

11 Managing Talented Employees

Clare Rigg



<http://www.fotolia.com/id/43966444>

Caption: Nurturing talented employees

Learning Outcomes

By the end of this chapter you will be able to:

- Explain what is meant by the terms 'talent' and 'talented employees' and how they can be identified
- Explain how a strategic approach to managing and developing talented employees can contribute to the success of an organization
- Discuss the key components of a talent management strategy and system, including the measurement and evaluation of outcomes
- Identify the difference in approaches between SMEs and large organizations.
- Identify specific HRD options for developing talent with little or no budget

Introduction

This chapter focuses on managing talented employees and the role of HRD in designing and implementing a talent management strategy and systems that can motivate, develop and retain employees who are particularly crucial to the organization's success. Most organizations will claim that people are their greatest

asset and many recognise that the biggest influence on their success, whether it be in customer relations, rates of innovation, service provision or other measures, is the extent to which they are able to attract, develop and keep ‘good’ people. Collins (2001) terms this ‘getting the right people on the bus’. For many organizations, large and small, the biggest constraint on their ability to grow, innovate or sustain a good reputation with customers, is their difficulty in holding onto their best and brightest employees or their failure to adequately invest in developing their employees’ capabilities.

As organizations have increasingly recognised the idea of people as a source of competitive advantage, alongside acknowledging the significance of their own employer branding for attracting and retaining the best employees, HR has taken a more strategic role in the whole cycle of recruitment, induction, retention and development [**MAKING LINKS:** See Chapter 2]. A full talent management strategy encompasses this range of HRM-related activities, however, the focus of this chapter is on the particular role and contribution of HRD to talent management. We begin by looking at who are talented employees and how can they be identified?

Who are talented employees?

The terms **talent** [KEY TERM: refers to those employees who make a particularly strong contribution to organization performance either currently or in terms of their high potential for the longer term] and **talent management** [KEY TERM: a systematic, holistic and integrated approach taken within an organization to the identification, attraction, development, engagement, retention and deployment of those talented employees who are seen to be of particular value to the organization] came into use after the American consultancy firm McKinsey in 1997 described the ‘war for talent’, referring to recruitment of an organization’s most valuable employees, as a main driver for corporate performance.

A central role for HRD professionals, working in partnership with line managers and senior managers, is not only to identify immediate skill needs of an organization that are essential to carry out the day-to-day tasks, but also to think and plan for the

longer term **capability requirements** [KEY TERM: the combined scope of knowledge, skills and abilities of an individual or a whole organization] that will be necessary for the organization to meet its strategic goals.

Broadly speaking there are two main ways in which talented employees are identified, based on whether an organization takes an **exclusive approach** [KEY TERM: an approach to talent management and development that targets only certain, exceptional employees, who are either seen to have 'high potential' as the future managers and leaders of the company or else who have commercially essential skills and knowledge which the organization wants to keep and extend] or an **inclusive approach** [KEY TERM: An approach to talent management that focuses on bringing out the full capability of all organization members] to defining talent. In this context a high potential employee describes an employee who, compared to others, is seen as having strong capacity to develop their skills and capabilities and is predicted to go far in the organization.

Some see talent management as the nurturing, development and career advancement of those identified as having unique and special skills, whilst in other organizations talent management is looked on from an organization-wide perspective, to ensure succession planning. In the latter case all employees are defined as either talent or as potential talent, in which case HRD encompasses everyone. Other organizations have talent management and development programmes that are restricted, but to which all employees have equal opportunity to access through a competitive application and selection process. Many talent development programmes are targeted at future managers and use an exclusive approach to identifying talent with entry restricted to specific individuals. For example, a graduate recruitment and training programme is commonly used to identify and develop future managers, using a structured selection process at the point of recruitment. This is an exclusive approach because it is not an opportunity open to existing employees.

CIPD (2013) identified that three fifths of organizations take an exclusive approach, defining talented employees as the high-potential employees and senior managers and this is who they focus their talent management activities on. The remaining two fifths of organizations take an inclusive approach where talent management activities involve all or most employees.

Why is it important for an organization's performance and success to focus on talented employees?

Whichever approach to defining talent is taken, exclusive or inclusive, there is now a wide recognition of the business case for taking a strategic approach to talent management. In other words, looking ahead beyond immediate skill shortages, to consider the longer term requirements for employee skills and capabilities. This is particularly the case in knowledge-intensive industries where organizations rely on scarce intellectual or technical skills, for which they are in competition with other employers. The evidence is that those organizations that do invest in talent management and development see financial benefits, with a 90% increased shareholder value compared with companies than do not (Watson Wyatt, 2002). Those that align their talent management strategy (TMS) with business strategy have a 20% higher rate of profit earned. In addition, those that have both an internally integrated TMS as well as aligning it with business strategy show 38% higher financial results compared with companies that do not (Ernst and Young, 2010).

