The power of talent should never be underestimated. It takes a whole team to build a successful company, yet the actions or the departure of just one key individual can have a negative impact on the performance of a company or, worse still, bring it to its knees.

In today’s economic environment, ensuring continuity of talent capable of navigating the company through change is crucial.

Yet what if a member of your leadership team is poached by a competitor? Or perhaps several key individuals within your organisation with specialist skills are soon approaching retirement? The people dynamics of an organisation are constantly changing and need to be managed carefully to future-proof the business.

Do you have a robust talent pipeline? Do you have the necessary processes in place to ensure that talent is nurtured from within or recruited from outside, and transitioned effectively into key roles? Talent management is all about planning for the future so that you have the right people with the right skills, in the right roles at the right time. It is a dynamic process that has become essential to business success today.

Talent management is also pivotal to the success of HR strategy as it requires the integration of all HR disciplines, in particular L&D, employee communication and engagement, recruitment and selection, performance management, reward and recognition and, to some degree, employment law and employee relations.

Companies throughout the world are reporting deficiencies in three essential areas of people management: managing talent, improving leadership development, and strategic workforce planning, according to a new report by the Boston Consulting Group and the World Federation of People Management Associations. During the past few years, talent management has risen up the corporate agenda as a result of the global skills crisis and the spike in retirement of business leaders (from the Baby Boomer generation) expected over the next couple of years. In addition, the potential executive population (Generation X) is declining due to lower birth rates in this generation.

The Manpower Group’s 2012 Global Talent Shortage Survey reveals that more than a third of employers are currently unable to find the talent their organisations need. This talent crunch is further backed up by PwC’s 15th annual CEO survey, which reveals that only 30 per cent of CEOs are ‘very confident’ they have access to the talent needed to execute their company’s strategy. The study found that three quarters of CEOs expect to make changes in their strategies for managing talent during the coming year, making managing talent the top target for change for the second year in a row.

According to the Chartered Institute of Personnel and
Challenge yourself about what criteria are used to define the talent within your organisation

Development’s 2012 Learning and Development Survey, more than half of organisations currently undertake talent management activities. For two-fifths of organisations, talent management activities cover all or most employees, while most focus on developing high-potential employees and senior managers, the key objective being to develop these individuals and grow future senior managers and leaders.

However, the problem is that most talent management strategies aren’t delivering. The CIPD survey found that less than three-fifths of organisations with talent management activities believe they are effective, with nearly one in six (15 per cent) reporting they are ineffective.

So with organisations regarding talent management as more important than ever before, yet not having faith in their existing programmes, what are the key steps that can be taken to optimise talent management and help organisations grow from within?

Step 1: Plan for the future
Talent management is about identifying and closing skills gaps to support long-term business success. All too often there is a tendency for talent management strategies to focus on the ‘here and now’ at the expense of long-term planning.

Recruiting talented people from outside of the organisation or growing your own talent to fit the same mould as current leaders might seem straightforward enough. But what if, in five or ten years’ time, you need a completely different skill set?

The world of work is changing fast. As employers we need to prepare people for a very different world than the one in which we currently live and work. The rapid progression of technology, for example, is having an impact on virtually every organisation as it continues to change the way companies operate and engage, and do business, with customers. Most companies will need to understand the impact of this on their overall people management strategy.

Think about what your organisation might look like in five or ten years’ time. What is shaping and defining the industry you operate in? What key challenges lie ahead? Do you have the skills and knowledge in place to drive change inside your organisation today and what competencies will you need tomorrow in order to thrive?

It is important to build in adequate planning time to fill key positions. In order to forecast talent requirements, the first step is to identify what roles to consider and then define the competencies needed for each of these key roles. You also need to plan the time it will take to find

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2 http://www.manpowergroup.com/research/research.cfm
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a successor and, finally, the current supply for each role.

**Step 2: Ensure alignment**

For competitive advantage to be truly realised, a strategic approach to talent management needs to be taken.

Talent needs to be aligned in two ways: vertically with corporate strategy to add value to organisational performance, and horizontally with HR and learning practices to ensure value is not diminished by a number of discrete but unrelated initiatives.

Buy-in from the board is essential too, as it ensures that HR and L&D have an in-depth understanding of the long-term goals of the business and that talent management is aligned with corporate objectives and business strategy to meet the future needs of the organisation.

**Step 3: Set clear criteria**

Clear criteria need to be established for identifying high-potential employees and other talent pool candidates. You need to have a clear view of the individuals that have potential or those that have the essential knowledge, experience, drive and enthusiasm to make a difference to the business.

All too often identifying talent is generalist and subjective. Remember that talent is also time-bound and has an environmental context. Those who flourish now may fade or fail to meet their potential in the future, and those who succeed in one environment must be able to adapt and thrive in different contexts to be considered as truly high potential. Challenge yourself about what criteria are used to define the talent within your organisation and make sure you have a formal, structured plan in place that is aligned with the business strategy and is continuously reviewed and updated - it’s not just a one-off exercise.

Whether you choose to adopt a ‘whole workforce’ approach to talent management or focus on a specific group of high-performing individuals (HiPos), it’s important to have consistency, transparency and fairness across all groupings.

Industry analyst Bersin and Associates has carried out a number of studies that show that organisations with the most mature talent processes commonly use a range of selection criteria and talent review data to identify and select HiPos, and evaluate a number of factors such as a desire to take on more responsibility and personal career aspirations to assess performance, potential and readiness.

