Talent Management:
Issues of Focus and Fit

Valerie Garrow and Wendy Hirsh, Institute for Employment Studies

> This paper was written for a largely public sector audience but the concepts within it are equally applicable to private sector employers

'Talent management' has been high on the agenda of HR professionals in the UK over the past few years. This high level of interest is reflected in a number of recent case study based research reports. They describe a wide range of organisational practice and surface some of the tensions and dilemmas in getting to grips with the idea of 'talent management' in the UK. Some of the most useful summaries have come from the CIPD[1,2], Ashridge[3,4], Roffey Park[5] and IDS[6]. Between them these studies give a fairly comprehensive overview of how large organisations in the UK are facing the talent management challenge.

This article draws on published research and also on the considerable practical experience of the Institute for Employment Studies (IES) in supporting organisations in their own talent management strategies. Much of the IES work has been with public sector organisations, especially government department and agencies, and also local government authorities of very varying size and sophistication.

Talent management: upsides and downsides

The idea of 'talent management' is attractive for several reasons. Managers and HR professionals feel they should be doing more about developing people for the *future*, and 'talent management' is assumed to be just about this. The term can also encompass *career* development, which has been difficult to position in organisations for a while, since individuals were pretty much left to sort out their own careers[7]. It is about positive things – doing things for your *best people*, investing in *developing* them, building on *'potential'* and therefore about people's *strengths*. Also the term 'talent management' has the potential to span both meeting the needs of the organisation *and* benefiting the individual, which is in tune with the current sense of what HR should be trying to do.

The phrase 'talent management' also sounds a bit important, rather strategic and even exciting. As one HR Director said to IES: *'it plays well as a term in the Boardroom.'*

However, we do not have a very clear, shared definition of talent management. CIPD[1] defines talent management as *'the systematic attraction, identification, development, engagement/retention and deployment of those individuals with high potential who are of particular value to an organisation'* . The idea of 'potential' is in there but so also is a much more general idea of 'particular value', which can mean just about anything.

Attempts at definition tend to get confused on two fronts. Firstly, the parts of the workforce to which the term 'talent' might apply can range from small numbers of potential senior leaders to the whole workforce. Secondly, the HR profession has extended the core ideas of attract*ing* and develop*ing* talent into every '*ing*' you can think of: retain*ing*, motivat*ing*, reward*ing* and so on. So at one extreme talent management can be taken to be the whole of HRM for the whole of the workforce, which is not very helpful when trying to explain this new term. Why call it talent management when it's simply the normal proper management and development of all our people?

This confusion means that the term 'talent management' does not always play so well outside the Boardroom. We have found that mentioning 'talent management' in many organisations makes people rather nervous. They start to wonder. 'What do we mean by talent? Talent for what? If I am 'talent', what will 'managing' me mean? What if I am not talent? And if I am a manager, will I need to tell some people that they are not as talented as they thought they were?

Especially in the public sector, people often fear that 'talent management' will cut across equality of opportunity and the transparent processes which allow people to apply for jobs to further their careers.

Partly because of these tensions we see a lot of hot air around talent management strategies but much less useful action.

Re-framing the debate: Focus and fit

So how do we help organisations move forward, using the positive ideas in talent management, clarifying what it will really be and making it something which is of both organisational and individual benefit?

Several research reports advocate defining what you mean by 'talent'[2]. However this makes it sound as though talent is an abstract commodity and will only have one definition in a given organisation. IES has found a slight re-framing of this question helpful into 'Where do you need to focus your talent management effort?' The idea of *focus* is not fixed for all time and several areas of focus can be defined as we shall see below.

The second idea which we find useful in practice is that of *'fit'*: finding a way of meeting the objectives of talent management which fits how the organisation does other things to do with people.

In the first part of this article we will look at the issue of 'focus' and in the second that of 'fit.'

Focus: for what, where and when, and development goals

A clear talent management strategy gives focus through addressing three questions:

- The first is about *for what* part of the organisation – what kinds of job roles - we need a more purposeful approach to developing potential, in order to fill these jobs well in future. So for example, we may be pitching at future senior management roles.

