MAKING IT HAPPEN

DEVELOPING TALENT IN THE WORKPLACE

How do you effectively identify talent potential? **Rita McGee** offers guidance on developing and executing a successful policy on talent management, with a range of useful checklists and key questions to build a practical approach.

Human resource (HR) professionals and the finance department are often thought to be diametrically opposed when it comes to addressing HR matters. The traditional perception is that finance tends only to see the figures, whereas HR tends to focus on the qualitative benefits.

However, talent management provides a framework which can be seen as the creation of a language which can unite finance and HR. There is a logic to talent management which means that functions outside HR embrace it.

Talent and potential
Talent management is the process by which an organisation identifies, attracts, manages, develops and engages people to meet current and future business needs.

There is contention about the terms 'talent' and 'potential'. These terms create emotive responses from normally rational people. The organisation could fall foul of legislation, confuse, de-motivate and at worst lose people if there is a lack of clarity about what the organisation means when it refers to 'talent' or 'potential'. Whilst there can be little argument that most people have potential, when managing talent you need to be able to differentiate between people on the basis of that potential.

One mindset is based on the assumption that there is potential in each and every person, and any approach should try and release that. Another is that an organisation must identify its top potential and leverage their capabilities. Both are equally valid approaches. In addition, there are certain key competences an organisation requires for sustainable competitive advantage. The aim is to identify, retain and nurture them.

This article covers:

- guidance on creating the strategy; information about the different terms;
- an explanation of the talent/potential matrix; suggestions for identifying 'high potentials';
- checklists to help you think about how to attract the best talent; and
- a list of the problems you may encounter.

I offer some questions to prompt thinking and, finally, some suggestions on how to evaluate your success.

A framework for developing a talent management strategy

What follows is a checklist of the things you should consider when you are preparing to write a talent management strategy. It is long but it is not exhaustive; while there will be variation from company to company, this checklist will allow you to focus on the relevant issues. You may already have much of this in place for your strategic planning process, in which case this list is an aide memoire. You can also use the list as a guide covering the areas that need your attention.

Talent management provides a framework which can be seen as a language to unite finance and HR

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Building a clear picture

- Demand
  - the current demand for skills in your sector/profession/industry;
  - the expected future demand for skills; and
  - your possible future demand (from scenario planning).
- Supply
  - the current make up of the workforce;
  - numbers employed, grade, length of service, time in role, performance ratings, readiness for promotion, likely promotion, average age, average tenure, % eligible for retirement in next year, diversity metrics: gender, race, disability;
  - labour turnover (wastage) rates, including retirements, resignations);
  - overall size of departments, grade levels and groupings of jobs;
  - performance levels, and the level of likely dismissals due to non-performance;
  - availability of skills externally;
  - recruitment data eg numbers applying for roles, why people reject your offers and go elsewhere, offer rejection rates, time to fill positions; and
  - promotion rates.
- Gaps
  - You should now have a very clear picture of the talent gaps and may want to present them under the following headings:
  - specific skills;
  - specific levels; and
  - demographic profiles.

First start by asking yourself this question: 'Why am I creating this strategy now?' You may also want to consider your timeframe – what period is the talent management strategy focusing on eg the next three to five years?

The six areas to consider are set out below.

1. Understand the current and future business context. It can be helpful to pull all of this information together in one document to help you contextualise the later steps:

- identify the current changes taking place externally that impact on your organisation;
- look at the internal drivers for change;
- explore the possible future scenarios that face your organisation;
- recognise the organisation's core competencies – things which truly differentiate you from the competition and which need to be protected;
- state any constraints;
- consider significant organisational goals;
- make clear the implications of business goals for management; and
- identify any specific capabilities that your organisation will require to meet future business needs.