CIPD (2013) confirm that growing future senior managers and leaders and developing high-potential employees remain the key objectives of talent management activities. However, there are a number of other reasons why organizations focus on developing talent in employees (Chami-Malaeb and Garavan, 2013), including:

- Being prepared for future essential skill requirements
- Retaining key staff by continuing to invest in their growth and development
- A major growth initiative or other significant change in the organizational structure
- Responding to changes in the business environment

- Developing a high performance workforce
- Encouraging a culture of learning and innovation
- Contributing to employer branding to assist the organization to be an employer of choice
- Diversity management, ensuring a diverse pool for succession planning
- Limited external supply of essential skills
- Significant external regulatory changes, e.g. minimum levels of qualification required in the industry; essential training legally required to be completed by employees.

Retention of key staff is more commonly reported to be an objective of talent management strategy in the private sector (40%) compared to the public (26%) or non-profit sectors (28%). Non-profit organizations are more than twice as likely as those from other sectors to report that their talent management activities are to support changes in the organizational structure or business environment (CIPD, 2013). In addition, another benefit for focusing on talent is that the very creation and existence of a customised, organization-wide talent management strategy places the subject of investment in human capital high on the corporate agenda and provides a focus for integrating other HRD and HRM strategies [MAKING LINKS: See Chapter 1].

[Beginning of boxed feature: Building your Skills]

You are the HRD lead in a medium sized local authority employing 350 people. Significant budget cuts have had a severe impact on recruitment and development activities. An early retirement process has resulted in the loss, over a short period of time, of many of the more experienced staff. The organization is in a constant state of change and everyone is being asked to 'do more with less'. The HR department have held a series of discussions with the senior management team to identify which roles are essential to maintain core services to the public. You are in the process of using 360-degree feedback and performance management information to identify potential successors to these roles and creating a talent pool. In this context of

limited budget and high pressure, how would you go about developing this talent pool in the coming year?

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Preparing a Talent Management Strategy

The starting point for developing a **talent management strategy** (TMS) [**KEY TERM**: the overall business rationale, plan and range of talent development activities integrated with other HR processes for recruitment, reward, performance management and succession planning] is the recognition of how this contributes to achieving business strategy and identification of the expectations key stakeholders have. Linking talent development to business strategy is described as *strategic alignment*, which should happen both vertically and horizontally. Vertical alignment of talent management with overall business strategy, means that employees' skills and capabilities are developed so as to position the organization with the competencies, behaviours and capabilities required for on-going success. For example, if a company intends to expand internationally, it may identify that it needs to both upskill sales staff in particular language skills, but also to increase understanding and awareness across many staff of working cross-culturally over the next 2-3 years.

Horizontal alignment refers to the internal consistency of talent management with other HR interventions. There is little point investing in specific HRD initiatives, such as a graduate training programme or leadership development programme [**MAKING LINKS**: See Chapters 12 and 13], if their benefits are undermined by other contradictory practices, such as weak employee engagement or absence of opportunities for challenging work assignments, which fail to reinforce the employees' development or result in ambitious, talented individuals leaving. The objective is an integrated and interlocking system of attracting, developing, managing and evaluating talent employees. With horizontal alignment, an organization's talent management processes are tied together so that they complement one other. Information from workforce analytics can be used to identify high-performing employees and key areas of essential skills. This information is then

used to develop the appropriate training, development and succession management systems.

[Beginning of boxed feature: Consider This....]

GE is an international company that describes itself as providing innovative technological solutions for the finance, medical, energy and aviation industries. To support a renewed focus on technological leadership and innovation, GE began targeting technological skills as a key development requirement during its annual organizational and individual review process, which GE calls Session C. In all business segments, a full block of time was allocated to a review of the business's engineering pipeline, the organizational structure of its engineering function and an evaluation of the potential of engineering talent.

In response to the Chief Executive's concern that technology-oriented managers were under-represented in the company's senior management ranks, the Session C reviews moved more engineers into GE's senior executive band. Talent management practices also helped to drive and implement GE's other strategic priorities, for example, establishing a more diverse and internationally experienced management cadre.

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Methods for Identifying Talented Employees

Identification of talent is conducted at three levels – the whole organization; the Job or occupation level; and the individual level. Where the objective is to be prepared for future changes in market, product or organization arrangements, a useful starting point is to conduct a SWOT analysis of the external and internal environment of the organization and an internal audit of skills and knowledge, with a view to highlighting gaps.

If the objective for talent development is succession planning, identification will focus on the position itself. Through analysis of labour turnover, age profiles and other business activity forecasts, projected requirements for replacements in senior

and middle level positions can be made. The result will express the organizational level need. There will also need to be some specification of the managerial and leadership qualities, skills and abilities needed by those who occupy the senior and middle manager positions. A common method for doing this is through some form of competence or competency analysis leading to a competence framework (Gold et al, 2013). Such a framework can be used to inform the design of a management/leadership development programme intended to develop the required competencies or skills of the role of manager/leader.

A typical competence framework has a small number of core themes and a series of sub-themes (see Table 11.1 below for core themes and follow web-link to see full framework).