- The second is *where* in the organisation (or outside it) the right kinds of people may be found for the target roles and how far ahead – that is *when* – we need to start developing them so that they will be good candidates by the time they compete for the target roles. So, for example, we might be looking for senior managers who are nearly ready if we have a strong pool of middle managers with senior management potential. If, however, the pool is weak, we may need to start much earlier and/or to improve our recruitment too.

- The third part of any talent focus is has to be about the *development outcomes* we are looking for to overcome potential resourcing difficulties. If we are not going to achieve particular outcomes, there is no point in identifying talent pools. So, to extend our senior management example, we might seek to give some of our good middle managers broader career experiences outside their own function or business division. This will make them stronger candidates for a range of potential senior management vacancies and also equip them to perform better if they gain such a role.

Common types of talent focus

Different organisations have different resourcing challenges, draw on different labour markets and operate on different timeframes. So they may well need different types of focus for their talent management efforts.

There are many situations in which organisations attract quite good quality recruits who can grow fairly naturally into more senior roles with appropriate selection and learning and development as they progress. In such cases, we can call the whole of workforce development 'talent management', but this may not add much value to what we are already doing. Some organisations do choose to

do this, however, including some parts of the UK National Health Service where positive learning strategies are well structured for many of the professional groups, but less so for those in more junior support and administrative roles (see for example North Wales NHS Trust[2]).

1. Step-by-step focus

In organisations where career paths work fairly well to supply more senior or more skilled jobs, a light touch to talent management can involve all managers looking for employees with potential for another career step and what we might call 'step-by-step' development to prepare people for their next career move. In many organisations, for example, administrative supervisors are prepared this way by giving personal development support to the most promising individuals within groups of administrative staff, if those people are interested in becoming supervisors.

Talent management as a more pro-active approach to both skill and career development has most to offer when there are more specific types of role which are hard to fill, either because recruitment is difficult and/or because career paths require very different skills and experience at different levels in the organisation. In such cases, we see several kinds of focus within the organisation.

2. Leadership focus.

The most common focused talent strategy addresses the future supply of leaders, often called the leadership pipeline.[8] An organisation needs to consider carefully *where* in that pipeline it needs to act and with what *outcomes*. If we leave it to late to develop future leaders, it is hard to give people the range of career experiences which might equip them well.

The examples of Panasonic[6] and of Lloyds TSB[5] show the common focus large companies have on the future supply of leaders.

In the public sector, for example, the UK Civil Service is currently engaged in the positive development of *mid-career* people who may have potential for its senior levels. The timeframes vary here from one or two years away from a possible promotion into the Senior Civil Service to at least five years away. The outcomes here are both about improving people leadership skills and, where there is more time, giving a broader range of business experience, possibly outside the Civil Service as well as inside.

Development effort is also going into people in *later career* who may already be senior Civil servants or very close to being so. Here there is not enough time to give major career experience, but more personal development through coaching is a way of enhancing skills, especially those for dealing with people. In several parts

of the UK public sector, intensive development support is often given for a period of time to individuals who take on a very senior role for the first time, for example a Board member of a health trust or local authority.

Meanwhile *early career* strategies are also pursued. So the UK Civil Service Fast Stream is a very long standing example of a high potential graduate entry scheme. It has two objectives: to bring people of high ability into the Civil Service and to give them accelerated and broad career development for the first five years or so of their careers. Without this scheme, the Civil Service would probably lose many of its best recruits to high potential entry schemes in global companies, the City and big professional service or consultancy firms. Many current Senior Civil Servants were originally recruited through the Fast Stream, and the early career experience they gained through it was valuable to them.

A relatively common talent strategy combines a step-by-step approach for the workforce in general with more specific and centralised interventions for those with senior leadership potential. In the recent CIPD research, these two arms of strategy were found to be quite common: a short term and very all-embracing purpose of *'attracting and retaining individuals to meet the immediate business needs at all levels'* and a longer term strategy of focussing on those with *'the most potential to progress to more senior roles'*[2].