Actions needed to meet the talent gaps

- Offshore/outsource
  - identify activities which are core to your business and which can be offshored or outsourced.
- Succession plan
  - which roles need to be earmarked for succession?
  - how will you identify the successors?
  - what percentage of key roles will have successors identified?
  - what are the essential roles for which you must have a supply of successors ready at different times?
  - what steps are you taking to ensure people on our succession plans understand their place on the plan and what they need to do to stay on it?
- Create specific talent pools
  - technical;
  - leadership;
  - general; and
  - other?
- Acquire talent: recruitment
  - are there any roles that need to be targeted to be filled form outside of the organisation? Why?
  - what percentage do you want to appoint internally/externally?
  - what sources will you use?
  - where will you most likely find the people you need?
- Develop talent: training, re-deployment, reassigning
  - what support can you offer to train, re-deploy or

  reassign people?
  - are there any generic training needs?
  - is there a leadership development need?
  - development ladders provide a focused approach to learning – they offer training programmes at different levels, and this helps people to progress.
  - what are the specific training needs?
  - what steps are you recommending?
- Manage talent
  - are current people accurately assessed?
  - what steps can you take to improve the assessment of the existing talent pools? (Options include: building line management; and ensuring that your processes are robust, using 'stretch' assessment rather than anecdotal evidence or questionnaires)
  - what steps do you need to take to move people forward?
  - how good are managers at segmenting their talent pool?
  - how about giving feedback, could more be done to improve performance?
- Exit talent
  - what strategy do you need to have in place to remove the people who do not demonstrate the talents you need for the future?
  - are there any people/areas that need to be removed completely? If so, why?

2. Build a clear picture of the demand and supply for talent.

This section requires that you interrogate your database or HR system to unearth information. You will also need to gain access to data from other sources eg recruiters, industry reports, benchmark reports. You are trying to create as clear a picture as possible about the demand and supply for talent in your area. You can pick from the headings in the box to the left ('Building a clear picture').

3. Consider the budget.

Yes, the budget is the third step! Do not let it limit your thinking too early. Before you prioritise is the right time to do a reality check about what is affordable.

If you have spotted a gap that is critical but outside of the budget, it may be time to build the business case.

4. Decide the priority for addressing gaps.

This is the hardest step. Everything may seem urgent but, having worked through step three you will probably find that it is not all possible. Sacrifices will need to be made. In this step you tackle the tough issues of prioritising the gaps that you will seek to fill. As a minimum use these headings:

- the priority order for addressing current talent management gaps;
- rationale for selecting the order and/or what might impact the order; and
- gaps that will not be addressed as priorities and why.

5. Identify the actions or interventions needed to meet the gaps.

A list of possible actions or interventions, with questions to help you, is shown in the box below ('Actions needed to meet the talent gaps').

6. The implementation plan.

The implementation plan consists of the following:

- outline the principles and the philosophy that should underpin the talent management strategy;
- summarise the key priorities moving forward;
- provide an overview of the plan; and
- allocate responsibilities and accountability for delivery.

What type of talent pool do you need to develop?

Before you move to attracting your talent, you need to be clear what you are looking for, in most organisations the search for talent is for a specific reason. Below are three types of talent pools.

General talent pool

Most people are familiar with the graduate intake or the apprentice scheme where a group of, normally young, people are recruited into the organisation and developed according to specific needs.

This is one type of talent pool and it is not uncommon for large accounting, consulting and legal firms to recruit a much larger pool than they will eventually need. This works on the basis that attrition is good for business. People who find careers elsewhere will become future

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clients and the firm can pick the very best talent from the pool to retain. With the increasing costs of attraction, retention and development of talent, firms are reconsidering their approach.

General talent pool

- Allows for people with various skills to enter the pool.
- People are included based on intellectual capability eg degree; graduate schemes may be general pools.
- People enter based on certain criteria eg general competencies.
- People can be rotated in the organisation without specific training or skills.
- Training time is short for the various roles.

There are other types of talent pools and the emergence of the whole talent management agenda has been strongly linked to the development of leadership talent pools.

Leadership talent pool

The civil service also operates on the basis of creating talent pools. Civil servants can apply to join the Senior Civil Service (SCS), which means they are subjected to rigorous interviews and participate in an assessment centre. They are then classified as a member of the SCS, but it may be some time before they are appointed to a specific leadership role.

