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An Executive Framework for Talent Management

If you have limited time to spend on the complexities of talent management, you need a context for decision making and a structure that focuses on the essential steps for developing future workforce and leadership capabilities. Start with a focus on the connection between your business strategy and the talent outcomes you hope to achieve. Then, as the leader, you can efficiently support your talent management staff at key steps along the way. Working with the framework outlined in this chapter, you can be more confident your workforce and leadership team is ready to execute your business strategy. Using our seven-part executive framework, you can:

- Do your part to set clear expectations for your organization's talent needs.
- Articulate the organization's cultural and operational norms that should shape talent needs.
- Diagnose why current talent management or leadership development initiatives are off base, redundant, or even counterproductive.
- Test future talent management plans to ensure they will use limited resources wisely.

This framework is comprehensive, yet relatively simple, and highly adaptable to your specific situation. It can support executive decision making in a range of scenarios. Do any of the following situations sound familiar?

Not Sure Where to Start on Talent Management

The new CEO of a major physicians group was frustrated to find her human resources department didn't think of employees as assets. "There were so many things missing in HR," she said. "They were trying to be compliance officers and policy people, but they weren't strategic. They had no sense of the competitive market they were in." This chief executive found stable HR systems but no talent development programs at any level in the organization. That included no career development planning, no identification of high-potential employees, and no meaningful performance management system. The only initiatives relevant to talent were focused on recruiting physician specialists. "We simply weren't leveraging our people," said this CEO, who was starting from scratch in developing talent management processes.

For this chief executive, underlying attitudes about employees were the problem. But sometimes nothing is being done to manage talent because the organization hasn't been big enough, long enough to warrant building the needed infrastructure. For example, a startup software company had grown to 150 employees before its leaders began to realize that better onboarding, management development, and succession planning were going to be necessary to support continued growth.

For organizations with no history of a talent management plan, HR or talent management staff will often try to address particular capability or skill gaps with one-time programs. In these situations the executives are often just grateful that *something* is being done. For example, a busy VP of operations in the software company approved funding for six new positions but didn't ask who would be reviewing résumés and screening applicants by phone to create a short list of candidates. He later found out that the hiring managers were so busy that they delegated these initial tasks to the group's administrative assistant. This shortsighted approach risked turning off the best candidates and delayed the start dates of much-needed new employees. When the new hires arrived, no further thought had been given to bringing them up to speed. Management's thinking was, "Just get them in here, and we'll work it out."

As this example shows, taking individual steps, such as opening employee requisitions to address specific talent needs, can seem like a good idea. But this activity often targets only part of the issue and gives executives a false sense of security that "the problem is solved." By using our framework for talent management, leaders can quickly look at the big picture for a particular talent issue and increase their chances that the end result will be a skilled staff and future leaders, ready to do the job—not just a "completed" talent management program.

Urgently Needing Talent Management

Sometimes the need for new talent initiatives becomes compelling for top management but the path forward is unclear.

This was the case for the CEO of a commercial insurance company who saw his business change rapidly. The company had grown tremendously in recent years, but now the market was saturated as competitors caught up, and sales were declining. The chief executive knew his company had to reinvent itself by offering a much broader line of financial services. Succeeding in new markets, however, required new technical capabilities. It also required leaders who could manage more strategically and work across organizational boundaries to shape the broader company agenda. These competencies didn't exist in the firm's current leadership team, and the CEO needed help building them.

Like the insurance executive, the head of a manufacturing division of an electronics design firm faced a broad strategic need. He knew that labor costs in Asia were often at least 50 percent cheaper than in the United States, and any growth in his organization should probably happen there. Since he planned to maintain a domestic presence, he would have employees spanning multiple physical, linguistic, and cultural divides. This manufacturing executive needed to clarify what work would be sent to Asia and determine how to ensure that his workers there would be skilled enough to do the job.

In organizations like this insurance company and manufacturing division, it is important to follow a structured approach when diagnosing and responding to the talent implications of such broad strategic challenges. By working through the steps from aligning business strategy, developing a holistic plan, implementing the plan, and finally to evaluating and measuring its success, leaders can oversee talent management programs more likely to address underlying business needs. Using our framework, executives can move beyond choosing

point solutions, such as more training or a new organization chart or an outsourcing vendor, to a more consolidated view of talent management initiatives.

Sophisticated Talent Management in Place with Unclear Results

A growing number of companies today have extensive talent management processes in place. This means for many leaders it can become a little too easy to “check the box” when it comes to thinking they have talent and leadership development issues under control. But it’s seldom as easy as that, and even companies such as General Electric, long idolized for its successful leadership development practices, have discovered this fact.