As this CIPD study shows, PricewaterhouseCoopers, the professional services firm, recruits graduates of high quality and needs to give all of them positive career and development attention to retain them and to develop and deploy their skills. However it also looks for 'key talent', that is talent for the most senior roles, and develops this with increasing focus as the best people emerge in mid and later career.

In a similar way, Kent County Council[6] combines a 'light touch' to step-by-step development within departments with a more centralised focus on developing people in a senior management talent pool via secondments, work shadowing, and projects to extend their experience.

3. Functional, level or workforce group focus

Talent management does not have to be about either the whole workforce or senior leadership. In many organisations, there are specific other parts of the workforce which need positive attention in order to resource themselves well.

Functional or professional groups are often hard to recruit and retain. Skill shortages are often of such groups, for example accountants, IT professionals, engineers etc. Here we may be thinking about a functional talent pipeline taking someone from their early professional formation through to a leadership role or a senior specialist role. The examples of Account Management in Fujitsu[5] and of attracting

and developing creative chefs in Gordon Ramsey's restaurant chain[2] show a functional focus to talent management. The BBC has had several initiatives over recent years to strengthen its supply of people with the right skill-sets for the future in specific functions including journalism, production/ commissioning and audio/music.

Sometimes there are *levels* in the organisation where the transition from one level to the next is problematic. Derby City Council, for example, is concerned about leaders for the future but is focussing its efforts on people who may have potential for the 100 or so Head of Service jobs across the council. These are not the very top leadership posts, but having a strong pool of people at this level will help fill the top leadership jobs in future. So they are looking to develop future Heads of Service as their start point and giving people with potential for this level up to three years of development.

The National Audit Office chose as an early focus for its talent management activities rather more junior managers in the organisation. Again the logic is to focus on the area or level where pro-active attention is likely to yield the biggest gain for the organisation. It does not preclude attending to other groups at a later date, and indeed the NAO intends to move higher up the leadership pipeline in due course.

Often a combination of *level and function* defines a suitable focus for talent management. For example IES and the IDeA worked with a county council in which there were persistent shortages of good supervisors in the finance function. A modest but focused approach gave specific skill development and work experience to those with potential for, and interest in, such posts.

Such examples also show the need to think about *how many* people we might need in talent pools and how many we can afford to develop. So talent management needs to link with workforce planning[4]. The example above of finance supervisors was quite a small group and the council only needed to find about five or ten people to develop pro-actively to make a real difference to easing this resourcing problem area. This figure was based on a careful analysis of turnover patterns over several years.

4. Specific critical posts

A less common strategy is to focus on individual posts which are hard to resource and present a risk to the business if they cannot be filled. Virgin Holidays, for example, combine a focus on leadership positions with specific critical posts which are hard to fill.[5] When focusing on specific posts one often needs to understand the external labour market very well, as perhaps these people cannot be developed purely internally.

Having looked at how organisations might focus their talent management strategy we also need to look at how to find the right 'fit' to support and develop people for the business need identified, in a way that is appropriate to the organisation, its culture and its workforce. In the second half of this article, we look at the issues of 'fit' and consider some of the challenges. We also consider how organisations might assess their readiness to adopt a talent culture.

Finding the right fit

A talent 'programme' can take many different forms and might involve a major investment or be cost neutral. We use the word 'programme' broadly to denote both the activities and the architecture that supports them. Most offer a range of activities from formal external programmes to on-the-job coaching and corporate projects or career moves into new areas of work. Some activities are for all talent pool members and some are tailored to specific needs. At the National Audit Office, for example, activities for all include an external assessment centre, mentoring, master-classes, action learning and personal development planning. Tailored activities include carefully selected secondments, further education, challenging projects and new job roles.[5]

How a programme is put together largely depends on fit, bearing in mind that the introduction of talent management may signal a more general culture change in response to the operating environment.

There are several dimensions to getting the 'fit' right which include:

■ Fit to focus: how will the process deliver the strategic objectives required?

■ Fit to culture: will the process reflect the organisation's values, purpose and underpinning philosophy?