Table 11.1 Sample Organization Competence Framework – Core Themes

- Leadership
- Managing Performance
 - Sets clear and challenging objectives with teams and individuals
 - Encourages high performance
 - Recognises achievements
- Managing Resources
- Managing Yourself and Your Development
- Managing Change and Quality

Source: http://www.northamptoncollege.ac.uk/docs/doc2_20130422172028.pdf
accessed 17-11-13

For an example of an organization's competency framework applied to different levels of management and leadership look up the following link:

http://www.northamptoncollege.ac.uk/docs/doc2_20130422172028.pdf

Cannon and McGee (2007) suggest that organizations use a framework to assess a high-potential employee that includes the following elements:

- has the respect and trust of peers, supervisors and subordinates
- maintains a high level of competence in their role/job
- has a bias for action and is a proactive catalyst for change
- thinks and solves problems creatively and from a position of inquiry (versus advocacy)
- is open to constructive criticism and feedback
- uses critical judgement
- has a broad understanding of the organization's business and their role in achieving its goals
- has high capacity to learn
- consistently produces measurable results above expectations
- self-manages in a manner that fosters learning and high performance
- ensures that team goals are achieved within ethical and cultural guidelines
- manages and leads teams that demonstrate a sense of loyalty and community
- strives to deliver and exceed customers' needs
- arranges and leverages resources within an organization
- has high resilience

[Beginning of boxed feature: Building your Skills]

You work for a small, family owned business that buys and distributes olive oil from southern Europe. Around 50 employees work for the company. Staff turnover is low, particularly at senior levels. You are the only person in the HR department and the company is just starting to think about how it is going to survive the impending retirement of the founder in 2 years time. He is the one who has built and maintained most client relationships and has most knowledge of the buying process, for which he still does most of the travelling. You have already developed a competency framework so that recruitment to sales and administrative roles is carried out in line with this. The challenge is now to develop a succession plan for the top three roles. How would you go about drawing up role profiles for these three jobs? What would you do to identify and develop an internal talent pool over the next 18 months?

[End of boxed feature]

Once a competence framework is agreed, individuals will be assessed against the different elements. Common methods of establishing individual strengths and needs within an organization include some form of performance management system and/or associated appraisal scheme, often including 360° feedback. The use of 360° feedback involves individuals receiving information and data about themselves from a range of sources, usually including line managers, colleagues, their own staff and, perhaps, customers. Some form of rating scale, and self-assessment using the same instrument are additional features of 360° feedback. Externally, the most commonly used method for doing this is an assessment centre or development centre, traditionally including a suite of exercises designed to simulate the work environment so as to draw up a psychometric profile of participants. Typically lasting from half a day to 3 or more days, a combination of team exercises, role plays and other assessment methods like psychometric testing and interviews are used to assess particular competencies of individuals, against a job competency profile. The assumption is that the best way to predict future job performance is to have an individual carry out a set of tasks that mirror those required in the job and observe and measure their actual behaviours. Common behaviours include relating to people; resistance to stress; planning and organising; motivation; adaptability and flexibility; problem solving; leadership; communication; decision-making and initiative. Key features include independent assessors, observation and multi-rater feedback.

Preparing a Talent Management Strategy

Preparing a talent management strategy involves a series of stages of data collection, analysis, stakeholder engagement and planning. The framework below highlights some of the important areas associated with talent management and suggests a means of diagnosing the following stages:

1. Desired position of the organization
2. Current readiness of the organization
3. Stakeholder Engagement
4. Gap between the current position and where you want to be
5. Implementation plan and evaluation measures.

Stage 1 – Desired Position of the Organization

Let us assume that the organization has prepared a strategic plan or at least a vision statement for the next 3-5 years. The starting point is therefore the strategic objectives expressed in this plan.

- Identify main objectives
- Decide on definition and focus of talent
- Also identify strengths which might offer strategically unique capabilities

Stage 2 – Current Readiness of the Organization

- Analyze the talent environment
- Audit current skills and HR processes
- Check alignment with other HR processes (recruitment, reward, performance management etc)

To assess the current readiness of the organization we need to collect data on the following kinds of questions:

- Who are the best people in the organization?
- What is done to keep these individuals?
- What is done to help these individuals to keep expanding their skills and experience?
- What are the organization's key positions and what are their skill requirements?
- When are these key positions likely to need replacing?
- Who is envisaged will fill these key positions?
- To what extent do they have the skills and experience required?
- Does the company have a competency framework?
- If so, how is this used to plan and track employees' development?
- How does the performance management system align to the strategic aims and plans of the organization?
- How often do people get feedback within the organization, and what is the quality of the feedback they get?
- How do people get promoted? Are there consistent, fair and transparent processes in place to support movement within and upwards in the organization?

- Does the company have a diversity management policy and if so how does this align with the development policy?

Stage 3 – Stakeholder Engagement

A critical factor in the success of a talent management strategy is ensuring that all stakeholders are engaged. This means that they know the rationale and aims of the TMS, they have been consulted where relevant; they know how they are expected to contribute and they have also had the opportunity to communicate their own expectation of the organization's TMS.

Who are the stakeholders? A classic definition of a stakeholder is anyone who cares, controls or otherwise has an interest in something. For an organization's TMS, the stakeholders will therefore include at least the following:

- the chief executive,
- the board
- senior managers,
- HR, HRD and talent management specialists,
- line managers and
- employees

Other stakeholders who may also be included are customers/clients, suppliers and partners.

