

Talent Management: key to strategy & performance improvement success

Kevin Vince Fernando

PhD, DBA, MBA, MBus(Prof. Accounting), MM

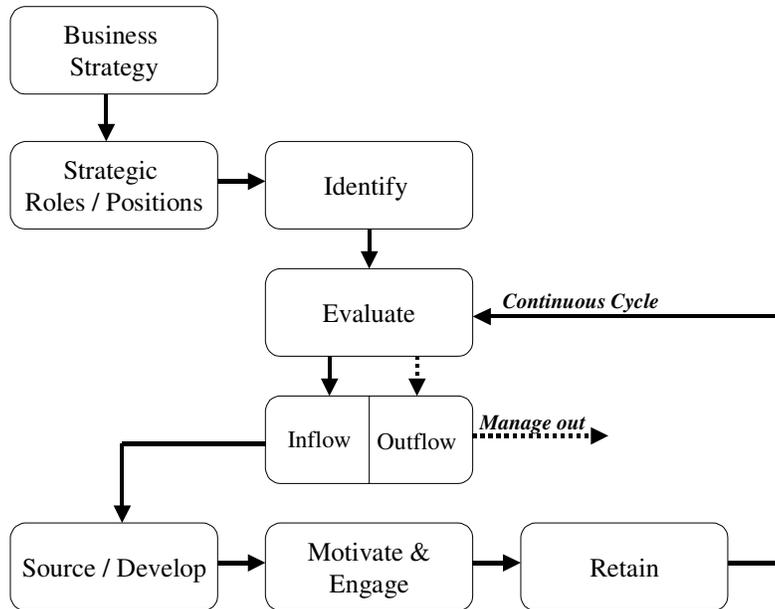
The effective management of an organization's talent is not something that can be ignored. Whether an organization is growing, defending its current position or divesting for improved focus, it cannot afford to find itself in a position of not having the talent required to deploy its strategy and performance improvements plans. The challenge of doing more with less in today's business environment has placed increasing demands on the workforce to be multi-skilled, flexible and independent. As technology continues to advance breaking down traditional barriers, new production methods introduced, increasingly demanding customers, shrinking product life cycles, the criticality of an organization's talent becomes a top priority for leaders. In order to effectively support business strategies leaders need to conceive, fashion and successfully champion explicit strategies to ensure access to sufficient talent flow and actively engage the organization's talent to achieve the business objectives (Sears, 2003). The human assets of an organization are required to deliver world class service, produce quality products, adapt to new processes / technology, continuously learn, innovate and work across borders. Talent management is the process that an organization uses to ensure that these things happen through its people. Definitions of talent need to be taken in the context of the strategic needs of the business. Talent is only talent when it is critical to the success of the business and its value is relative to the role that it plays in organization success. This value is not static but dynamic, appreciating or depreciates depending on the business need and situation. The strategic and effective management of organizational talent requires a process and this process needs to be driven by the strategic needs of the organization. Strategic positions required to implement the business strategy and achieve its objectives need to be identified. The next step would be to evaluate what the organization has (Supply) versus its needs (Demand) in terms of abilities, skills, knowledge, experience, numbers and commitment. The outcome of the evaluation will enable the organization to understand:

- What it has → Develop and retain
- What it does not have → Source and/or Develop
- What it does not need → Manage out

- What it needs more of → Source, develop and/or re-deploy

Once you have satisfied your talent needs in terms of numbers and competencies, the next challenge is to motivate and engage them in the business for commitment and performance. Organizational talent is a mobile asset, retention strategies need to be put in place to hold on to them. Talent management needs to be an ongoing process with executive level attention in order to ensure that talent strategies are relevant in a dynamic business environment (Figure 1.1).

Figure 1.1 Talent management starts from strategy



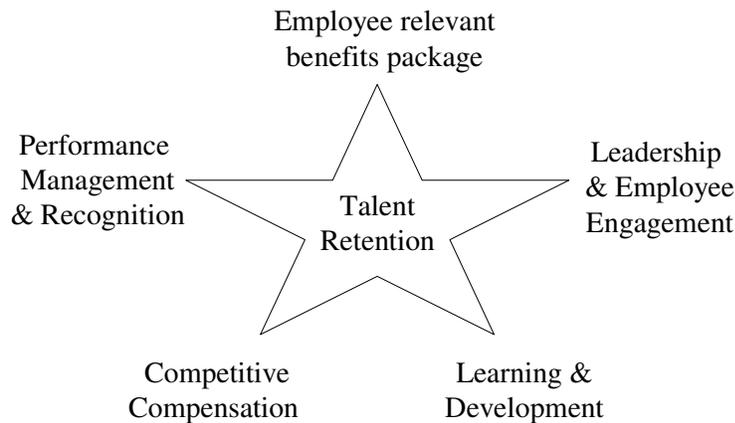
The development or growth of an organization’s talent pool typically involves 2 broad strategies of internal development and source externally to complement. External sourcing for talent includes recruitment from the market, creation of external partnerships and alliances. Internal development would involve the design and implementation of various learning, training and development programs to build required competencies. Identified or acquired talent need to go through a structured development program. Talent development programs cannot be isolated to training and education but should include a combination of adult learning and development methodologies such as, developmental job assignments and projects, mentoring and coaching from seniors, work

redesign, and formalized performance and feedback processes. In order to make talent development efforts pay off, a few simple guidelines should be followed:

- ❑ Ensure that there is a clear link between the development program and work;
- ❑ Schedule regular meetings to ensure that things are progressing well;
- ❑ Discuss and agree on the expected outcomes of the development program in line with the talent requirements for the position;
- ❑ Identify specific opportunities for the employee to apply what they have learnt;
- ❑ Include rewards for achievement;
- ❑ Conduct a post review session to identify aspects that went well and areas that can be improved for future improvements.

