

# Best practice talent management

**Bob Little** offers a template for successful, systematic implementation

**T**he relatively recent combination of major economic, demographic, social and business trends have led to job shortages, skills gaps and a rapid pace of change. All of these trends – together with some worker shortages in specific industries and jobs, notably as Baby Boomers retire – make it impossible for recruitment alone to secure the talent necessary for an organisation to stay competitive in today's business environment.

While technology is playing a key part in bringing about these new trends and economic conditions, it can also come to an organisation's rescue – through investing in a talent management programme aimed not just at recruiting good employees but also retaining them and continually developing their skills and competencies in line with strategic business goals and performance objectives.

In particular, these goals and objectives involve the principles of Lean. That is, organisations want to do more with less and make their existing workforce more productive. At the same time, they want to retain the skilled and productive workforce they have – and also ensure that they have the correct skills to support ever-changing business objectives.

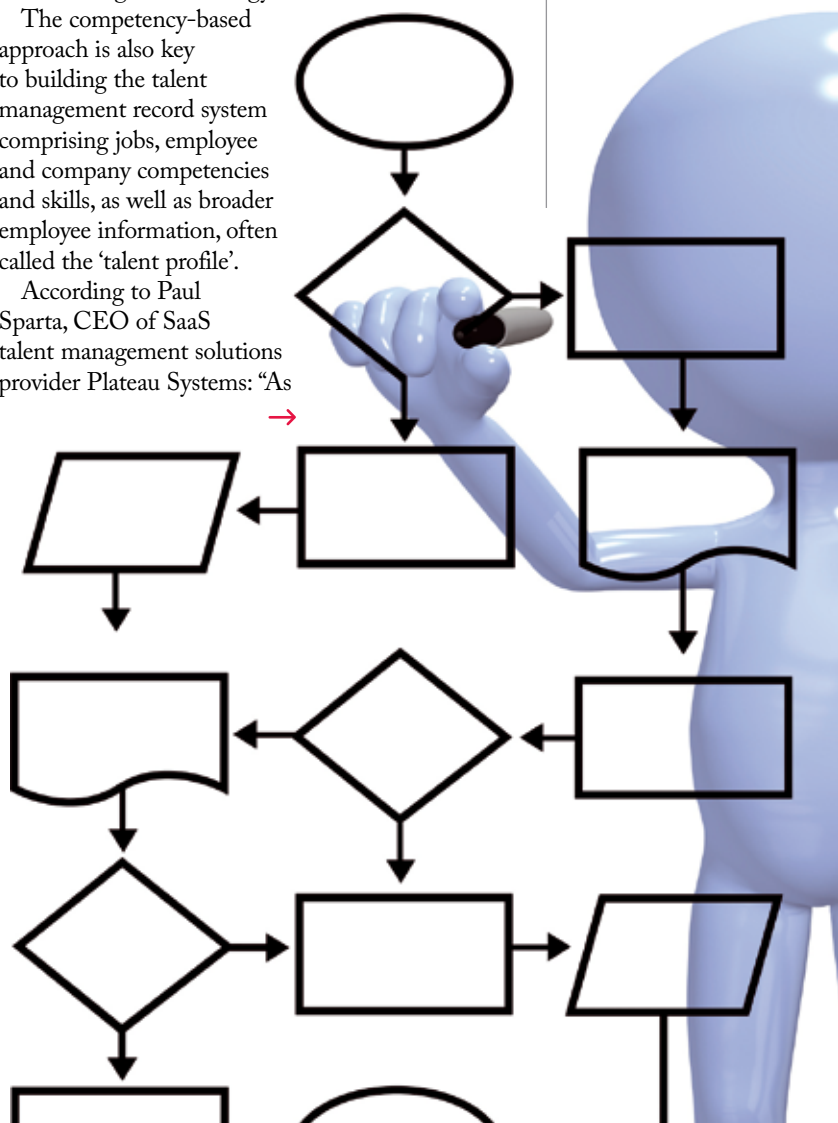
Talent management includes recruitment, induction, goal-setting, performance management, assessment, compensation management, learning, career planning and succession planning processes. Its champions claim that these processes give organisations valuable measurements, performance motivators and insights into workforce skills, competencies and emerging leaders. This vision empowers organisations to become more strategic in how they select, train, develop, retain, reward and help employees grow.

Organisations may recognise the need – and ROI – of implementing talent management but the sheer complexity of developing a strategy and implementing the processes and technologies to support it can be daunting.

The task can be simplified by using a competency-based approach to define and compare the organisation's desired state with its current state in terms of skills, knowledge, behaviours, performance – and the measurement and motivational processes associated with them. This information empowers the HR team, executives and managers to evaluate existing talent management processes (such as performance appraisals or 360° assessments) and determine the information needed to define clear requirements and priorities for their talent management strategy.

The competency-based approach is also key to building the talent management record system comprising jobs, employee and company competencies and skills, as well as broader employee information, often called the 'talent profile'.