Stage 4 – Conduct a Gap Analysis

- Decide on which employees are to be included
- Based on data from Stages 1 and 2 prepare a SWOT (analysis of strengths, weaknesses, opportunities and threats) to identify gaps in skills, knowledge and experience

Stage 5 - Implementation plan and evaluation measures

Having completed the stages of preparing a talent management strategy outlined above, namely identifying the organization's strategic direction and core objectives, analysing the strategic environment, auditing the organization's readiness in terms of current skills and HR

processes, the outcome should be identification of the skill/knowledge gaps at organization, job/occupation and individual level. The next stage is to agree a plan to address such gaps, through a comprehensive talent management system:

- Decide on key HRD interventions to use to develop talent
- Decide on evaluation measures
- Brief/Train those responsible
- Launch
- Evaluate and review
- Plan next steps
 - o What needs to happen next?
 - o What resources will be required?
 - o Who should do what, by when?

[Beginning of boxed feature: Consider This...]

Over the past decade, Brazil's economy has evolved from one with a primarily agricultural base to one powered by manufacturing, construction, mining, oil and gas. Combined with demographic changes, this shift in the country's economic base has presented Brazil with some formidable challenges. One of them has to do with Brazil's younger-than-average workforce. Its members are looking for exciting careers, sparking a talent war among companies there. Many have responded by creating two-year trainee programs aimed at attracting and retaining Generation Y employees. These programs rotate new hires throughout different business units and assign a senior executive to serve as a mentor or counselor. Some companies incorporate an international assignment into these programs — a powerful tool for attracting and keeping talent. The young employees view international assignments as a stepping stone to their career development. Many organizations also use international assignments to develop the careers of fast-track, high-potential employees.

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Developing Talent – What are the options?

A talent management system could encompass a range of activities from formal structured post-graduate programmes delivered by an external university to informal work-based learning such as networking events and client exposure. As the list below indicates, there is a wide range of HRD activities that could be used. The choice for any particular organization will partly depend on the gaps identified, but particularly on the resources available to them. As we shall see, organization size plays a part here, but just because an organization is small does not mean there are not still a wide variety of options available for investing in talent development.

- Coaching by external practitioners
- Instructor-led training delivered off the job
- Action learning sets
- Collaborative and social learning
- Internal knowledge-sharing events
- Formal education courses
- External conferences, workshops and events
- E-learning methods
- Video-based learning
- In-house development programmes
- Internal ‘stretch’ opportunities
- Coaching by line managers
- On-the-job training
- Job rotation
- Secondment
- Shadowing
- Mentoring
- Apprenticeships

According to the CIPD (2013), the most common learning and talent development methods currently used in organizations are instructor-led training delivered off the job, on-the-job training, in-house development programmes and coaching by line managers.

Motivating Talented Employees

Talent management and motivation have been linked in two contrasting ways, one as a transactional exchange, the other as one of engagement. Looked at as a transaction, the argument is that talented employees are motivated to give their effort in exchange for the organization's investment in their development. This implies that for so long as the organization continues to offer an individual opportunity to grow and develop they will work hard and show commitment to the company. The contrasting argument (Kumar and Raghavendran, 2013) is that talent management brings out the best from talented employees because, as highly skilled professionals, they value autonomy and meaningful engagement. In other words, people give of their best because they gain fulfilment from their work and feel able to influence the organization, what Tansley et al (2013) describe as more than a mere economic exchange between the talented employee and their employer.

Choosing a Common or Differentiated Approach to Talent Management

Is there one best system for talent management? Many practitioners and academics would say no because the context is always significant (e.g. see Thunnissen et al, 2013). The question of whether a standard approach to talent management is more or less effective compared to a differentiated approach depends on both the rationale and purpose for the organization developing a talent management strategy, as well as features of the organization such as size and industrial sector.

We have seen that the practices or interventions designed to develop talent will vary across organizations. When talent is used to refer to the exceptional few, interventions tend to focus on the attraction, retention and development of the best employees through such HRD practices as leadership development, but also aligning the TMS with other policies such as work-life balance, employer branding and corporate social responsibility. In larger organizations, talent management is particularly likely to be targeted at future leaders and high-potential employees. Some commentators argue that the priority should be to identify which jobs have the greatest potential to create value in an organisation and to employ and develop talent with these in focus (Collings and Mellahi, 2013).

Where an organization takes the more inclusive view that talent management is about maximising all employees' potential, developing capabilities and competency more extensively, interventions include a broader range of learning and development interventions at all levels, from training to management and leadership programmes to international assignments, coaching and mentoring. However, they are also open to existing employees at many levels, not only to specific recruits.

