



Talent for what? Reconnecting talent management with business needs

IES Perspectives on HR 2014

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Talent management continues to be high on employers' agendas and over the past year IES has been both researching and advising in this area with organisations at varying stages of their talent management journey.

Trends

Some of the key trends in talent management include:

- Retaining a strong focus on identifying and developing future senior leaders (often now as global players) but with additional attention to some other parts of the workforce. These include those who can become, or already are:
 - experienced professionals (such as senior social workers in councils and experienced engineers in aerospace);
 - one of the very small number of top experts pivotal to realising business strategy (eg the leading scientists, world players in their field, in pharmaceutical R&D);
 - able to perform well in a role which is not necessarily senior but absolutely critical to operational performance and very scarce in the external labour market (eg shift managers in power stations).

Talent management often needs to address business risks in several of these groups, not just one. Companies like Rolls-Royce and Infineum are addressing issues of specialist talent head on (Hirsh, 2012; Campbell and Hirsh, 2013).

- The risks for all these key groups can be on several time frames:
 - right now;
 - replacement over the next year or two;
 - longer-term succession over a three to five year period and building the early career pipelines which will feed succession for a range of roles later on.
- Some sectors and occupations face particular long-term resourcing threats from trends in demography and educational choices, especially the reduced outputs from education in the West of people with strong backgrounds in science, mathematics and technology. For example, construction companies are concerned about the future supply of civil engineering graduates.
- A couple of strong trends in talent management process include the adoption of talent reviews as a collective management process and much closer integration of talent management and succession planning.

- Still a trend, but now one under question, is the rather slavish use of the performance-potential grid, often called the 9-box grid. This displays employees (sometimes all, sometimes just some groups) in one of nine boxes on the basis of their performance (high, medium, low) and their potential (likewise). Although this approach can be a useful start point for managers trying to start a debate around talent, it does not help managers think about the different kinds of 'talent' they require. In particular, by equating 'high potential' only with increasing management responsibility, the 9-box approach fails to identify technical/professional potential which could turn into the development of leading experts, advisers and innovators for the future. We are already seeing companies adapting their ideas of potential to highlight several types of 'talent'. If talent management seeks to segment the workforce, we need to consider approaches to segmentation which are really useful in terms of action (Uren et al, 2012).
- Leading companies (such as GSK and Marks and Spencer) have been re-strengthening their core management and leadership development for all managers at several main levels in the organisation. Talent management interventions then become additional ways of preparing people for more challenging roles, not picking up deficits in management understanding and leadership behaviours.

Challenges

Talent management is certainly a challenging area. The CIPD (2011) survey showed that only half of organisations with talent management activities rated them as effective and only a very small minority (three per cent) rated them as very effective. So talent management may be an easy thing to advocate but it is certainly not easy to implement well.

Some of the key talent management challenges IES is seeing at present include:

- Significant push back from managers that talent management is 'just another HR process', that it is too complicated and that it focuses too much on procedure, especially assessing talent, and not enough on acting to develop those people identified. Practice does not always address the choices organisations can make about how to implement talent management which responds to different business needs, organisational structures and labour market contexts (Lubitch et al, 2007).
- The need to support managers better in their talent management responsibilities, especially further down in the organisation and away from the corporate centre's talent management team, which often focuses just on the top layer or two of executives.
- A lack of clarity about how big talent pools should be and on what time frames individuals need to be developed. So sometimes talent programmes have too many

people on them, leading to frustration when promotion opportunities are scarce. Some talent interventions take too long (eg talent pools lasting many years with little action) and some may be too short (eg quick skills programmes with little experiential content).

- Clearer diagnosis is required of what skills, knowledge and experience high potential individuals of differing kinds should be developing at various career stages.
- The difficulty of identifying potential for top management too far in advance. There is pressure, often from senior leaders, to spot this type of potential early but it is not clear that this can be achieved reliably – people change a lot with regard to their leadership skills over time and also their aspirations, especially those individuals juggling work and family responsibilities.
- Effective career conversations with employees. ‘Career conversations’ are now in vogue again – and rightly so. If you are going to develop ‘talent’ you do need to talk to individuals about their interests, aspirations and career directions. These conversations, in the context of the wider business needs and the results of talent reviews and succession plans, then need to shape individual development. A box on a 9-box grid is a fairly hopeless basis on which to have a serious career conversation. But too few organisations have broad but relevant information for individuals about various career paths and likely levels of opportunity in different types of work.
- The next few years seem likely to highlight talent deployment as a big issue. Individuals need to find their way into work that will stretch them but also yield business value from their skills and abilities. Organisations need to flex quickly in response to business changes. The open job market, where individuals see posts or projects advertised and apply for them, is proving too slow and inefficient. People for whom a particular job would be just right may not see it or may not realise that their skills are just what is needed. Women often fail to put themselves forward and play too safe. Business silos and managers who hoard good people can block the internal labour market from working. We are already seeing a shifting balance between managed job moves and open internal job markets in favour of more actively managed talent deployment, especially for those in talent pools.
- Progress on diversity is patchy and often slower than organisations would like to see. Talent management needs to support increasing diversity and stay well clear of the tendency it always has to reinforce rather tired backward-looking models of leadership and clone current populations of top leaders and professionals.

