



ARTICLE 1

THE EVOLVING PRACTICE OF TALENT MANAGEMENT

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Companies that rely on traditional talent management approaches will find themselves at an increasing disadvantage in the years ahead. The winners will be those that replace traditional talent management tactics with an integrated strategy owned by line management and focused on the elements that will truly give them an advantage.

Integrated talent management, which encompasses recruiting, succession planning, performance management, compensation, career development, learning, and strategic workforce planning, enhances an enterprise's ability to attract and retain top talent. Bringing all these disciplines together into a cohesive strategy requires a significant investment of resources. The payback, however, in terms of lower turnover, higher engagement, and greater financial success, makes the investment worthwhile.

Organizations are struggling with how to reframe their attraction and retention strategies to adapt to the shortage of skilled workers, a changing economy, and the new technologies required to keep pace. Today's businesses are struggling to manage a complex workforce that encompasses three generations of workers with differing needs and motivations and an increasingly global employee and customer base. Fragmented and disjointed talent management programs are making this process difficult.

Recruiting, succession planning, performance management, compensation, career development, learning, and strategic workforce planning are often handled as separate functions—sometimes by separate groups that often don't effectively collaborate or coordinate their efforts. Compounding their efforts are a highly uncertain economy where companies are often experiencing simultaneous surplus and scarcity when it comes to talent and increasingly limited funds to invest in the practice of talent management.

Integrating talent management programs and other related initiatives allows a company to view workforce decisions in a strategic way and positions it for greater financial success.

Integrated Talent Management

Integrated talent management addresses managing human capital with the same clarity, discipline, and objectivity as managing other critical business assets. Research conducted while I was at Watson Wyatt Worldwide shows the elements that comprise a comprehensive, integrated strategy (Wilkerson, 2009). But just as important as connecting these elements together is connecting them to the business.

In 2007, we examined more than 150 talent management projects to determine what made companies successful at deploying integrated strategies. The major finding was that, while successful talent management is facilitated by the HR staff, it is owned by line managers and executives. It is part of each manager's responsibilities and receives continual attention. This can happen, however, only when talent management processes align with the culture and values that drive how people in the organization make decisions and take action.

For example, no matter how thorough a succession planning process is, it will fail if managers pick up the phone and call an executive search firm as soon as a key player resigns. The point of succession planning is to have options already in place. Often succession plans are solely focused on compliance. Managers and HR staff respond to a CEO mandate by "filling in the boxes" to show a successor for all key positions. Little, if any, analysis or discussion occurs regarding the ripple effect of moving a particular person into a new position or the development needs of that individual, and often many people are identified as successors for more than one position. Such plans do not address the organization's strengths and gaps, nor do they reflect a disciplined understanding of future needs. Integrated talent management aligns with the way the business works. Rather than forcing compliance from managers, it is embraced by managers because they see it as valuable to achieving their business results. This study showed that achieving this requires simple but powerful processes, where the effort put in is clearly aligned with the value received.

A truly integrated talent management process integrates talent decisions with business decisions. The distinction between connected processes and integrated processes is an important one here. In most organizations, talent management processes have varying degrees of connection to the business. That doesn't mean they are integrated. Returning to the succession planning example, many organizations have talent review processes that call for discussing high-potential leaders and potential replacements and generally include a business context. Yet the talent planning discussion is disconnected from the business planning discussion.

In companies in which talent management is truly integrated, the succession discussion is part of the business discussion and talent reviews are part of business reviews. Discussion of future talent requirements is a natural outgrowth of a discussion about business direction, products, markets, and other issues. Throughout this book, you will find numerous definitions of key human resources concepts and information on practices employed by various companies. It is key to blend the elements that fit your culture and organization strategy into an integrated set of processes and practices that matches your needs. Rather than simply adopting what someone else terms as best practices, you have to create a synthesis of these concepts that speaks to your organization and can become part of how your management team manages.

Preparing Managers for a New Role

The current workforce challenges demand new thinking about talent management. This new thinking requires managers to develop new skills, including spotting good talent, coaching and growing their people, and connecting business planning skills with talent planning. Successful companies help their managers develop these skills to handle the people component of their jobs more effectively.