Different approaches are also more popular with different sectors. For example, public sector organizations and manufacturing and production companies, particularly those with more than 250 employees, are particularly likely to employ apprentices as a means of building a **talent pipeline** [KEY TERM: the available supply of talented employees coming into the organization and their continuous development and career progression within] and obtaining required skills over the longer term (CIPD, 2013)

[B]Talent Management in SMEs

Organization size also affects talent management strategies. In part this is to do with resources available, as larger organizations will have more resources than smaller ones. In small organizations every employee is important, and the consequences of poor recruitment decisions, loss of key individuals or failing to motivate and develop employees to fulfil their potential has expensive consequences. In this regard, it is arguably even more important for SMEs to think and plan how to manage and develop their talented employees. Traditionally it was thought that SMEs paid little attention to the talent development of their employees (Rigg and Trehan, 2004) however, it is now clear that SMEs do engage in a variety of formal HR policies (Sheehan, 2013). In respect of talent management, informal and work-based learning methods are particularly valued and widely used by SMEs. Getting involved in projects, having a mentor, and shadowing someone in another role are all development methods readily available to SMEs.

SMEs have been found to be twice as likely to take an inclusive approach to talent management, focusing on drawing out the potential of all employees. In contrast an exclusive approach is more common in larger organizations, with talent management activities targeted at particular employee groups, particularly high potential employees,

graduates and senior managers, whilst smaller organizations are twice as likely to include all employees - 58% of organizations with less than 50 employees include all employees in their talent management compared to just 27% of organizations with more than 1,000 employees (CIPD, 2013). It has been found that irrespective of organization size, commercial companies are most likely to invest in talent management activities, whilst those in the non-profit sector, which would tend to be small, are half as likely to do so (CIPD, 2013).

Managing Talent in a Recessionary Environment

In uncertain economic times, most organizations see talent as even more important to their survival. Training budgets continue to exist but are more sharply prioritised for succession planning and leadership development. Many organizations, particularly in the private sector, recognise that talent and skills are the essence of their survival and recovery from recession, because it will be their employee capabilities that will lead efficiencies, innovation and competitive differentiation.

Interestingly, in the current recession, one of the ways organizations are addressing their talent supply is to broaden their usual recruitment sources so they can benefit from the cuts and redundancies that have afflicted other organizations and left many highly talented people job-hunting. For example, one small cafe chain in rural Ireland now benefits from an administrator that used to be the personal assistant to a major US corporate bank. Whilst expensive investments in off-the-job training might be less attractive in a recession, organizations still have a range of talent development options at a lower budget. On-the-job learning has found favour again, including reliance on informal methods such as work-based and experiential learning, as well as more formal methods of in-house coaching and organization development [**MAKING LINKS:** See Chapter 5]. MacCartney (2009) reports increased use of internal 'stretch' assignments, such as special projects and temporary roles and the creation of leadership exchange groups across businesses. Technology-enabled or e-learning, facilitating bite-sized learning and independent learning that does not take employees away from their job, are also options for talent development when the budget is low. However, the quality and effectiveness of e-learning, instructional design and facilitation is dependent on high investment of resources, so the large upfront investment may only pay off for larger organizations or where the resource is shared across a network

of several organizations, as for example, across a number of health and social care organizations in a region.

'Piggybacking on richer partners' is another variety of shared development, where companies across the supply chain share talent development activity. In one example of this nature, Coghlan and Coughlan (2011) describe facilitating action learning designed to bring about improvements in a supply chain network comprising a central company (termed the system integrator) and a series of suppliers:

"For several years, one low-cost high volume component part had caused problems. Despite many attempts, the supplier had not been able to resolve this puzzle... despite quality inspections and a high resulting internal scrap rate. In the context of the action learning project, the system integrator and the supplier agreed to initiate a collaborative improvement initiative. The system integrator and the supplier expanded the group, to include both senior purchasing managers and engineers, who attempted to build on their strategic relationship..... The ultimate technical solution to the issue was embedded in the resolution of an inter-organizational problem: through developing a richer collaborative relationship between the system integrator and the supplier, together they found a solution to the puzzle. More strategically, they demonstrated the value of such a new relationship and understood the potential for learning with and from each other in commercial safety." (Coghlan and Coughlan, 2011, pp2).

[Beginning of boxed feature – HRD in the News]

Husain makes History on Radio 4 flagship

It was announced in July 2013, that for the first time in five years, there will be more than one woman presenter on the BBC's flagship Today programme after the BBC's rising star Mishal Husain joined the BBC Radio 4 breakfast programme. Husain, who presents BBC1's Weekend News and has also presented BBC2's Newsnight, will also become the first minority ethnic – and first Muslim – presenter in the programme's 56 year history. Husain's appointment follows widespread criticism of the lack of female presenters across the BBC's news output. The BBC Director General, Tony Hall, said: 'improving the gender balance on programming has been a priority for me...I am keen to see more women in key presenting and back stage roles'. Director-General of the BBC Tony Hall announced his decision to readdress the gender balance in a statement, saying: 'It is such great news that Mishal will

be joining the Today programme. She is a first-rate journalist who will be an excellent addition to what is already a very strong team. 'I am also particularly pleased that her appointment means there will be another female voice on the programme, which I believe is extremely important.' When Hall took up his new position as the head of the BBC in April 2013, he said: 'Improving the gender balance in our programming has been a priority for me since I returned to the BBC. I'm keen to see more women in key presenting and backstage roles as we move forward.'

