

THE TALENT WAR

- WILL YOU WIN IT?

There's a war on for talent; the spoils, as ever, will go to the victors. But what's behind it?

The talent war is driven by:

THE KNOWLEDGE ECONOMY

In the industrial age there was a need for standardised products, a growing market for them, and the need for employees to work with uniform production processes in a stable and structured environment. The approach to the management of people was largely autocratic. Their development was normally dictated by the employer.

The information age is the very antithesis of the industrial age model. The requirement for highly customised product and service offerings, the advent of mature markets, and the need for employees to work in a constantly changing, unstable and global environment has meant that increasingly fluid structures are now the norm. The management of people is now largely participative. Their development is as much dictated by the employee as it is by their organisation.

The knowledge economy fuels the talent war because quite literally the only competitive advantage left for organisations lies in their ability to change faster than their competitors, and this requires "cleverness" versus "clout".

HYPER COMPETITION

The world has become one market almost overnight. The economic trends in all regions now follow the same pattern with the exception perhaps of the burgeoning Chinese economy.

Information systems and flows bring complete transparency to product features and prices. No longer is it able to sustain long-term competitive advantage through simply being a market leader. Competition between major brands has never been stronger and the advent of e-business has opened up large markets to a new breed of entrepreneurs who see the 'click' as important (if not more important) than the 'brick'.

In low growth economies, with stock markets behaving erratically, and the need to deliver profits in a sustainable way, the only measure to adopt for many organisations right

now is cost reduction. But, as one enlightened chief executive once said – 'you can't save your way to prosperity!'

To win in a market of hyper competition you have to do things differently and fast. This requires innovation, creativity and risk taking. This in turn requires the engagement of all the talent available to the organisation. It used to be that only the best secured the future of a business, now it's the rest as well!

Graduates place international travel and overseas assignments high on their list of their employment priorities. Employees, as never before, are likely to make dramatic moves to other locations if these moves fulfil their personal growth or life ambitions.

Flexible working arrangements, taking time off to travel, and a much less structured view of career development have continued to undermine many of the carefully thought through talent development plans of many organisations. Employee mobility now plays a substantial part in organisation's ability to attract, retain and grow the talent it needs.

PROLIFERATION OF SMALL COMPANIES

The numbers of valuable employees leaving large organisations to join or start up smaller ones is a phenomenon which has existed for some years. It is likely to continue. Why? Ask those leaving these large organisations and they will tell you that the bureaucracy, slow decision-making, internal politics and the culture were grinding them down (along with a number of other big corporate traits).

The message is clear that talented people, who take seriously their desire and ability to make a contribution to an organisation, are kicking against the operating style of big businesses and opting for the freedom to achieve in a less structured, less controlled environment. And who could blame them?

In their desire to keep stakeholders happy the one group of stakeholders organisations often overlook are their employees. Yet these are the resource the organisation

cannot function without, and whose discretionary effort they so desperately need.

The proliferation of smaller companies is undoubtedly linked to the failings of larger organisations to manage their talent successfully.

HUMAN CAPITAL SCARCITY

The demographics tell the story. Ageing populations, ageing workers, early retirements, falling birth rates, a reduction in 35 to 44 year olds, and a lack of students joining the labour market is creating a scarcity of human capital in frightening dimensions.

Where will organisations get their much-needed future talent? How will they attract them? How will they keep them? The answer lies in having to re-think their whole approach to employment. Biases based on ageism, gender, nationality and origin will need to be replaced by an embracing of diversity and flexibility, and this will require a whole new mindset when it comes to talent development.

To win the talent war organisations are adopting one of four approaches or a mix of them. The four approaches are:

The Employee Value Proposition Approach.

To address the talent war as an organisation you use a clear **Employee Value Proposition** to attract, retain and develop the talent you need. There are four broad employee value propositions:

- **‘Go with a winner’**
- **‘Big risk, big reward’**
- **‘Save the world’**
- **‘Lifestyle’**

The approach is essentially a **culture and goal alignment approach**. Thinking behind it – the best performances are willingly given. Discretionary effort is the key to talent development.

KEY QUESTIONS:

- What are our corporate goals and values?

- What attitudes and behaviours do we seek in our employees which align to our goals and values? How do we recognise and reward those supporting our goals and values with personal growth and development opportunities?

THE DEFINED PATHWAY APPROACH

To address the talent war as an organisation you use a clearly defined and communicated **Training and Development or Career Development Pathway** as your approach to attract, retain and develop the talent.