According to Paul Sparta, CEO of SaaS talent management solutions provider Plateau Systems: "As





the pace of change accelerates, organisations are balancing recruitment with an investment not just in training but in comprehensive talent management strategies. By focusing resources on growing 'new talent' from existing employees, a good talent management strategy sharpens an organisation's competitive position, reduces recruitment costs, drives higher performance and boosts retention rates."

For all organisations, managing the total labour turnover rate is just part of the value of talent management. Even more important is the role that talent management plays in making sure the right people stay with the organisation – providing organisations with greater value from their investment in high performers and giving them more time to groom their successors.

For many organisations, the greatest challenge to implementing a talent management system is getting started. It can be difficult to define what is most important, so that the talent management strategy can be developed and aligned with the business' goals. Issues such as change management

and process redesign can also trigger internal struggles. Unless these are handled sensitively, the talent management initiative can fail.

Yet talent management specialists believe that initiating and implementing a talent management system can be accomplished systematically so that the implementing organisation benefits from an increasingly robust strategy and system without placing undue strain on the budget or on its HR team.

"Good talent management systems start with careful analysis not just of HR functions, but of the organisation itself, including existing processes, long- and short-term goals, the organisation's competitive position, culture and so on," said Heath Williams, Plateau Systems' vice president, international sales. "Taking the time to do this analysis gives organisations valuable insights into strengths, weaknesses, opportunities and threats and how they can use the talent management process to address them.

"With the big-picture analysis complete, organisations have a good sense of their current and their desired state. This analysis should also highlight the most urgent talent management needs and sharpest pain points. From there, the process splits into two processes: developing the talent management strategy process and then translating that strategy into a talent management system."

In essence, best practice in building a talent management strategy is:

### **1 Start from where you are now – and have the end in mind**

Develop a clear perspective; involve the HR team, C-level executives, business unit heads and managers. Answer key questions about the organisation's current state, culture and desired state. Such questions might cover:

- organisation statements:
  - mission statement: why the company exists
  - corporate values: beliefs and how the company behaves
  - vision: what the company wants to be
  - strategy: a competitive game-plan that includes business goals/objectives, where to compete and outlines competitive advantage
  - balanced scorecard: how the company executes and monitors the plan
- how these statements and goals cascade through the business units, divisions, market segments and departments
- which organisation jobs/roles and skills are needed to support company statements, performance, as well as encourage innovation
- which criteria the organisation can use to measure

performance and to identify both high performers and under-achievers.

Then, decide what the organisation should look like in terms of leadership, capabilities and structure, in order to achieve these aims and goals. This defines the desired state for performance, competitive position and profitability.

Next, find the 'pain points'. Examine any talent management components already in place. Analyse how well each is working. If a performance management system exists, for example, is it flexible enough to assign training or development directly from the system to address performance gaps? In terms of compensation planning, are merit increases and other rewards tied to performance or do managers spend time aggregating spreadsheets to determine who gets what bonus?

Document your organisation's talent management priorities based on organisation goals, related talent requirements and the analysis of existing talent management processes and systems.

## **2 Employee competencies: roadmap to the future**

Define – in three categories – the competencies that your organisation needs:

- core competencies: qualities and behaviours required for all employees
- leadership competencies: qualities and behaviours desired for supervisors, managers and executives
- job-specific competencies: skills, knowledge, abilities and behaviours.

Next, associate these competencies with specific roles and job positions. Establish the proficiency levels required for each competency.

Use this information to create a clear competency profile for each job. Having defined the desired destination (step one), adding competency profiles creates the roadmap – clarifying the desired state of competency for each position within the organisation needed to reach the destination.

## **3 Gap analysis: how do we get there from here?**

Conduct a comprehensive skills inventory and gap analysis. The focus should be on the competency/skill areas that are most critical to the organisation (defined in step two). This gathers vital information about the current state and also provides a baseline for assessing and measuring progress as the talent management initiative moves forward.

This enables organisations to identify qualified candidates for special projects or new assignments. It also provides employees with a means of managing

their career because they can see where they are and where they need to be. This level of visibility is important for employee retention.

The organisation's performance appraisal process provides a means of collecting details on the current state of employee skills. Take the same process used to evaluate an individual and apply it to the organisation. Tools can include:

- self-assessments
- annual performance appraisals
- 360° assessments.

Other useful information can be found in an employee's 'talent profile', including awards; colleges/universities attended; membership of communities and associations; current goals; language skills; past goals; professional qualifications, and work history.

This information is aggregated to develop the organisation's current inventory of job roles, skills and leadership. It is important to record strengths as well as weaknesses, since a talent management

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strategy should address and improve both. The combined company and employee information becomes the organisation's job profile and talent profile record system.

## **4 Define the annual talent management timeline**

The starting point and destination are now clear. The competencies linking the two are the talent management record system. The next step is to clarify the journey itself: which vehicles to use, which milestones to look for and when, and where and how to 'refuel'.

Start by mapping an annual timeline. Assessment activities should occur outside the appraisal process. This enables managers to create an environment in which employees are more receptive to observations about where they stand and to coaching on specific actions they can take to become better candidates for recognition, rewards and promotions. Employees can also be encouraged, and automatically reminded, to keep their talent profile updated.