The next challenge of talent management is retention. The true impact of loss talent is often unclear to management. When talent walks out the door there are 4 broad categories of costs that the organization has to bear, separation costs (e.g. costs of exit interviews, separation pay) vacancy costs (e.g. costs of additional overtime, part-time staff) replacement costs (e.g. testing, recruitment, interviewing, travel and moving, training) and performance differential costs (e.g. customer dissatisfaction, loss business). Keeping your talent is vital given the effort and investment taken to identify and develop them. People have needs and these needs vary with changing times and situations. Employee satisfaction with their job and organization change, but what an organization can do is to ensure that it makes leaving a difficult choice for their talent. Achieving this requires a talent retention strategy which addresses the 5 major elements shown in figure 1.2. The organization needs to make specific plans to create a total retention package that is valued by their identified talent pool.

Figure 1.2 Elements of a talent retention strategy



Employee relevant benefits package – this is through the provision of flexible benefits in areas where the organization can effectively manage and ensure that the value gain from such programs outweighs the cost of managing them.

Leadership and Employee Engagement – the quality of employee work life is influenced by the quality of the leader they work for. Transformational leaders not only provide but are perceived by their employees as having a shared vision, lead change, involved, knowledgeable of what is going on, help them achieve higher levels of performance, integrity and trust, and motivate for commitment and engagement.

Learning and development – is the provision of a combination of training, development and learning opportunities by the organization for the employee that integrates and balances organizational and employee development expectation and needs.

Competitive compensation - the importance of financial compensation cannot be downplayed especially when it comes to key talent. In market situations where talent is scarce one of the easiest components for a competitor to outdo an organization is its compensation. Organizations

need to reconsider their definitions of equity when it comes to compensating talent. Equity needs to be defined in terms of what the person can do for the organization. An example is a situation where organizations benchmark their non-key positions at the market median while they benchmark their key talent at the 75th percentile of the market. Special incentives could also be provided such as retention bonuses and long-term incentives such as stock options and grants.

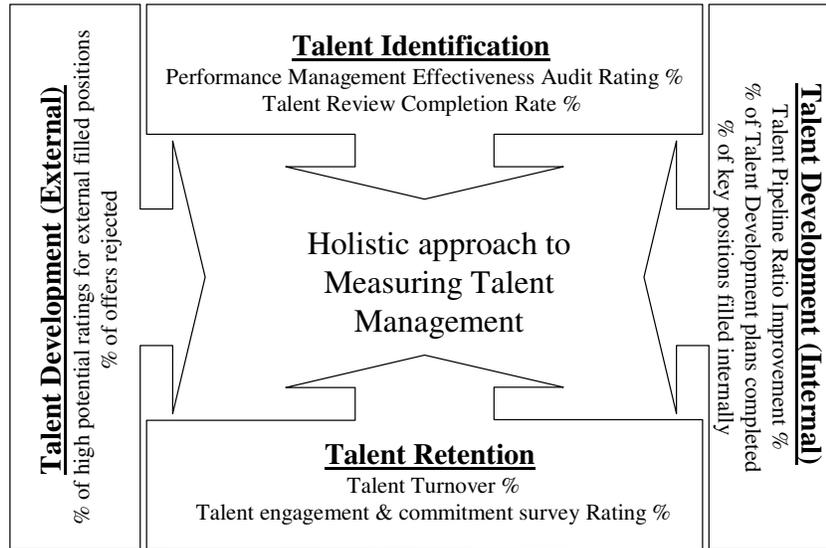
Performance management and recognition – a basic principle of motivation is that people need to feel a sense of purpose and achievement. The value of an effective performance management system is often underappreciated. An effective process will enable the employee to have a clear focus, alignment with higher level objectives and business priorities, the required support they need to perform at higher levels and obtain the required recognition and rewards based on their performance. Ownership for performance management systems needs to be assigned to the line manager and the employee themselves if it is to work.

Managing the talent management process requires a balanced set of performance measures. A balanced set of measures should evaluate the performance of each major phases of the process providing a holistic view and forming a combination of lead and lag measures, facilitating effective management and control. An example of a talent management performance scorecard is shown in figure 1.3 and the 4 broad categories of measures used are:

1. Talent identification performance measures;
2. Talent development (Internal) performance measures;
3. Talent retention and engagement performance measures;
4. Talent development (External) performance measures.

An example of measures for each of these categories is shown in figure 6.3. The measures included into the diagram are an example of what measures can be used and by no means serve as a standard template. The organization needs to design measures that reflect the talent management needs that they have at each stage and its expected outcomes.

Figure 1.3 Pillars of a talent management performance scorecard



Conclusion

In conclusion the ability of an organization to achieve its strategic objectives and execute its performance improvement plan would depend on its organizational talent. Managing talent requires a straightforward process to identify, develop and retain. The outcome of talent management efforts would depend on the performance of the talent management process and managing the process requires performance measures that provide a holistic picture.