The Today Show has long been criticised for its lack of female newsreaders. Husain, a Cambridge-educated mother of three has long been identified as one to watch by BBC management. She was included in a list of the corporation's 'top talent' four years ago, when she was bracketed with others as 'on the way up' and 'worth investment'. A rising star who currently fronts BBC1's Weekend News, Husain one of the faces of the BBC's coverage of the London Olympics, presenting a morning show which led critics to identify her as "one to watch".

Recruiting and developing talented presenters at the BBC starts with creation of a production talent pool. Acting like a temp agency, being part of this pool gives access to short term, paid entry-level work on a wide range of BBC programmes and productions. From this, pool members can apply to the BBC's Production Trainee Scheme, an intensive 12 month paid traineeship. Thereafter, development is primarily through experiential and work-based learning, gaining access to opportunities to extend experience and expertise.

Born in England, Mishal Husain was brought up in Abu Dhabi and Saudi Arabia before completing her secondary schooling in England. She joined BBC World News as a junior reporter after a stint in the US. 'My first break came when I stood in for a business report at 4am in the morning. It was from there that I went on to become the BBC's first Washington news anchor', she recalled.

Questions

1. What does this case study illustrate are the benefits, both direct and indirect, to an organization of nurturing and promoting high profile talented individuals?

2. In this case study, how is diversity management strategically linked to talent management and development?
3. Look at the BBC Production Talent Review 2008 and share your findings in class
http://www.bbc.co.uk/bbctrust/assets/files/pdf/review_report_research/talent_cons/report.pdf

Sources:

BBC – Leadership Talent Management Strategy

<http://www.lfhe.ac.uk/en/research-resources/resources/case-studies.cfm/theBBC>

The Guardian, <http://www.theguardian.com/media/2013/jul/16/mishal-husain-bbc-radio-4-today>

[End of boxed feature]

How do we know if Talent Management has Succeeded?

What does successful talent management look like and how would we know? This of course depends on what the original purpose for talent management is in a particular organization, the intended outcomes, and the expectations held by the various stakeholders. For example, if a key aim of talent management in your organization was to reduce the proportion of management jobs filled by external recruitment, you would expect to see the proportion filled by internal candidates rise. Stakeholders need to agree what success looks like. For example, if the proportion of vacancies currently filled by external recruitment is 50%, you might agree that successful talent management will result in at least 35% being externally filled and 75% internally filled within 2 years. If this was achieved you might set another higher target, or it might be agreed that this was a suitable balance. If this was not achieved, HRD, working with other stakeholders, would need to look at the possible reasons why not, and adjust the TMS.

Outcomes of talent management can be measured by the traditional ROI (return on investment) or the newer ROE (return on expectation) [**MAKING LINKS:** See Chapter 10]. ROI seeks to convert metrics into a business cost. Common HR metrics used in organizations are rates of absence, sickness, retention, engagement and performance. Effectiveness of leadership development programmes might also use employee opinion surveys or

comparative 360-degree feedback tools. Repeat skills gaps analyses can be used to compare individual or team skill audits before and after a talent management programme. Other business metrics are also commonly used at individual, group and organization levels, for example improved performance against objectives or KPIs; customer complaints and client feedback. Metrics for success will tend to be expressed as a target number within a target time period.

[B]Return on Stakeholder Expectations

Research by Anderson (2007) has found that the interpretation of success from talent management activities can have quite diverse meanings for different stakeholders, because they have different priorities. For a Chief Executive Officer with a long-term view of where the organization is headed, their expectation might be that TM produces a transformational change in the organization culture over the longer term (say 3-5 years). She might judge success by the extent to which she sees new behaviours in employees demonstrated. Senior managers might hope that a TM programme improves the extent to which their employees show ‘strategic readiness’, or can deliver performance improvements, or improvements in the size of the talent pool and the successful management of succession. These are less tangible outcomes and not easily evaluated by quantitative measures. For other managers, their expectation might be that they see an improvement in capability in the short term (6 months-1 year) as measured in bottom-line results, such as service quality, productivity, management succession and employee retention. For example, participants in a team leader development programme might particularly value the qualification they receive at the end and might hope to see advancement in their careers soon afterwards. Their line managers might expect to see them expand in capability and confidence and hope to be able to delegate to them more. Senior management might expect the training to result in an increased talent pool, ready to be moved to new roles wherever required.

Anderson (2007) found that, whilst ROI is popular with HRD professionals, it carries little weight with senior managers, who place more value on ROE (return on expectation) which is determined by the results they anticipate from a TMS at the outset. ROE is the idea that evaluation of TM depends on the wider expectations that different stakeholders have of what success might look like, or in other words of the value of the TM activity to them. This

makes it important that when objectives for a TMS are set, the process encompasses the expectations not only of top managers, the learners themselves and HRD professionals, but also the line managers and possibly other stakeholders, as mentioned earlier in the chapter. This implies that objective-setting needs to be a collaborative process. A further implication is that the measures of success and evaluation methods are best considered at the design and planning stage of a TMS, so that they can generate feedback on what is of real value to the different stakeholders.