Talent management and strategic workforce planning

Several of the challenges described here are aggravated by a lack of connection between strategic workforce planning and talent management. This may be because broad brush workforce intelligence is simply a weakness in some organisations. In others good workforce planning is done but not connected with the centre of expertise in talent management, which often sits in Learning and Development or Leadership Development.

An IES members' Action Learning Set this year on strategic workforce planning found rather low levels of confidence in this activity. This tended to block or delay strategic workforce messages for managers. The group felt that simply getting on and doing better planning work could usefully inform organisational change. Improvement of the process and the quality of information and analysis could then evolve over time.

Strategic workforce planning can help us address:

- Where does talent management need to focus in the workforce?
- Roughly how many people are we talking about?
- When do we need to identify people and over what timeframes do we need to develop them?
- What skills, knowledge and experience are we looking for and needing to develop?

Some of the more specific ways in which strategic workforce planning can inform talent management include:

- Very broad brush analysis of the **numbers** of people likely to be flowing into and out of key workforce groups, including promotions between broad levels in the organisation.
- Understanding of the **timing** of changing needs and workforce flows, including how this is affected by likely retirements, normal wastage (which will start to pick up again if the economy really moves forward) and voluntary redundancies (a major feature of public sector employment at a time of budget cuts).
- This analysis may well have to reflect differing business **scenarios** but can still help to roughly right-size numbers of people in talent pools and the scale of development programmes.
- Qualitative analysis of **changing skill needs** and where **skill, knowledge or experience gaps** are already evident is vital both to talent identification and its development. It also highlights where specific interventions may be necessary.

Royal Mail, for example, found that it had weak succession for safety directors. There was a good pipeline of people three years out but few ready in a one-to-two year time frame. The organisation put in place an approach to accelerate the development of those successors. This included making the function more attractive through improved communication around the business and a Safety Development Programme, including a professional qualification, to act as a stepping stone to a leadership position in this function (Hirsh, 2012).

Plan, a major children's development charity, has used internal research, including interviews with those recently appointed into more senior roles, to identify the skills, knowledge and experience which talent programmes need to focus on to prepare successors. Top-down analysis of changing business needs has also led to adjustments of the behavioural leadership framework against which potential is identified. Succession planning showed that addressing skill and experience gaps in short-term talent pools (those one to two years away from possible promotion) was a higher priority at present than programmes for longer-term successors. This priority may change as current development activities bear fruit and demographic changes work their way through.

If seen in terms of managing business risk, workforce planning and succession planning highlight where the risks are in terms of workforce capability and help to set priorities for risk management (Cappelli, 2008). Scenario-based approaches help us see which actions make sense under most scenarios and which will have to adjust as external or internal factors shift over time. The direction of workforce change in terms of skills is often fairly clear. The numbers and timing often need to flex, but for talent management ballpark estimates still help.

Asking managers about these issues is not difficult. Useful questions can include:

- Where is succession or talent an issue in the business?
- Where do we fail to deliver business goals because we lack the skills?
- Where do we struggle to appoint and if so what do candidates lack?
- Are there things we don't attempt because we know we can't obtain the people?
- Where are the needs of the business changing and how is this affecting what we need from different groups of staff?
- Where are we unsure of how we will resource these future needs?
- Roughly what numbers of people will need to flow through the system?
- How do we need to change the skills, knowledge, experiences and qualities of people we have available?
- Where in the pipeline do we need to act?

- Is action about recruitment, development or both?
- Is development about improving skills or giving different career experiences?
- Over what time period do we need to be developing people to fill our jobs more confidently?

Finally, it is worth highlighting the communication challenge of talent management. This is about making talent management real and relevant in a business context. Moving away from abstract notions of potential, by always explaining for what kinds of work we are looking at potential, really helps. Jargon-free explanations of what people will need to have under their belts to be credible candidates for certain kinds of jobs is a great reality check. Being able to highlight areas of work where there are plenty of good people coming through and where the business is short of talent is really helpful in individual career and development planning.

If talent management is to be worth the effort we ask managers to spend on it, it needs to reconnect with business needs. Some widely copied 'best practices' need to be viewed with a more critical eye and re-shaped into more context-specific 'best fit' responses.

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IES Seminar: Talent and succession management: Where next?

11 December 2014, London

with Wendy Hirsh

Talent and succession management is already seen as a high priority area for both HRDs and CEOs. But the last few years have seen many organisations implementing a rather process-driven and formulaic approach, much criticised by writers such as Clutterbuck and Cappelli. Building on recent IES research, this event will look at where talent management might be going. It will help you to identify how to make talent and succession management more flexible and agile; to address the increasing focus on key professionals and mid-level leaders; to tackle the gap in 'effective career conversations' and to increase line managers' confidence and capability.

To find out more and book a place visit www.employment-studies.co.uk/network/event



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