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By increasing employees' level of engagement, these talent management processes also improve retention rates. Additional positive results include employee and company goal alignment and improved business results.

A continuing cycle of learning and assessment also gives the manager more power to help employees overcome any performance weaknesses and amplify successes in time for these efforts to make a difference on annual performance reviews and as part of the company's succession planning.

### **5 Culture shock – managing change**

Employees may resist the introduction of talent management processes because it makes their performance more visible – and establishes a direct link between their performance and their career path and compensation. To prevent any undermining of the speed, success and value of the initiative, introduce communication and learning experiences that can ease the 'culture shock' and encourage employees to embrace the new system.

Once an organisation has a solid talent management strategy in place, the next issue is

how to translate that strategy into a system. The objective is to build a multiyear plan for taking talent management from where it is today to a fully integrated system tailored to the organisation's unique culture, business processes and strategic goals.

It is important to realise that the end goal is neither the system nor the software. It isn't even about automating the talent management process, although the savings in terms of time and paperwork from doing this are often substantial.

The real goal of creating a talent management system lies in giving people more time, information and the power to make a difference. With clear visibility of skills, competencies and talent readiness across the enterprise, the HR team and line managers have the strategic information they need to make better decisions. The result is higher performance for the organisation and better career development – and satisfaction – for employees.

Typically, a talent management system includes two or more of:

- learning management
- performance management
- career development
- succession planning
- compensation management
- recruiting/talent acquisition.

While recruiting and talent acquisition are part of talent management, they differ from the strategic components in that they are one-time experiences for the employee and are not part of the ongoing talent management process once an employee is hired.

Similarly, ERP or HRMS systems are responsible for 'transactional' employee functions such as payroll,

benefits and time and reporting. The data in these systems is changed infrequently and is only usually used by HR personnel. Typically, ERP/HRMS systems are not part of talent management but the basic employee data stored in them can be imported into the talent management record system.

Best practice strategy is to start from what is in place, if applicable, and assess whether these systems are meeting your goals and if they can be fully integrated with your planned talent management processes and systems. If not, a replacement and migration plan needs to be included in your talent management strategy and roadmap.

In deciding where to begin, consider these three questions:

**1 What are the talent management business priorities?** It's often obvious what pieces of talent management – and supporting technologies – should be the first to 'go live'. However, if multiple pieces are missing, it's more difficult to prioritise which modules to phase in first

**2 Where is the organisation in the calendar-year talent management timeline?** This varies depending on the organisation and should be mapped including planning phases that take place before actual execution

### **3 What current manual processes or systems are in place, and what is their 'competency' level?**

Long-term planning is best. At least, organisations should understand their potential longer-term needs and benefits so that what is implemented today can be part of the future system. Organisations should also develop a short-term – one to two years – tactical plan.

Many organisations have basic, short-term needs to simply automate a specific talent management function. Although there is always a tendency to implement the quickest and least expensive solution, the whole process should be seen as an opportunity to start laying a foundation for more strategic, unified, talent management processes.

Beyond automating a single tactical talent management process, many organisations look to talent management to drive key business objectives. In many cases, these include:

- create and build a pipeline for leadership and key positions
- improve employee/talent productivity and business performance
- institute a performance-driven culture through 'pay-for-performance'. **TJ**

## **Case studies**

The Ireland-based banking, fund management and life assurance company **Irish Life and Permanent** wanted to hone its competitive edge. So it looked for a solution for integrating retention, employee satisfaction, training initiatives and regulatory needs into one convenient system.

Irish Life chose Plateau's talent management solutions and Plateau helped it create the core system and then showed what could be configured locally for the local business units. The talent management system:

- replaced 18 different performance management systems
- unified and improved access to learning for consultants and staff in 104 branches
- showed a 58 per cent increase in e-learning
- cut instructor-led training by twice the target, freeing staff instructors to handle other projects
- streamlined administration
- achieved a positive ROI in less than two years (33 per cent sooner than forecast).

**Thomson Reuters** employs some 50,000 employees in 93 countries. Headquartered in London, the global company provides information tailored for professionals in the financial services, media and corporate markets.

Having decided to align its staff learning activities with business needs and 'deliver enhanced user experience', Thomson Reuters' strategic talent initiatives have Plateau's LMS at their heart. In particular, deep linking allows business units to build out websites to support their specific learners yet still have the business track and report progress through the centralised LMS. The company is also using Plateau's competency functionality to map learning to specific competencies assigned to job families in the sales area.

Thomson Reuters takes the view that one of its main operational imperatives is aligning learning with talent, and learning with performance. So it endeavours to ensure that it supports people from the time that they join the company, throughout their employment, to the time that they leave.

Plateau's solution:

- improves user experience with deep link functionality
- enhances supplier relationships through catalogue connectors
- gives managers a quick, complete view of employee training
- reduces the total cost of system ownership.

### **Bob Little**

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