Reacting to a \$200 billion drop in its market cap during the 2008–2009 recession, GE was forced to rethink the firm’s talent management strategy. CEO Jeffrey Immelt felt compelled to reconsider GE’s \$1 billion annual investment in talent development. One question was whether it still made sense to take people out of their jobs for weeks at a time to teach them new skills in a corporate “top-down, university model of training.”¹ Even organizations like GE that have historically been the gold standard for talent management need leaders willing to continually question whether their existing processes will produce the workforce and leadership capabilities needed to be competitive in the future.

These reevaluations of existing talent management processes are especially important when a company dramatically changes its business strategy or organizational structure. Our framework provides a quick way of reviewing key elements of

your existing talent strategy to make sure they align in support of whatever new situation your company is encountering. For example, a major food manufacturer recently moved to a decentralized structure so business units now have their own P&Ls. This means R&D and other functional staff now report directly to business unit heads instead of to centralized corporate management. In this situation, the framework helps surface new talent-related questions that leaders should be asking, such as the following:

- Does the decentralized structure create any new talent-related risks (such as attrition or succession planning)? How do we make sure our talent-related risk priorities are still valid in the new organizational structure?
- How will we monitor and manage the inevitable shortages of talent in some areas when a core team is decentralized, since not every team will be able to have the “best resource” available?
- Does the decentralized structure change the way we should deliver our talent management initiatives? For example, how is career planning affected in R&D? Will there be resistance to moving senior R&D leaders across business units to gain critical experience, and if so, how should we address it?
- Do we need to change what we are measuring to evaluate talent initiatives more effectively in the decentralized structure?

The Talent Management Challenge for Executives

Chances are you can identify with one of the scenarios discussed in this chapter. Whatever your situation, it is

probably hard to tell whether your company or business unit is actually developing a ready workforce and leadership team or just running a lot of talent management programs. All you may know is that these programs cost a lot, and your managers complain about how much time it takes to comply with these talent processes. No matter what brings talent issues to your attention, the potential responses often seem unclear, complicated, and costly. Here's an example of what happens when talent management goes wrong.

At a charity lunch, a senior manager for one of the world's biggest technology companies sat at a table with a bright, articulate, experienced project manager who seemed like a perfect fit for his company. He mentioned that his company was hiring and asked whether she'd considered interviewing there. Her response shocked him: "I thought I wanted to work there until I actually went for an interview. I was run around by the scheduling process, treated to a hodgepodge of unprepared interviewers, and left hanging for two weeks without any follow-up. When I finally got an offer letter, I decided to decline. I'd never want to work for a company that treats people that way."

Most executives would read this as a horror story. And for this high-tech company, it was. The firm had many openings to fill and was struggling with a lack of project managers. Subordinates in this company needed to understand the central importance of recruiting to achieve the business strategy, to appreciate the need for project managers, and to coordinate talent management solutions that attracted and retained outstanding candidates. In this case, the company's ability to deliver its product and to continue growing depended on filling a wide variety of jobs. Without successful recruiting

and coordinated talent management programs, the company would not be able to reach this goal.

The recruiting process, however, might not be so important at another company in a different industry. If, for example, the leader in this story had been hiring only a handful of people, as compared to the numerous project managers needed, perhaps it could be argued that recruiting wasn't strategic enough to warrant this executive's attention. It is possible the leader wanted his talent management time and resources focused more on training and development of current employees than recruiting new ones.

Whatever the situation, the executive had an obligation to ask simple questions to assess the status of the highest priority talent management activities. If the recruiting process was identified as a critical component of the organization's talent management strategy, he could ask about the experience of candidates from sourcing through their first year on the job and probably would have uncovered any major issues, such as a haphazard recruiting and interviewing process. If the talent management strategy was more focused on training and development, he could examine the change in employees' knowledge and performance from one year to the next. Either way, executives need to learn when they must wade into the tactical issues about talent and when it is acceptable to take a more hands-off approach.

With the assumption that you have limited time for talent management, we have designed the framework in the following section to help you look under the covers of your talent management strategy. We assume that, in most cases, what you want is for talent management to be done well, and for you to be left out of it as much as possible. The approach we've taken is to allow you to analyze and vet the information