[Beginning of boxed feature: Spotlight on Skills]

To retain talented employees, HRD professionals need to think about their retention, engagement and continued development at different stages:

- Identification and recruitment of talented employees
- While they are formally involved in talent management activities
- After they have completed these activities

Think about the specific initiatives you would seek to implement as an HRD professional for an organization to ensure that those employees identified as talented continue to develop their skills and capabilities and do not leave the organization. For each initiative identify what success would look like and identify at least one HR or business metric to measure success.

For an interview with Bert Sandie, EA Sports, discussing talent management, please see palgrave.com

[End of boxed feature]

What is the Role for HRD?

HRD professionals or the HRD function in an organization have an essential and strategic role to play in managing talented employees. They are people who work across various internal organizational boundaries who link up different strands and priorities, connecting:

- the business strategy and senior manager priorities
- different parts of the HRM and HRD cycle
- line manager expectations and readiness to play their role

- identification of talented employees
- alignment of talent management with other HR and development activities

The HRD function is the lead architect in the design of a talent management strategy and system. They must foster relationships with other stakeholders e.g. line managers, senior managers and participants both during and after participation. The HRD function is the commissioner and client of talent management activities, as well as coordinator and often partner in the implementation of the talent management system. They will set up coaching, mentoring and networking opportunities for TMS participants so they meet and learn from senior people in the organization. As examples of measuring success above show, a further important role for HRD is informatics for record-keeping, monitoring and tracking.

The HRD function must make the business case for talent management, to justify expenditure and persuade other organization members to engage. The HRD function is often also charged with the responsibility of evaluating talent management.

[B]Making the Business Case

For alignment of any specific talent management activity or programme, it has to be clear how the intervention is intended to contribute to achievement of corporate strategic objectives, typically articulated in the organization's strategic plan, or the individual employee's objectives, which typically would be identified through performance review. To secure resources for a training course, a coaching programme or any other activity, the first step for HRD is to spell out the purpose in strategic terms. In other words they have to make the business case and communicate how the particular activity contributes to achievement of the individual, team and / or strategic objectives.

As discussed earlier in the chapter, alignment of talent management in practice involves identifying and meeting different stakeholder expectations and these are not always consistent. HRD practitioners have to become skilled in arguing the business case and articulating the value proposition of the proposed talent management activity.

[Beginning of boxed feature: Active Case Study]

O'Brien's Homeware

O'Brien's is a family-owned homeware retail company in Ireland, with 10 stores across the country. There are 350 regular employees, most working as department sales assistants working in the retail shops. There are also buyers, store hands, drivers, as well as those based in head office. Each store has a manager and assistant manager, as well as at least 1 and sometimes 2 training managers. Strategic leadership is provided by a small board of Directors, comprising 5 people: the founder and Chairman, one other family member and 3 non-family members.

Making Learning and Talent Development Strategic

In 2001 O'Brien's brought in an Operations & HR Director to the board, who saw Excellence through People (*Ireland's national standard for human resource management*) as a positive way of structuring HR systems and practices, and of linking learning and development within the overall business strategy to achieve an inclusive talent development strategy. The result of implementing this by the mid 2000's was a very structured approach to training, driven now by the business strategy. A corporate training plan is prepared annually, costed and evaluated through metrics such as sales and profitability. A modified balanced scorecard (Kaplan and Norton, 1996) provides a framework for the strategy including a segment in the scorecard termed talent management.

From Management Strategy to Training Needs Analysis

Each year a training plan is prepared for each store. Considerable time is spent identifying employees' training needs, using the appraisal system to provide opportunity to identify training needed and based on a needs analysis for their job. The company uses a competence-based framework, with much emphasis put on behavioural competences applicable to all jobs, such as customer service, working as a team and 'subtle selling'. Since these are seen as such essential capabilities for the company's strategic success, training in these skills is provided in each store 2 or 3 times a year.

Training Providers – External and Internal

O'Brien's uses an external provider for specialist retail training, for example, in sales, marketing, IT, finance and logistical expertise. For some generic skills, such as customer service or team building, great emphasis has been placed on developing internal training expertise. Each store has at least one and often two trained trainers. The HR person from each store is one of the trainers; whilst the 2nd one is typically one of the checkout supervisors. They receive training themselves twice a year in, for, example, evaluation, transfer to work, making training relevant.

Evaluation

At a corporate level the ROI (return on investment) measures used for evaluation are sales and profit figures. For example, comparison is made of sales and margins before and 2 months after a particular course. Generally there is an uplift in sales figures following training and this data is used to justify further HRD investment to retail managers and the board.

Managers' Expectations

Initially the Operations & HR Director had to work hard to persuade the middle managers (store managers) of the value of training, because to release an employee for 8 hours training means not only do store managers have to pay the person for these hours despite them being away from the shop floor, they also have to buy in a replacement to cover the shift. However, the managers also had other performance measures, such as mystery shoppers and they could see that if they did not put investment into the training, they were not getting the same recognition for customer service.

