focus of the Bank's talent marketplace was to advertise internal gig opportunities that people could take on up to eight hours per week alongside an existing role to build skills. As it matures, it is becoming about managing peaks and troughs in talent supply and demand by helping people working in agile teams 'flow' to work that reflects their skills and to open up reskilling opportunities to allow people to build new skills. So far, 3,000 gigs have been matched and completed, creating $8.5M in unlocked productivity. The rate of internal hiring has increased from 33% to around 50% and managers report a 94% satisfaction rate with internal hires.

Lessons learned:

- Talent marketplaces work best where they are focused on specific skills areas and roles, rather than trying to be all things to all people.

- It's important to be transparent with people about areas where automation will impact jobs and require reskilling.

- As well as communicating with employees, it's important to educate managers in how to source skills from the marketplace. The Bank has updated its leadership development programmes to educate leaders on what's expected of them to support this work. Leaders are asked to sign a leadership agreement which sets out expectations and clarifies accountabilities.

- Have the right controls to support desired behaviours. Managers must obtain additional levels of approval to hire into sunset roles. *"It helps people think differently about how to get the work done,"* said Brown.

- Linking up the learning journey and gigs helps connect skills development and practice in a way that's meaningful and immediately applicable on the job, not just about consuming ever more digital content.

- You need to agree what policies and rules apply to use of the talent marketplace. For example, is a hiring manager required to show that they have exhausted the possibilities of meeting their skills needs through the talent marketplace, before they are able to recruit externally? How do performance management and development processes recognise the work people do through the marketplace?

FUTURE-READY TALENT MANAGEMENT

4.0 CONCLUSIONS

> *"I find it interesting that we adopt a different lens to talent supply to any other form of supply in the organisation. In any other area you're going to secure a strong supply chain and make sure you have access to what you need, but it's interesting that we don't think about people in the same way."*
>
> **TANIA LENNON,** EXECUTIVE DIRECTOR, STRATEGIC TALENT LAB, IMD

In a world where uncertainty is the only constant, future-ready talent management is about being prepared for a range of possible futures. The organisations best placed to thrive are those that treat talent planning as a business-focused, dynamic, data-driven and human-centred process.

The research highlights that while technology and AI are transforming what's possible, impact depends on mindset and execution. Future-ready HR functions act as strategic partners, defining clear talent philosophies, aligning talent priorities with commercial realities and facilitating ongoing conversations about risk, capability and opportunity. They use technology selectively – to generate insight, increase speed and accuracy and simplify processes – while keeping people, culture and leadership accountability at the core.

Organisations must start small, test and learn, and build momentum through practical action. The goal is not perfect data or exhaustive modelling, but faster feedback loops that inform smarter decisions.

Finally, sustained impact depends on a culture where development and mobility are expected, managers are held accountable for talent outcomes and employees are supported to grow in line with business needs. The talent we need is often already in the organisation, the challenge is to mobilise it.

> *"Organisations have to get better at mobilising the talent they already have. They have to take data-driven risks to move people around because so often the talent they need just isn't available externally."*
>
> **BRUCE WATT,** HEAD OF TALENT INSIGHTS AND ASSESSMENT EUROPE, BTS

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