Leadership talent pool

- The organisation has specific leadership competencies. People are selected for the pool if they either currently demonstrate the competency or are seen as someone with future potential to meet the competency.
- People are moved into leadership roles based on demonstration of skill either on the job or in an assessment centre.

Technical talent pool

Various pharmaceutical and other research organisations are grappling with the need to provide dual career ladders. Scientists often do not want to take on leadership responsibility but have critical talents the business needs to retain. These organisations must engage their top scientific talent and use talent pools or career ladders.

Technical talent pool

- Specific technical skills are identified as essential to the organisation's future.
- Access to the pool is through demonstration of performance or potential in technical skill only.

A common definition of talent is someone who demonstrates both high performance and high potential

Building your brand to attract talent

- How is the organisation seen externally?
  - by your customers?
  - by other stakeholders?
- Is the company name recognised by consumers?
- Is the company name recognised by prospective employees?
- How well do you know the needs and interests of your target talent?
  - are there any geographical differences in need?
  - are there any gender differences?
  - what about any age differences?
- Do you have clearly defined consumer brand values?
  - are these the same as your employee brand values?
  - is there a mismatch?
  - is there a healthy overlap of core values?
- How good are you at targeting the different segments?
- Is the psychological 'contract' between the organisation and the employee in balance ie working to the benefit of both.

Some organisations have multiple talent pools operating at any one time. In order for success in talent management it is essential to decide what type of pools you need and why you might need them. It is also important to manage people through the pool. The pool itself should be evaluated to see if it provides the right talent for the organisation's current and future needs.

You may also hear the following terms being used, so here is a quick explanation:

- bench strength – this is a term taken from sport, substitutes are sitting on a bench ready to play. Your team is strong because you always have someone in reserve. Some companies talk about having adequate bench strength; the ones that will succeed are those with the fittest and best players ready for substitution as required. Just as a team will have a pool of extra talent ready in case of injury or another eventuality, then organisations need their own pools; and
- talent pipelines – this refers to organisations having people at different levels of readiness for succession or to step into roles at a higher level. In essence, this means that you are coordinating the flow of talent into your organisation. It requires considerable concerted effort and great line management skills to identify, attract, manage, develop, retain and exit talent when needed.

Talent management for high potential

There are several components you need to consider when creating a definition of talent; most will include a measure of current performance, outputs or results. There are several that include potential and indeed a common definition of talent is someone who demonstrates both high performance and high potential.

There is, however, a backlash to the use of the term potential. It is difficult to measure and there are issues about the labelling and withdrawal of coveted labels eg 'high potential'. So many organisations focus on promotability – rating their top talent as those who are both high performers and highly promotable. Another way of defining talent is to consider inputs or competencies. Where the organisation has well defined competencies or capabilities, then people who demonstrate high output and high input are regarded as the 'top talent'.

Your organisation may need to have several definitions to address different talent needs. It would be good to have one neat solution but this will have little value within the organisation. In my view it is better to have an untidy model that truly reflects the myriad of talent needs, both for now and the future, and one that has currency with the existing and future workforce.

A final point to remember is that the definition can lose currency quickly and therefore must be regularly reviewed to see how effective it is in communicating to employees the talents that are valued and needed.
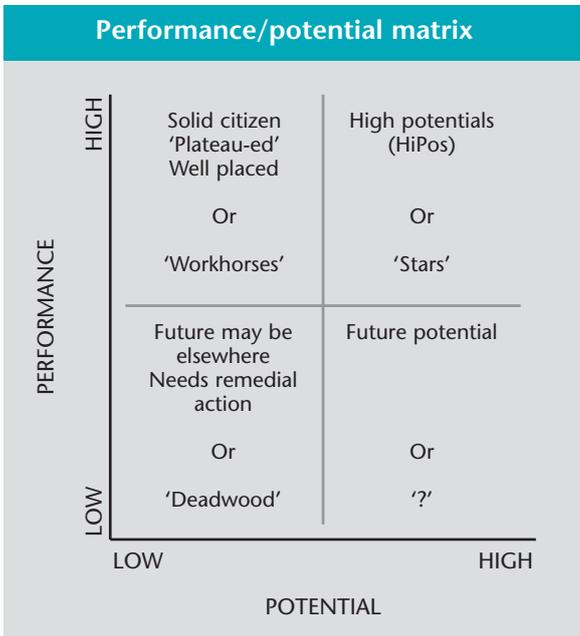
The performance/potential matrix

The matrix below is often used as the basis for organisations to create their own model.