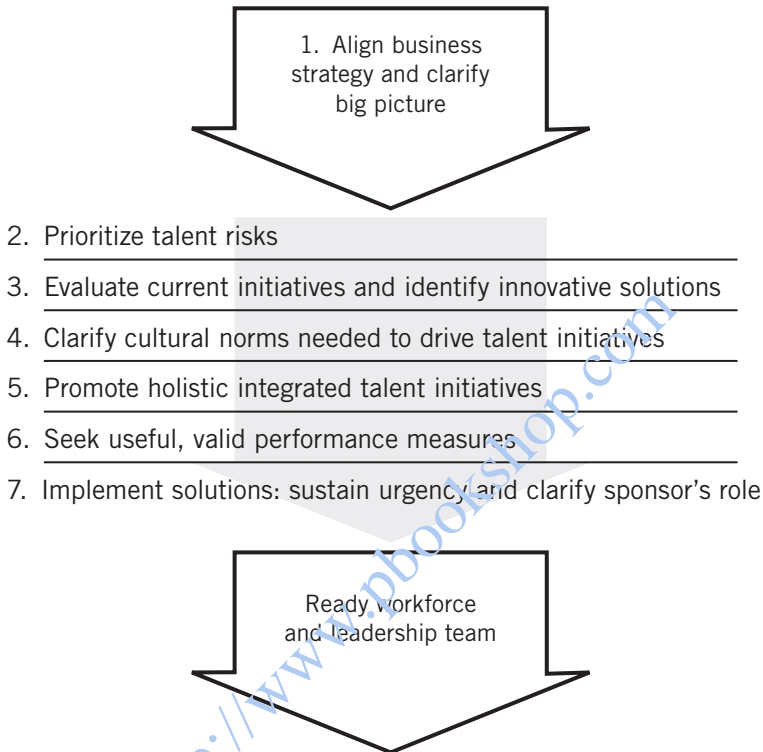
you receive from your talent management staff to make sure you're confident they can deliver. Be aware, though, that the problems you uncover with this process may well start with you. Throughout the framework, we'll show how you as a leader can efficiently do your part to ensure talent management is on track.

A Strategic Framework for Action

Effective talent management strategies require a customized, multifaceted approach and a long-term commitment. For some organizations, the challenges of talent management will focus on a small set of burning issues, such as succession planning for the leadership team, effective onboarding of a new generation of engineers, or reinventing the performance management system. For others, like the physicians group CEO, talent management represents relatively uncharted territory. Or it can mean that a set of mature processes and practices need to be reevaluated and possibly reinvented, as GE's CEO discovered. No matter what your situation, the framework has seven critical success factors (CSFs) that will determine how successful you are in maximizing your investments in talent management. These seven CSFs, which will be dealt with in subsequent chapters, are outlined briefly in Figure 2.1.

1. Align Business and Talent Strategies by Clarifying the Big Picture

Chapter 3 focuses on why all decisions about managing talent must start in the context of the business strategy. More important, the chapter shows that communicating strategy alone isn't enough. Your staff also needs to be able to articu-

FIGURE 2.1 Executive Framework for Talent Management

late a more detailed understanding of the evolving strategic context in which your firm is operating—what we call the big picture. While everyone involved may know the importance of aligning business strategy and talent management processes, *how* you actually do this is much less clear. In addition to using the big picture questions in Chapter 3, we will show in Chapter 10 why the evolving dynamics of who owns the talent management problem makes it essential to regularly

realign talent initiatives with business strategy. The complexities brought on by increased globalization, rapid technology improvements, and the changing talent pool make alignment an ongoing challenge today. But it is also the strategic lever where leaders can have the greatest impact. That's why it is central to the first and last elements in our framework.

2. Identify and Prioritize Capability Gaps and Talent-Related Risks

Aligning strategy and talent provides decision-making guidance at a high level, but the organization also needs to know specifically where to focus its talent management resources. Prioritizing these investments can only occur after specific talent-related risks are exposed and evaluated. Whether it's replacing the capabilities of a veteran sales executive, minimizing the threat of losing key technical experts to competitors, reversing declining productivity among a rash of new hires, or addressing a dangerously thin pipeline of future leaders, top managers play a critical role in making sure these risks are identified and managed appropriately. Executives who let their organization skip this step are likely to end up investing in talent management solutions that don't support the business strategy. Chapter 4 provides practical tools for going beyond competency models to surface and manage capability gaps and their strategic, tactical, and operational talent-related risks.

3. Evaluate Current Initiatives and Identify Innovative Solutions

In our research we've found that evaluating the current state of talent programs is an obvious step that is rarely taken.

Many top managers don't know what questions they should be asking subordinates to assess the payoff of current investments in talent. Many don't even know the full scope of what is being done. One C-level executive at a public utility said that he didn't believe anyone in his organization could provide a comprehensive list of all the talent-related programs going on in any given month. Can you get quick answers to the following questions: How many different ways are your new hires being onboarded? How many formal or informal "mentoring" programs do you have? How many different consulting firms are working on talent problems, and is anyone coordinating them? Instead of responding passively to talent initiatives often sponsored by HR, leaders need to ensure that these offerings are, at the very least, available in a list so that the relationships between the various efforts can be properly assessed. Chapter 5 provides tools for taking inventory and evaluating current talent programs in a variety of different situations.