The defined pathway approach is essentially a mapping approach. Thinking behind it - make career progression clear and you will attract talent. Career development is the key to growing talent. The key is to provide more than one route for each individual's potential development. Route maps can take the individual horizontally, diagonally or vertically. Room should be given to the occasional maverick!

THE ACCELERATION POOL APPROACH

To address the talent war as an organisation you use the opportunity to join an elitist group with an **Acceleration Pool** as the way to attract, retain and develop the talent you need.

Acceleration pools differ from traditional succession planning because:

- They rest on the premise that whilst everybody in the organisation is developed only the best qualify for accelerated development.
- Whilst in the pool people are stretched by assignments, secondments, task force work and coaching.
- Movement within the pool (over periods lasting from 1 to 15 years) is based on high performance and continuing development.
- The pool offers no guarantee or presumption of upward movement or promotion.
- Individuals can move into and out of the pool, depending on their performance and the organisation's needs.
- Not all members of senior management are expected to come from the pool (perhaps only 75-80 % of positions are met by pool members).

KEY QUESTIONS:

- How do we currently identify our best talent
- What percentage of our employees would we put into our acceleration pool?
- How should we manage people into and out of the 'high potential' pot?
- What do we do to retain the talent of those outside the 'high potential' pot?

THE BLENDED APPROACH

To address the talent war as an organisation you use a combination of four key ingredients to ensure that, at any one time, you have the right talent you need. The **Blended Approach** requires obtaining a balance of:

- Job Content (Stretch)
- Management Attention (Sense of Value)
- Self-Development (Personal Growth)
- Reward Alignment (Recognition)

Surrounding these four ingredients to success is the organisation's response to four external factors:

- Its market position and standing.
- Drivers of change in its market-place.
- The mobility of employees
- The shape and size of the available talent market

TALENT DEVELOPMENT BEST PRACTICES

Organisations which take talent development seriously focus on ten best practices to build an infrastructure for talent development.

RECRUITMENT POLICY

The long-term success of your organisation will depend on your talent management, so don't under-recruit the talent you need! In determining the level and type of talent you will need, consider the following:

- **Competitive nature of your market–place:**
In which areas of your business will you need fresh talent to achieve competitive advantage?

- **Your core business and your corporate competencies:**

What is your core business and what competencies are needed to continuously improve it? What talent must you acquire and develop?

- **In which areas is your business most at risk:**

Where do you need to rapidly replace the average or poor with better talent?

- **Into which markets will your business be growing:**

What talent will you need to give you a head start?

- **There is always going to be a big demand for the best talent:**

How will you put together the most attractive employee-value propositions for them?

By definition you will lose some of your best talent. To whom might you lose them? What better offer will they provide? What best practices could you copy from them?

IDENTIFICATION OF POTENTIAL

Can you currently identify the talent you have?

Potential is a combination of innate ability and application of that ability in the work situation. You need to be constantly identifying the potential of your employees.

This will entail bringing measurement and assessment to what are often very subjective and behavioural success criteria. The following will help you:

- **Competency frameworks**

Have enough competencies to measure people but not too many for managers to assess.

Up to 10 is reasonable

Make sure that the competencies are forward not backward looking.

- **Performance management systems**

- **Psychometrics**

Standard personality, fit and preference instruments may be used, but organisations are beginning to look at

measures of emotional intelligence (the capacity for self awareness, emotional self regulation, self motivation and motivation of others, empathy and the ability to cultivate rapport with diverse people, social and interpersonal skills to support teamwork, networking, win-win negotiation etc).

- **Psychologists' interviews**

Some organisations employ psychologists to interview candidates being considered for promotion or new assignments.

Using behavioural event interviewing techniques, psychometrics and techniques to identify/measure levels of emotional intelligence the objective is to more accurately predict success or otherwise in the new job.

Psychologists' interviews are normally used prior to making very senior or strategic appointments where the cost of failure can be extremely high.

- **Assessment/development centres**

There are four generations of development centres.

- **Personal development plans (in which personal aspirations are the focus versus performance).**

A Personal Development Plan is a contract and a process by which the employee will identify his/her personal development needs and plan to meet them. A PDP meeting should ideally be kept separate from the appraisal discussion. Whilst the PDP has relevance to the current job of the employee, it's timeframe should be 3 to 5 years and should have relevance for:

- Personal and professional development
- Career planning
- Enhancement of employability
- Talent and knowledge management
- Prevention of burn out and other career hazards

The PDP process is primarily owned by the employee and facilitated by his or her manager. The manager and employee use the PDP for talent development, increased employability and longer term leadership and management development.