Performance/potential matrix	
HIGH — Solid citizen 'Plateau-ed' Well placed / Or / 'Workhorses'	High potentials (HiPos) / Or / 'Stars'
Future may be elsewhere Needs remedial action / Or / **LOW** 'Deadwood'	Future potential / Or / '?'
LOW	**HIGH**
POTENTIAL	

(PERFORMANCE — vertical axis)

Giving people a task which is outside their current experience – this will test their tipping point. You must ensure support is in place

Talent spotting

'High potentials' tend to be the top 10%-20% of people in the organisation who consistently deliver high performance and demonstrate to you that they have much further to go or more to give.

So what does a 'high potential' look like? It is very difficult to quantify this and your definition will be unique to your own organisation. In terms of personal attributes you may be looking for some of the following:

● has the respect and trust of peers;
● consistently produces measurable results above expectations;
● has a bias for action and is a proactive catalyst for change;
● ensures that team goals are achieved within ethical and cultural guidelines;
● self-manages in a manner that fosters learning and high-performance;
● thinks and solves problems creatively;
● is open to constructive criticism and feedback;
● has a good understanding of your business and his/her role in delivering its goals;
● strives to deliver and exceed customers' needs; and
● has a well developed network of people who help him/her achieve their goals.

How do you gather data on high potentials?

The list below provides some of the ways different organisations gather data about an individual's potential. Which of these are you currently using? Which should you consider?

● 'acting up' – giving people a trial in a role eg maternity leave or sickness cover;

● promoting early – taking a risk with someone who is nearly there but who you believe still has room to move;
● showcasing – giving people an opportunity to demonstrate to you/the board their capability either through presentations or working on a project;
● assessment centres – a tried and tested approach that is highly successful in assessing current capability and competence;
● talent scouts/managers – build a network of people who understand your needs, and are good at assessing others;
● stretch assignments – give people a task which you know is outside their current experience and which could result in them failing. This will really test their tipping point. You must ensure support is in place;
● secondments – where employees need to have exposure to different settings, give them an opportunity to work with other organisations to see how they succeed eg public to private sector; and
● psychometrics – these tests are regarded as being - better at assessing ability than potential.

Attracting the best talent

Critical questions include:

● Why would people of outstanding talent want to join this organisation?
● Why should talent stay with this organisation?

If you cannot answer them then you need to do work to build the employer brand.
The employer brand will have an impact on whether you are seen as an 'employer of choice'. There are numerous things for you to consider; and a few are listed in the box opposite.

Your organisation needs to represent a place where people want to work and to do their best. The teams and roles they work in need to be challenging, supportive and engaging. Finally, but most importantly, the line manager must be a great manager.