Leaders also should be aware of the latest thinking about creative solutions being used by others. Is your organization applying the best Web technologies to enhance the productivity of your young staff? What techniques for accelerating leadership development should you consider? Are you applying the best tools for transferring knowledge from retiring experts? Top managers don't need to get too deeply into the details when it comes to learning about the latest talent management solutions. But those who don't at least educate themselves enough to ask thoughtful questions about current solutions run the risk of rubber-stamping programs that are exciting and expensive but don't hit the mark. While this topic could be a book in itself, Chapters 6 and 7 provide a glimpse of

some of the types of creative solutions being used to manage talent today. These chapters should give you enough vocabulary, interesting examples, and thoughtful questions to engage and challenge your talent management team.

4. Clearly State Cultural Norms That Should Drive Talent Initiatives

This is another powerful step that is rarely taken for lack of a simple way to do it. In fact, companies frequently fail to articulate their existing cultural norms that influence talent management outcomes. Just as there often are assumed and unstated ideas on business strategy, organizations often leave the understanding of culture vague and unclear. This is ironic because supporting and promoting a productive culture is one of the most important things executives do. Only when you communicate your cultural expectations can you check to see whether talent solutions are supporting them.

When we talk of using culture to drive talent management in Chapter 5, we're talking about broad beliefs and directions that typically can be laid out on a continuum. For example:

- Consistent and centralized leadership and management practices versus an independent and autonomous approach to leadership and management
- Promoting most of the next generation of managers and executives from within the organization versus hiring from outside
- The desire to reduce the population of more experienced, potentially more expensive employees versus a commitment to actively retain longtime workers and to maintain relationships with former employees

- The plan to lay off surplus talent as quickly as possible versus the goal of maintaining a steady headcount
- The strategy of growing by hiring versus the strategy of growing through acquisition of other companies

Executives often want to influence the culture of their organizations but lack a simple way to do that. Articulating these principles is an opportunity to shape your culture, while also setting expectations for your talent management staff. Chapter 5 will give you more ideas about how to use this concept in decision making about talent management initiatives.

5. Promote Holistic Integrated Talent Initiatives

One of the most common mistakes in managing talent is failing to acknowledge that different activities must work together in order to achieve desired outcomes. For example, recruiting, developing, and retaining the most innovative designers, inventors, and researchers in your firm is not likely to be achieved merely through an adequate performance review process and sufficient compensation. Other factors could include specialized internships, collaborative idea-sharing or problem-solving platforms, rotational assignments, mentoring, access to external training opportunities, hosting industry events, and so on. Each one of these efforts could be led by a different group and could potentially be competing for time, resources, and the attention of participants. This step in the framework reminds leaders that they must look for integrated approaches to managing talent, not one-time solutions. Action steps for developing a more holistic, integrated approach are addressed in Chapter 9.

6. Seek Useful, Valid Performance Measures

Executives also play a key role in setting expectations about how the effects of talent initiatives should be measured. For example, when the president of a major pharmaceutical company was reviewing a proposed executive development program, he stopped subordinates in their tracks by asking, “How are you going to know if their behavior changes?” This forced his talent management staff to develop an evaluation strategy for the initiative that included a baseline analysis, so they could show improvement. While important, this executive’s curiosity was unfortunately unusual. More leaders need to ask how investments in talent management will improve the ability of participants to understand and do their jobs and deliver on the organization’s strategy. Action steps for developing essential measures are described in Chapter 8.

7. Implement Talent Solutions. Sustain Urgency and Clarify Roles

Depending on the size of the organization, top managers can be relatively removed from the day-to-day implementation of talent programs. But they still have an essential role to play in the success of these initiatives. One of the key tasks for any leader is clearly defining his or her own role as sponsor of a particular talent program. Are you the project owner, or is someone else accountable for it? Are you also running this talent initiative, or have you delegated that task to someone else? These are critical questions to be addressed.

Another difficult task called out in the framework is the need to create and sustain urgency around talent management efforts. Executives who don’t understand their roles in effec-

tive implementation doom talent initiatives to failure. Chapter 9 shows three specific things leaders must do to support key implementation tasks.

No Shortcuts to Effective Talent Management

Ultimately, every organization's approach to managing talent will involve a unique combination of processes, practices, and policies. But the success of these efforts is largely determined by how effectively leaders execute the seven steps outlined in our framework. Even if your firm's talent management processes are relatively sophisticated today, they almost certainly can be improved by reflecting on your performance in each step of the framework. The most common mistake top managers make is focusing on only a few of the elements we have described.

Success in managing highly skilled talent in today's business environment requires clear priorities, passion, and perseverance. For leaders this framework shows ways to be more effective, and the first lesson is that there are no shortcuts when it comes to maximizing your talent management investments.