**Step 4: Invest in the right L&D initiatives**

L&D will help ensure your people are the best they can be. Well crafted programmes will not only improve core skills and ultimately business performance but will also help increase retention and improve morale across the organisation – essential in today’s economic environment.

While many leadership development programmes have been a key casualty of the recession, companies today are showing greater commitment to giving this area the focus it really needs. You only need to look at the costs of replacing top talent to see that it makes sound business sense to invest in developing and retaining the best. Indeed, a study by PwC in 2010 estimated that British businesses are losing in the region of £42bn a year through their failure to retain key staff.

Organisations with more mature talent management processes tend to have targeted, individualised development plans with a disproportionately higher budget allocated to developing HiPo talent. Building a culture of L&D is essential, as is providing the right blend of formal and informal work-based learning, with experiential development, coaching and mentoring all playing key roles and contributing to a greater return on investment in training.

The power of social networks should not be underestimated, too, for the development and retention of key talent. Social networks help drive collaboration and the sharing of knowledge in the workplace. Workplace forums and other social tools are becoming more commonplace, providing employees with an immediate source of support and development.

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**References**

5 http://bit.ly/X17fNw
7 http://bit.ly/OX7YaD

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All too often identifying talent is generalist and subjective
of relevant information to help solve problems. These communities help build and maintain ties between different individuals and teams across the world, strengthening the structures and bonds within companies as well as speeding knowledge transfer and supporting the growth of contributing members.

**Step 5: Provide clear career progression opportunities**

It is essential to factor career progression into the talent management equation. Your business will suffer if talented people aren’t given the opportunity to grow and feel they have to leave in order to progress and fulfil their potential.

Deloitte’s *Talent 2020* report, a global survey published in September 2012, shows that nearly one-third of employees are not satisfied with their jobs and that a lack of career progress is the top reason why people seek new employment (cited by 27 per cent of respondents)¹.

Well-defined and measurable objectives for progression to the next step of the career ladder should be set and clearly communicated so that everybody knows what they need to do to get on.

Look at what opportunities you can provide for high-potential people to gain new skills and experience and that will encourage them to keep pushing their potential. Be it taking the helm of a new entrepreneurial division of the business or an assignment overseas to help develop multicultural leadership skills, for example, make sure you provide plenty of opportunities to stretch your star employees and support them along the way.

**Step 6: Mobilise your talent**

Talent mobility has an important role to play in today’s talent management strategies – it helps companies to future-proof the business by plugging skills gaps and by providing career progression opportunities. A dynamic internal process for moving talent from role to role, at the leadership, professional and operational levels (as defined by Bersin & Associates), talent mobility helps ensure that talent is moved to where it is needed, when it is needed. It can help a company grow from within by tackling pressing skills issues in a particular departmental area or region of a business.

As companies strive to gain competitive edge and enter into new markets in the global workplace, and with talent remaining a scarce resource, talent mobility is set to play an increasingly important role in talent management strategies.

**Step 7: Engagement and communication are key**

Talent management is a company-wide process that requires good communication and engagement at every level, from the top down, to ensure it becomes an integral part of corporate culture.

The board should be fully engaged and able to say clearly what the programme is all about and how it benefits individuals from a career-planning perspective, as well as the organisation’s performance and competitive edge.

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Line managers also need to be actively participating. They need to be communicating with their employees about where they want to go in their careers and taking responsibility for managing performance and identifying and developing talent in their own areas of the business. Having a talent management strategy is often the easy part – delivering it is usually where key challenges come to the fore and where the full support of line managers can make the difference between success and failure.

Also, for those who are not accepted as part of a talent programme, make sure there is comprehensive feedback and a planned strategy for them moving forward so that resentment doesn’t build up.

**Step 8: Integrate talent management with learning and other core HR processes**

Talent management is just one piece of the jigsaw and should never be viewed in isolation. In order to see the whole talent picture and maximise effectiveness, talent management needs to be integrated with other core HR processes such as L&D, performance management, reward and succession planning, given that all of these processes are inter-linked.

Technology has a key role to play in enabling integration and streamlining processes. Today’s integrated systems can provide a uniform enterprise-wide view of critical HR information, removing the silos of information that have come about in many organisations and providing more consistency and visibility across processes. This, in turn, makes it easier to process, analyse, measure and report on talent and the state of an organisation’s skill set, which is essential in today’s ROI-driven business culture.

Integrated systems provide senior business managers and HR and L&D professionals with an empowering set of tools for identifying, evaluating, developing, rewarding and retaining key talent. They enable insight into talent pipelines, making it easier to spot any leadership gaps and plan accordingly. A further benefit is that training resources can be directed where they are most needed. And for employees, integrated systems help provide a much needed career planning framework.

Figure 1 above right shows a mature talent system linking talent management with L&D, performance management and succession planning.

Technology systems are increasingly becoming the hub that drives long-term business performance and that underpins the measurement of success and ROI. Learning management systems also provide a vital platform for the administering, documenting, tracking and reporting of learning, performance, talent and succession planning programmes and have the potential to play a key role in talent management programmes.

**Conclusion**

People are often divided as to whether talent management is an art or science. Nevertheless, it need not be shrouded in mystery. What is increasingly clear is that organisations that focus on optimising their talent management strategies to ensure that they have the right people with the right skills, in the right place at the right time, will have a better chance of building a business that is adaptable, agile and enduring.

The key to getting talent management right is careful planning and effective execution; strong buy-in and good communication among key stakeholders; alignment with business strategy; integration with other HR practices; utilisation of technology, and measuring business impact.

Above all, remember: today’s talent will be tomorrow’s leaders, and needs to be nurtured accordingly. 

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