■ Fit to workforce and the psychological contract: what do employees want talent management to do for them and how far will the psychological contract have to shift to work for both the employees and the business?

■ Fit to other HR practices and policies: how will talent management integrate and be supported by other HR practices?

■ Fit to management capability and roles in managing people: does the current workforce and management have the capability and capacity to make it work?

Fit to focus

We have already discussed the focus of talent management as it relates to organisational needs in different parts of the workforce, organisational gaps in

capability and capacity, and the timeframes on which these issues need to be addressed.

The way talent architecture and activities are developed and implemented has to support this strategic focus *and* engage both senior managers and the workforce. A recent article in Harvard Business Review[9] identifies *'deep-seated commitment from senior executives'* as a critical success factor in talent management. The more aligned to organisational strategy, the more likely they are to remain engaged. Their visible commitment sends out an important public signal of the importance given to developing people in the business.

This strategic link means that a talent programme is never static and is constantly future-oriented. Bristol-Myers Squibb, for example, hold talent reviews every four to six months to discuss the talent 'radar': both who is in talent pools and how they are being developed. The National Audit Office also monitor the progress of staff in the talent pools and review whether development activities are meeting organisational needs.[5]

As the nature of work changes, with more collaborative, cross-boundary working and more global and virtual working, models of leadership are also shifting. So talent programmes have to flex to accommodate new needs and new approaches to organisational and individual development.

The strategic imperative also dictates the pace of development; the steady pipeline approach where leadership skills are developed in a staged and incremental way or fast-track development which exposes individuals with potential to an intensive development package in order to meet the need for hard-to-fill or new posts.

Fit to culture

As mentioned earlier, the term 'talent management' is neither clear nor comfortable in many organisations in the UK. Some organisations use a talent management approach but decide not to badge it in this way. UK public sector organisations have found the whole concept of 'talent' culturally difficult as they place great emphasis on equality of opportunity and open processes. Initially in the National Audit Office it was felt to be elitist and difficult to reconcile with equal opportunities and the high standard of all entrants. In one County Council there was reported discomfort at what people felt to be an 'old boys' network'.[5]

Cultural challenges also arise from structural issues such as whether the business operates in a centralised or devolved way, particularly in terms of corporate or global versus unit or local talent markets. The organisational structure tends to dictate what is done more readily at the corporate centre and what can be more devolved.

There are also cultural dimensions to how decisions about people are made and the degree of transparency and objectivity involved. Organisations that do not gather or use people metrics very much tend to struggle with talent approaches based on elaborate databases and very formal methods of assessing potential. They can do better to adopt a 'lighter touch' process in which 'talent' conversations can be more informal or at least rely more on management judgement, backed by examples. Smaller organisations often operate this way.

The degree of openness in an organisation, such as transparency of pay scales and succession plans and opportunities for employee involvement in decision-making, is an important contextual factor for getting the fit right. Firstly the degree of openness needs to be reflected in the talent process as it is difficult to introduce a transparent process in a secretive organisation and vice versa. Secondly it will dictate the degree of involvement that individuals have; whether they are able to self-nominate, whether managers nominate them anonymously or indeed whether they are spotted by HR or senior manager recommendation. Thirdly it will inform how a new talent programme is communicated inside the organisation and how people relate to it.

Having achieved some kind of cultural fit, there is a salutary warning from Gladwell[10] that, taken to extremes, talent management can generate over confidence and an inappropriate culture of risk-taking. He warns of the demise of Enron, described as the 'ultimate talent company', rewarding disproportionately to achievement and lacking accountability.

Fit to workforce

Ensuring talent management fits the workforce involves an understanding of the psychological contracts and career paths and their various contributions to the business. Professional cultures are challenging in this regard as the employee's loyalty tends to be towards their profession rather than one organisation. Examples include clinicians in the NHS, and IT professionals and accountants in all sectors. Well targeted and communicated talent management processes may be able to build stronger employer-employee relationships with these groups and promote greater engagement.