Persuading Board members of the value of investing in talent development was not so difficult, because the Operations and HR Director was a member of the board and was explicitly hired into the company with this brief. Nevertheless, it was important to highlight deliverables and to continuously provide evidence to link HRD to profitability or sales, for example, demonstrating improvements that followed training or providing evidence of the improved pool for succession planning.

Talent Management and Employer Branding

The emphasis on identifying high potential employees and investing in their future capabilities is driven by a clear strategic plan and recognition of the strategic importance of talented employees to the company's operations. In previous years of relatively full employment there had been a real difficulty in recruiting talent. For the retail sector as a whole this is a challenge because a career in the sector is not seen as offering great potential. The sector does not pay high wages, the work is tough, including regular evening and weekend working, as well as dealing with customers.

Having found it difficult to attract supervisors and good trainee managers the company made the decision to home grow their own. The O'Brien's definition of 'talent' is people '*having capacity to be more than they currently are*'. They recognise that talent in the sector is very much related to personality and whether a person can relate to the customers or has people management skills, regardless of the qualification they have on paper. Managers had regularly to identify an employee, part time or full time, who had the potential to progress. Talent development consisted of an 18 month trainee manager structured fast track development. Trainee managers can also be recruited directly to the programme, which involves on-the-job training to learn all aspects of the job as well as external training. During the 18 months they have bi-monthly reviews to agree training

objectives and monitor monthly milestones. Their line manager is accountable for making sure they progress and are adding value to the store. Each ‘talent’ is assigned a mentor, one of the board members, who they meet for regular review meetings held.

For O’Brien’s the development opportunities offered to employees is distinctive in the sector and contributes to their employer branding. Being known to treat employees well and train well has meant the company has recruited some excellent employees.

Current Challenges

Overall the company has no doubt that investment in employees’ talent development produces results to the bottom line. Also, that strategically managing HRD is essential to get the best out of people. But what of the future challenges in the face of the current economic downturn? It is tougher to keep the focus on investing and the risk is that training will be less, not only because of the cost of training, but also the operational impacts of covering people taken out for training. In the short term the company board believe that, because staff turnover is low, there is some cushioning from past investment in talent development, and they can reduce investment in the coming year.

Questions

1. What are the advantages and disadvantages of having a specific talent strategy?
2. To what extent do you think it is an advantage to have the lead HR person on the company Board?
3. The case study illustrates at least one significant tension within the O’Briens’ HRD approach. What is this?
4. Now that the company is operating in recessionary times, how would you advise they adjust their talent development activities?

[End of boxed feature]

Summary

Talent management is an approach to thinking strategically about the skills, competences and capabilities of an organization focused on the long-term success of the organization, facilitating strategic success and meeting future skill requirements, rather than on more immediate development issues such as current skill shortages or the redeployment of staff to other roles. Although there is variation in the definition of who counts as talent in an organization, and whether there is an exclusive or inclusive approach adopted, there are commonalities both in the recognition that talented employees are essential to organization performance and in the steps to be taken when an organization develops a talent management strategy, so that, led by the business strategy, the TMS aligns with other HR practices internally to help deliver business objectives. Talent management practices span

a wide range of activities, from formal, off-the job management development qualification programmes to experiential, work-based learning such as stretch assignments and shadowing. As a result all organizations, both small or large, and even in recessionary times, have a choice of talent management practices they can still call on. In fact, the evidence shows that organizations cannot afford not to invest in TM, in that financial returns of those that do engage in TM outperforms those that do not.

Chapter Review Questions

1. Who are talented employees and how can they be identified?
2. Why is it important for an organization's performance and success to focus on talented employees?
3. What are the key elements of a talent management strategy and how can talent development activities contribute?
4. Is a common or differentiated approach to talent management more effective?
5. What is the role for HRD professionals in talent management?
6. What are the options available for measuring success of talent management?
7. How might talent management systems and practices have to be adapted depending on the size and budget of an organization?

Further Reading

Anderson, V. (2007) *The Value of Learning: A new model of value and evaluation*, London: CIPD

Caplan, J. (2011) *The value of talent: promoting talent management across the organization*, London: Kogan Page.

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Useful Websites

UK Civil Service

http://www.civilservice.gov.uk/wp-content/uploads/2011/09/Talent-Strategies-Practitioner-Guide_tcm6-35853.pdf

This link provides a useful example of a guide to preparing a talent management strategy.

CIPD: Podcast episode 24

http://www.cipd.co.uk/podcasts/_articles/_strategiesforattractingandretainingtalent.htm?link=title

Philippa Lamb discusses the issues with Emily Lawson, Partner in the London Office of McKinsey & Company and the global leader of McKinsey's talent management and HR service line

World Human Asset summit 2011, DAVE ULRICH

<http://www.youtube.com/watch?v=-hmpbVLYj0I>

Interview with Professor Dave Ulrich on HR value creation, recruitment, talent management and creation of high performing teams. (8 minutes)

Towers Watson *Global Talent 2021 Study*

<http://www.towerswatson.com/en/Insights/Knowledge-Central>

Reports from this US-based international consultancy company