- **Potential reviews (carried out by senior managers and HR professionals without the involvement of the staff being reviewed).**

Operating at different job levels, Talent Development Groups (TDGs) hold quarterly or half-yearly reviews of the organisation's needs versus the talent available. Having varying degrees of power their role is to bring transparency and objectivity to the development of talent for the organisation's and the individual's good.

JOB CHALLENGE

It has been said that the single biggest learning opportunity anyone has is the job they are currently doing. If this is the case, then be bold, aggressive and almost risky in providing job challenges. Particularly in the case of identified high achievers you will need to consider:

- Involvement in high profile deals
- Participation in high visibility projects
- Inclusion in strategic change initiatives
- Investigation of new market niches
- Involvement in problem-solving task forces.

All these can be used to increase the challenge of the existing job and can stretch and grow high achievers.

TRAINING & DEVELOPMENT PARTNERSHIP

Ultimate ownership of their career belongs to the individual employee. But the organisation has a responsibility to establish appropriate support systems and to be supportive of employee aspirations. This partnership in training and development can be achieved through the use of:

- Personal growth workshops (in which the employee identifies their current and future contribution to the organisation)
- External mentors (to provide career counselling for employees)
- Clear communication of career paths within the organisation
- Published training and development resources available to employees
- The provision of coaching by employees' managers, or other experts

Employees need to be encouraged to bring not only their aspirations but also their career and training and development plans to their employers. Employers need to take notice of these and support them wherever possible or live with the consequences!

VARIED EXPERIENCE

People generally thrive on a variety of experiences and challenges and to deny them these is to deny them one of their key motivators-achievement. It is important therefore to provide a wide range of learning opportunities and feedback from different managers. Consider the following:

- Exposure to different functions, businesses and countries
- Secondments to suppliers and/or customers
- Leading teams involved in:
 - A new business start-up
 - An acquisition
 - Cut-back or closure of a business
 - A substantial re-organisation.

CONTINUING EDUCATION

Your talent pool will often demand that you support their aspirations with ongoing education. You need to think through your policy in this area and be prepared to provide several levels of continuing education. These may include:

- Post-graduate education eg MBAs
- Short technical programmes
- Short skills-based courses eg NVQ and other forms of accreditation
- Management college courses
- Part-time degree courses
- Provision of a learning resource centre.

To maintain their motivation people need to be constantly 'engaged' in learning. This not only stimulates them but also their contribution to your business.

PERSONAL GROWTH EMPOWERMENT

Healthy pools of talent contain people who want to take control of their own personal growth and development agendas. These people are empowered and will demonstrate real self propulsion to take up learning, developmental and

career opportunities and to use the learning resources you make available.

There are two aspects to consider.

Firstly, there needs to be:

- A positive corporate mindset that learning is valuable and laudable.
- A culture that encourages learning and development.
- An innovative and modern approach to a mix of learning activities and flexible career development.
- In other words there needs to be a supportive **LEARNING AND DEVELOPMENT CULTURE.**

Secondly, it is essential that you have in place a learning infrastructure, including:

- Learning resources (eg books, CD Roms, Diagnostics etc)
- E-learning programmes
- Learning and content management systems
- E-coaching
- Virtual learning communities

In other words there needs to be a **LEARNING INFRASTRUCTURE**

MANAGEMENT ATTENTION

If your most talented people are your crown jewels, what are your senior managers and other managers doing to protect them and to keep them? All too often protecting the organisation's talent is seen as an HR problem without any real involvement of management. This is a nonsense. Managers need to realise that without the best talent their business is at risk. Customers, other high quality employees, and ultimately the whole business can be lost with the departure of just one talented individual. Therefore managers need to:

- Communicate the value the organisation places on their talent.
- Overtly support the development of people (by opening courses, putting in appearances at assessment/development centres etc).
- Give coaching time, one-to-one, to their people to really value them and grow them.
- Actively reward those who invest in their personal growth.

Get close to their people; really value them – not just say they do!

SATISFACTION MANAGEMENT

To retain and grow your talent, performance management needs to be matched with SATISFACTION MANAGEMENT. There are a number of ways to improve satisfaction management. The following methods represent a few of them.