A new talent programme can either enhance or breach the psychological contract with regard to how individuals expect their careers to progress. Acceptance on a talent management programme usually shifts the balance of what an individual gives to the organisation and what they get from it. Talent approaches which simply give a lot more to those in talent pools and are seen as taking away attention from other employees can cause discontent. It often seems fair, both to those in the talent pool and those outside it, that the extra development attention given to selected employees should be balanced by expecting them to show extra

commitment through the way they perform, the range of assignments they are willing to accept, and their willingness to undertake development activities partly in their own time.

Individual perspective

Once in a talent pool, the individual will closely monitor how the organisation delivers its side of the 'deal', although the organisation is often less diligent in doing the same. For example, if an individual coping with an intensive 'talent' programme then finds there are subsequently no promotional opportunities, they are likely to see the organisation as having broken its promise: what we call a 'breach of the psychological contract'. It is therefore important to manage expectations realistically from the outset.

Another key issue, of course, is how to manage applicants who fail to gain a place on a talent programme, which can be a real blow to confidence and self-esteem. The Legal Services Commission build in to their process a launch event where potential candidates are encouraged to consider the implications of joining the programme and the impact of being accepted or turned down.[5]

Occasionally people make the talent pool but for various reasons derail later on. Being 'talent managed' brings its own stresses, strains and expectations. Royal and Sun Alliance ensure that there is a development process and support mechanisms in place for those who fall out of the pool and they also encourage people to take sabbaticals from the talent pool where needed or if their personal circumstances change.[5]

Many organisations encourage open competition for promotion opportunities for those not in talent pools so that the talent management process does not close down career opportunities for employees who have not been 'spotted'.

Organisational perspective

Many organisations worry that the investment in high potentials is risky. With the passing of the so called 'old' psychological contract in the 90s, the new deal is supposedly less about loyalty and long service and more around self-managed careers and chasing the better deal. It is currently a widely held belief that Generation Y are a fickle bunch with high expectations and little sense of loyalty.

Building talent management into the psychological contract and the performance management process is an important way for organisations to ensure they reap the benefits of their investment. By openly discussing the expectations and obligations of both parties (organisation and individual) line managers and employees are able to monitor their respective levels of satisfaction. For example, has the participant had adequate opportunities to share learning and transfer it back to the

workplace, to move to challenging development posts or to be part of a project team where they can hone and share their new skills?

Fit to other HR policies

Talent management is sometimes supported by a dedicated team in HR, but can sit with business partners or in learning and development. It is usually seen as supported by HR but 'owned' by the line. Wherever it is positioned in the organisation, talent management processes need to fit with other HR processes and policies. This aspect of fit is both about mechanics (how they align and work strategically together) and style (degree of transparency and involvement). The HR processes we need to consider here include:

- workforce planning and labour market intelligence which provide the focus for talent management

- recruitment and assessment processes which feed the talent pipeline and link to the employer brand

- performance management is a core activity for talent spotting and development, and its level of sophistication in discriminating between high, good, average and poor performance is vital to the success of talent management

- training and development is needed to support talent pools internally and may also be commissioned externally

- competency frameworks such as Professional Skills for Government (PSG) which provide the basis for development must be relevant and up to date

- reward and recognition has to align both with the organisational and individual expectations of the talent management approach.

- promotion and deployment processes need to be informed by talent information and there needs to be clarity about whether individuals apply for moves or are managed in their career moves

- succession planning has traditionally related to coverage of key posts but some organisations such as Proctor & Gamble are described as 'talent factories'[9] where they can identify a strong field of candidates for important business within minutes through their global database of talent profiles

- diversity management in many cases works alongside talent management to avoid elitism and increase access to poorly represented groups.

There are a growing number of organisations which have actively built diversity into their talent management approaches. At Standard Chartered Bank they have

used the talent process to encourage a greater representation of women and the National Audit Office involves two board members in the talent interviews, one responsible for functional diversity and the second a diversity champion[5]. Against a backdrop of an ageing workforce, talent management also needs to be pragmatic and examine non-traditional high potential pools such as older and migrant workers.

Fit to management capability

Making a talent programme work in an organisation requires a level of commitment and capability from various stakeholders. A key question is 'who will deliver a talent programme?' There have been a plethora of roles and functions established over the last few years with responsibility for talent but success depends on developing what some call a 'talent mindset' throughout the organisation.