Managers play a critical role in integrated talent management, balancing the needs of the employer with those of the employee while representing the interests of both sides. To succeed, managers need a clear understanding of employee goals and expectations. Moreover, they need HR policies, processes, and tools to help them meet employees' widely varying needs.

Establishing Talent Management Processes

Effective talent management processes integrate readily into the natural processes that drive the business. They take into account the managers' work styles and busy work schedules. They ensure a high degree of communication from senior leaders down to individual employees. Clear communication establishes a clear line of sight and helps shape behavior.

For example, in most organizations, performance management really means performance appraisal. In contrast, integrated talent management closely links performance management with business management. One large service company has integrated its performance management process with its business reviews. Each business unit reviews its results and the contributions of its staff monthly, including the capabilities, skills, work processes, tools, and motivation that staff members need to improve their results. These reviews enable managers to provide real-time guidance to employees about improving performance, as well as real-time recognition for their contributions. Managers hold a brief conversation with each employee immediately following business reviews to give more specific feedback on performance. Generally, managers use notes from these conversations to make a more formal performance appraisal at year end. Both employees and managers see the process as easier, more valuable, and more closely connected to driving business results.

In the current business environment, integration also requires focus. Gone are the days of trying to establish “best in class” practices across all areas of talent management. Companies need to focus on the areas of talent management that will have the most impact on their business and where investments will bring the most return. In my own work, I have seen companies returning to a much more pragmatic approach to talent management and to integrating these processes with business strategy.

Achieving Integration

Companies that successfully integrate all their talent management processes and integrate talent management with the business strategy have a number of elements in common. First, they can clearly articulate how people contribute to the business strategy in terms that managers understand and can act on. Organizations with effective talent management also identify a clear set of objectives that are agreed to at the most senior levels and communicated throughout the organization.

Increasingly, companies are using brand as the link between people and strategy. Efforts around aligning internal (employment) with external (customer) brand go well beyond simply making the links between employee experience and customer experience. With brand alignment, companies are explicitly linking their employment brand and resultant employee value proposition to their customer brand and recognizing that employees are critical to delivering the brand promise to customers. To ensure that employees deliver on the external brand promise, employers must deliver on their employment brand promise. Managers are once

again the critical link in this chain. Managers need to drive the right behaviors and have the right tools and processes to manage their people.

As a next step in the integration process, successful organizations define the decisions they are able to make to meet the talent management objectives, focusing on those that are most important and clearly tied to the business strategy. For example, in a consumer products company focused on new products, the key decisions focused on rewarding innovation, identifying the best innovators, and ensuring they were committed and engaged. These were then translated into data required to make the best decisions, and processes and tools were designed to effectively gather the data and translate it into actionable information.

A final element to success was driving accountability for talent management throughout the organization. Accountability takes different forms depending on the company, but includes holding leaders accountable for executing agreed-on processes and using them to make talent decisions. It also includes holding leaders to standards such as leadership competency models and ensuring that leaders either demonstrate those competencies or have plans for developing them.

While the integration process poses significant challenges, all successful companies find that integration is key to gaining manager and employee acceptance and to unlocking measurable results. Integration allows managers to see how to make talent management work in their day-to-day jobs instead of viewing it as some annual HR program. Once enough managers have adopted the processes, the programs, as measured by the key metrics the companies have chosen, begin to show improvement.

Conclusion

Research shows that companies with integrated talent management strategies do a better job of attracting and retaining top talent and, as a result, benefit from lower turnover and higher engagement levels than their peers. As talent management evolves in a changing economy, these companies are positioned to capture and maintain a leadership role in their respective industries. Most importantly, however, talent management strategies and processes must be aligned with the business strategy and owned by line managers and executives. In successful companies, HR is the facilitator and the business is the driver of successful talent management.

These companies will continue to distinguish themselves by creating a strong employment brand that clearly defines and communicates expectations,

outcomes, and rewards. They will create a partnership between HR and business managers, leveraging the skills and expertise of each to make integrated talent management a reality. Through this partnership, they will strengthen employee engagement and encourage behaviors that drive business success.

Reference

Wilkerson, B.E. (2009). *Five rules for talent management in the new economy*. www.towerswatson.com/research-and-ideas.

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