METHOD	BENEFIT
VALUES CLARIFICATION	GOAL ALIGNMENT
TALENTS SURVEY	RELEASE & GROWTH STRENGTHS
JOB FEATURES GRID	JOB SATISFACTION IMPROVEMENT
CAREER ANCHORS	PERSONAL CAREER ORIENTATION
PERSONAL 'FLOW' ANALYSIS	RELEASE OF DISCRETIONARY EFFORT

RECOGNITION AND REWARD

Whereas incentive schemes link payment to the achievement of previously set and agreed targets, recognition and reward schemes make any award or payment retrospectively after the event. **Awards can be individual or team based and can be split into three types.**

i. Small or 'spot' awards

These awards recognise special effort in day to day job performance. For example, successful completion of a project with a tight deadline or a successful negotiation with a client or supplier. Awards typically range from £100 to a few hundred pounds and can be made with limited approval – they can also be effective as more personal gifts (eg wine, flowers, chocolates and theatre tickets).

ii. Medium awards

These are granted for achievements of greater significance. For example, the acquisition of a major new customer. Awards range from a few hundred to a couple of thousand

pounds – they can also come in the form of high-profile representation of the organisation (eg at conferences, hosted events and on external committees).

iii. Large awards

Involve a nomination process and are limited to a handful of recipients. Their achievement may be of great organisational significance (payouts are also significant) and may be as a result of the development of a new product or process or the attainment of a major cost saving etc.

THE USE OF TALENT DEVELOPMENT GROUPS

The ultimate objective of any talent development framework is to match (a) the changing and ongoing needs of the organisation and (b) the right quantity and quality of human resources, having regard for the personal growth and development opportunities sought by individual employees.

The overall framework and surrounding policy therefore needs to be managed and its success in achieving the above objectives measured.

This is a responsibility for the HR function in conjunction with line management. One approach is to use a Talent Development Group (TDG), or a number of TDGs operating at different levels of the organisation, whose job it is to:

Review talent development data

Is it up to date? What is it saying about the pool of talent available to meet the organisation's needs, now and in the future? What trends can be read into the data?

Talent development planning

What gaps are there in the organisation's needs and where will changes need to be made having regard to the future direction/objectives/strategy of the organisation and its available pool of talent? How will these changes need to be made? Who will need to be involved? When?

Monitor talent development activities

Which are working? Which are not? What new activities need to be introduced? Which dropped? What best practice are competitors using? How successfully? What new measures need to be introduced?

Talent management and HR planning

How will talent development plans be implemented? Who is to be moved or promoted and when? Who needs to drop out of any talent pool and why? How will this need to be communicated? Are the right behaviours, results and personal growth attainments being properly rewarded and recognised? What needs to be done to resolve internal conflicts eg, managers hanging on to their talent?

Risk management and organisation change

Where is the organisation at risk of losing competitive advantage? Which key people need to be retained at all costs? What has been learnt from previous mistakes? What infrastructure changes need to be made to secure the required talent? What structure, culture and management style changes need to be made? Where are the blockages to talent development? Why do they exist? What can be done to remove them?

TDGs in effect take the lead in proposing talent development policy and in planning, monitoring, implementing and evaluating results.

Whether or not the organisation uses a Balanced Business Scorecard (BBS) approach or something similar, the TDGs operate to support the organisation's overall goals and to ensure that the right talent development decisions are taken for the good of the organisation and the individual employee.

Whilst the day to day management of people is very much the responsibility of line managers the TDG can initiate investigations if there is evidence of a performance or satisfaction problem being evidenced by certain employees, particularly after recent jobs moves or promotions.

The thinking behind TDGs is that talent development is too important to be left in the hands of any one function, division or geography and certainly cannot be left to chance eg manager and employee not getting on and the employee's prospects being ruined.

TDGs, particularly in larger or multinational organisations, can operate at different job levels, but they need to have a functional, divisional, location and regional view of the organisation's needs and talent pool if they are to be truly effective.

We have shown below how one global organisation uses TDGs to good effect.

IMPROVING TALENT DEVELOPMENT

A checklist to get started.

1. What is your vision for talent development within your organisation?
2. What measurable objectives do you need to attach to the vision?
3. What approach do you need to take to talent development?
4. What key internal issues need to be addressed?
 - Job content/stretch
 - Self-development/propulsion
 - Management attention
 - Reward alignment
5. What key external issues need to be addressed?
 - Talent market
 - Employee mobility
 - Drivers of change
 - Market position and standing
6. What best practices will you need to include in your approach?
7. What resources do you need to deliver the vision?
8. What I.T. infrastructure do you need to put in place to support talent development?
9. Who should have responsibility for talent development within your organisation?
10. How do those responsible need to work together to manage and measure talent development (eg Talent Development Groups)