Issues	Possible problems	Some questions to prompt thinking
Currency of the talent management plan and maintaining top management engagement	● Talent management is static. ● Talent plan is out of sync with business reality.	● Is talent management on the executive board's agenda on a regular basis? ● Can you ensure that each business planning review is followed by a talent plan review?
Tracking people	● People fall out of view. ● Information is out of date. ● Information is not shared.	● How will you decide what data to collect? (See measuring the success of your programme on page x) ● How will you collect it? ● What information will be shared widely? ● What will be withheld and why? ● Can managers be trained to provide adequate data in a timely manner?
Resources	● Too much information is available. ● No resources available. ● Managers have no time for talent management activities. ● Not able to make the business case.	● What resources can be made available? ● How can you create time for managers? ● Is talent management a real priority for the business?
Keeping talented people on track	● Talented people can derail for many reasons, eg by failing to deliver on promises, to adapt, or to read the impact on others etc. ● Not receiving timely feedback may mean the problem escalates.	● Do you have an early identification system in place? ● How skilled are your line managers in giving feedback?
Measuring performance accurately	● Organisations find it difficult to calibrate performance. ● Line managers do not like to give feedback. ● Line managers avoid conflict.	● How robust is the performance management system? ● How do you track performance improvements demonstrated on development activities? ● How is this data linked back into the talent management tracking system?
Staying legal	● The talent management process may use assumptions that are inherently discriminatory, eg must have 10 years continuous service. ● Risks may not be identified early enough.	● Is one group favoured over others? ● Are your talent lists or pools representative of the organisational demographic? ● Are your selection processes fair? ● Are your development processes fair? ● Are you good at identifying and managing the risks?
Managing people remotely	● The data on which you base decisions may not be current. ● Lack of visibility means that you cannot observe their performance.	● Do you have managers who are skilled in managing remote workers? ● Do your systems support them?
Other employees	● Employees outside talent pool become disengaged.	● Are the criteria for entering and leaving the talent pool transparent?
Your issues	Make your notes here	

If you want to win the 'war for talent' (see this reports first article) you must have good management and leadership in place. The manager needs to be someone who can clearly define what is expected of each person in the team. They must be able to give constructive feedback and to coach people to deliver more. They must be good at assessing each individual's capacity and helping to ensure the role fits. Finally they must be people who genuinely care about people. The role of the manager is so critical that I would encourage you to link reward with this capability. Some organisations use engagement statistics, broken down by department or team, to assess a line managers' skill in this area.

Problems you may encounter
Listed in the box on the previous page are a few of the problems that you may encounter. This list is not exhaustive but it should prompt your thinking and can be used to help identify organisational specific issues.

How to evaluate the success of your programme
Several factors should be taken into account. There is always a danger inherent in any system of measurement or approach. We focus on those things that are obvious or easy to do while neglecting qualitative issues which are harder to assess. In the box (right), we have listed some quantitative and qualitative measures.

The bottom line
For some talent management is a 'leap of faith'. In my opinion it is too complex and too expensive to be approached in this manner. The best organisations gather their data and build the case, they constantly evaluate progress and they link significant measures such as employee engagement and talent management and they reward success. When talent management is approached appropriately and consistently the benefits are undeniable.

Ultimately, not everything can be measured or justified with hard data. The manager of the 21st century will need to make decisions based on best judgement formed from all the data available.

However, those who choose to ignore talent management in a world where knowledge is increasingly the driver of so many organisations and indeed economies, do so at their peril. ■

For more information, see *Talent Management and Succession Planning*, which was co-authored by Rita McGee, see www.cipd.co.uk/Bookstore/_catalogue/ CorporateAndHRStrategy/9781843981947.htm

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Measuring the success of your programme

Measures that could be used to evaluate your success include:

● percentage of roles with possible successors identified;
● vacancies as a percentage of posts;
● time taken to fill outstanding vacancies;
● turnover of star performers;
● cost of acquisition vs the cost of development; and
● talent budget vs competitors for labour (many firms talk to competitors through reward groups or networks, and use surveys plus anecdotal evidence and recruitment agency information).

In time, a measure of return on investment might be attempted based on correlating the change in the investment in talent management with the change in organisational performance.

The case for talent management

Areas to consider:

● assess the value of key employees and the impact their departure would have on your business, eg contracts won by them, their relationships and skill sets, replacement cost, disruption and management time, etc;
● vulnerability – what if key roles are not filled or key individuals not retained? The greater the vulnerabilities the greater the justification for investing in talent management;
● critical talent – the greater the business relies on people that are difficult to find in the market place, the greater the justification for investing in talent management;
● lead times for correcting problems – where people are on short notice and are easily mobile, there is a greater justification for investing in planning and strategies to cover key positions quickly;
● ensure that knowledge is shared across the organisation; and
● treat mistakes as learning opportunities rather than as a basis for apportioning blame, creating a learning organisation.