Senior Managers

We have already noted that senior management commitment is a critical success factor in successful talent management. Senior managers should be prepared to give their practical support whether as a champion, member of a talent panel or Board, or as a mentor or coach. They need to role-model appropriate behaviours, such as not hanging on to talent to the detriment of other parts of the business, not showing favouritism or selecting solely people in their own image and dedicating time and energy to identifying and developing talent.

Line managers

Probably the most important people are the line managers who have a pivotal role in talent spotting, providing development opportunities, performance management, giving feedback, coaching and supporting employees who carry the burden of expectations once they are labelled as 'talent'. Organisational readiness for introducing talent management often depends on the people management skills of the line and their experience of coaching, developing and managing the performance of their staff. This may be a particular issue in the early years of a talent programme where there is a generation of line managers who have achieved success the hard way and may resent fast tracks and easy access to development roles and opportunities.

Line managers need access to good HR support and development in order to fulfil this role successfully and must understand the business logic behind it. They need a clear definition of where they are looking for 'talent' and what they are looking for i.e. the criteria to use. They also need to be clear about how they will talk to

2009©Institute for Employment Studies

their people about their perceived potential and an understanding of whether the talent approach changes any of their established people management practices.

Line managers can also be extremely powerful in blocking the talent pipeline by hanging onto to individuals who boost their own department's performance. Power struggles between departments require a firm top down commitment to the mobility of talent for the benefit of the whole organisation.

Assessors

Another group of people who require particular skills are the panels who do the formal assessment of talent (if this is done internally). Talent panels comprising senior managers and Board members, HR and development professionals, and occasionally line managers who weigh up the evidence of potential and performance are tasked with important decisions about the future of individuals and they require access to a full range of tools and measures. Assessing potential and future skill requirements particularly in the field of leadership calls for a high degree of sophistication.

Summary

So in summary, having a clear 'focus' can turn talent management from an abstract idea into something more practical. It is important that areas of focus are ones in which pro-active attention to attracting and/or developing talent will make a real difference to the business, usually by creating a better pool of people from which suitably experienced and trained candidates can be drawn in future. Any one organisation may need several areas of focus for its talent management effort. It is also important that the size of talent pools is appropriate, and that the timeframes for developing people reflect the business need and the current workforce supply situation. 'Focus' demands that we consider what outcomes we are looking for in talent development – what skills and experiences people in a talent pool will need to equip them for possible future roles.

Equally important is the ability to engage the whole organisation in developing a 'talent mindset'. Whilst the introduction of talent management may be in response to a changing business environment and signal a shift to a more proactive culture of development and performance management, it also needs to 'fit' with other people management practices and support the core values and purpose of the organisation.

References

1   CIPD (2006), *Reflections on Talent Management,* Change Agenda, London: CIPD

2   Tansley C, Turner P, Foster C, Harris L, Sempik A, Stewart J, Williams H (2007), *Talent: Strategy, management, measurement,* Research into Practice, London: CIPD

3   Lubitch G, Devine M, Orbea A, Glanfield P (2007) *Talent Management: A strategic imperative,* Key Research Findings, Ashridge Consulting

4   Lubitch G and Smith I (2007) Talent Management: A strategic imperative, *360° The Ashridge Journal.* www.ashridge.org.uk/360 (free download)

5   McCartney C, Garrow V (2006), *The Talent Management Journey,* Horsham: Roffey Park Institute

6   IDS (2008) Talent Management, *IDS HR Studies,* No. 869, May 2008

7   Yarnall J (2007) *Strategic Career Management – Developing Your Talent,* Oxford: Butterworth-Heinemann

8   Charan R, Drotter S, Noel J (2001) *The Leadership Pipeline*. San Francisco: Jossey-Bass.

9   Ready DA and Conger JA (2007) *Make your company a talent factory.* HBR June pp. 68-77

10 Gladwell M (2002) The Talent Myth, *The New Yorker,* 22 July 2002, pp. 28-33