



**Head  
Light**

# Developing your Talent Management strategy – Part One (initial sections only)

*part of our White Paper series*

**Talent Cloud®. Breakthrough software. Raise expectations.**



## Contents of the complete Part One

Contents	2
About this series of White Papers	3
Why Talent Management is important	3
<i>Impact on business performance</i>	3
<i>Impact on employee engagement</i>	4
What contribution does Talent Management need to make to your organisation?	<b>Error!</b>
<b>Bookmark not defined.</b>	
Looking at organisational and cultural enablers and blockers	
<i>The importance of feedback</i>	
<i>Attitude to Talent Management</i>	
<i>Moving forward</i>	
<i>Coming up</i>	
References and further reading	
Next steps	
About Head Light	7

## About this series of White Papers

Talent is the life blood of an organisation – whatever the industry whatever the sector.

Talent Management means different things to different people. For some it is about identifying the people to succeed those currently in post. For others, it centres on the creation of a pool of people earmarked for the roles of the future. For others still, Talent Management is about looking at the development needs across the entire workforce.

However it is viewed in an organisation, Talent Management must be about understanding the skills and talent your organisation needs to fulfil its plans.

This series of White Papers is designed to help HR leaders to put in place the foundations to do just that – and to take a fresh look at current talent management activities and how these impact the business.

Across the three parts, these White Papers will:

- Examine the key elements of Talent Management;
- Suggest how you can review the current position of your organisation and to understand the role Talent Management needs to play in your business;
- Flag the areas which may 'block' your implementation of Talent Management across the business;
- Consider the role of competencies and values in the development of your Talent Management strategy;
- Provide a guide based on successful good practice and hard lessons learnt across a range of talent management activities;

In Part One, we will begin by looking at the role of an effective Talent Management strategy within an organisation and suggest how you may like to look at the current status of this in your business.

## Why Talent Management is important

Talent Management has broadly existed in various forms for many years with organisations using such processes as succession planning and competency frameworks to identify and develop their high potential performers. The term itself was coined in the late 1990s, gaining particular momentum as firms tuned into the fact that having a consistent and focused approach to managing intellectual capital within the organisation would have a positive impact on the business.

Since then White Papers, surveys, reports and articles on the subject abound, each with perhaps a slightly different definition of Talent Management and each taking their own angle, but all with the same consistent message: there are clear bottom-line benefits to having an effective, integrated talent management strategy which is underpinned by the broader business imperatives and this enables current and future success.

## Impact on business performance

Various studies have focused on these business benefits and the role of talent management practices and, with the EU backing a legislative initiative to improve the gender balance in the boards of companies listed on stock exchanges, there is a further argument for having a more inclusive and targeted approach to Talent Management.

- Huselid and Becker (1995) researched the HR practices of 740 companies and found that those using High Performance Work Systems (HPWS) or integrated talent management practices had significantly higher levels of organisational performance, measured by an increase in market value per employee.



- Watson Wyatt's *European Human Capital Index* study in 2002 suggested that there were 36 HR practices and policies which were associated with an almost 90% increase in shareholder value.
- The Institute of Work at Sheffield University conducted a study on manufacturing companies in 2001. Its research demonstrated that people management practices were a better predictor of company performance (productivity and profitability) than strategy, technology or research and development, accounting for 20% of the variation in the financial performance indicators.
- Ernst & Young in its report titled '*Managing Today's Global Workforce: Elevating Talent Management to Improve Business*' found that those companies which effectively manage talent consistently, deliver higher shareholder value. They analysed results from a survey of 340 senior executives conducted in 2009 to assess global talent management practices and evaluate their impact on business. It was found that companies which align Talent Management with business strategy deliver, on average, 20% higher return on equity than those without alignment; those that integrated their talent management programmes delivered 38% greater returns.

## Impact on employee engagement

Another strong argument for investing in a coherent Talent Management strategy is engagement.

There is a growing wealth of data which suggests that an engaged workforce leads to a range of organisational performance benefits. For instance, the 2009 MacLeod report to Government cited a number of correlates of high engagement levels, many which have been reported by the poll experts Gallup in its studies of engagement.

Among its findings:

- In organisations with strong talent and engagement practices, more employees were likely to recommend the company to others, with 67% of employees in organisations who had strong talent management practices advocating their company versus only 33% of employees in the organisations which did not.
- When comparing business units, those with engagement scores in the bottom quartile averaged 31 – 51% more employee turnover, 51% more inventory shrinkage and 62% more accidents than those in the top quartile. Looking at the same business units, those with engagement scores in the top quartile averaged 18% higher productivity and 12% higher profitability.
- In a study on the earnings per share (EPS) growth of 89 organisations, they found that the EPS growth rate of organisations with engagement scores in the top quartile was 2.6 times that of organisations with below-average engagement scores.

Engagement is now understood to be a major driver of individual and organisational performance, and has therefore become a management imperative and an important aspect of Talent Management.

An effective Talent Management strategy will ensure that critical roles are understood and that key people and your stars of tomorrow are identified, managed appropriately through the organisation, engaged, motivated, empowered and retained. Effective talent management practices and engagement are strongly linked.

## What is Talent Management - and what does it look like in practice?

Most organisations are likely to already be managing talent to some extent – maybe informally, maybe in different areas of the business; ask a manager in the business who she thinks will replace her when she moves on, and she probably already has a fairly good idea of who that will be.

But to be successful and consistent – and to allow the organisation to spot, develop and nurture talent across the whole business – an effective Talent Management strategy will be driven by the context within which the organisation is operating and fully aligned with the business strategy. This strategy will set out and define what the organisation needs to do for and with its people that will enable the business to achieve its goals, to thrive, grow and increase its profitability.

By drawing together, integrating and aligning the talent management activities that are taking place disparately, the organisation will put itself on a path to firstly realise the bottom line benefits of Talent Management and secondly to side step many of the issues associated with the implementation of a collection of interdependent processes, policies and practices.

Talent Management clearly depends on context, but for the purposes of this paper, we are going to view it as:

*“A combination of interdependent, integrated and adaptive human resource management practices. Driven by and aligned with the business strategy, collectively these practices ensure that the organisation has the right people, in the right place, at the right time, engaged in achieving optimal, sustainable organisational performance”*

The key activities of Talent Management are shown in Figure 1. The list of activities or processes included here is not exhaustive and those you choose to work with will depend specifically on how you decide to define and manage talent within your organisation.

### Talent Management Activities







Figure 1: Talent Management Activities

You may benefit if your talent management processes share a common language – that of the organisation's broader business strategy and the competency or capability frameworks you have. This includes the behavioural definitions of what superior performance and potential looks like in the organisation, or within specific job families or roles.

Talent management processes benefit from being closely integrated and dependent upon each other with the 'output' of one forming a key part of the 'input' of another. Each activity is outlined briefly below:

**Strategic recruitment;** based on workforce planning, analysing organisational capability gaps, identifying key positions, and implementing targeted recruitment programmes to meet talent acquisition needs.

**Performance management;** based on career management and learning & development, it links individual performance, through the setting of clear performance and development objectives, to organisational strategy and targets. Involves monitoring, reviewing and supporting performance throughout the year to ensure that people are empowered, enabled, motivated and committed to achieving their goals, as well as creating development plans and monitoring progress.

**Succession planning;** based on workforce planning and learning and development provision. This is top-down, position- and business-driven. Determining key positions for organisational success, growth and survival, creating processes which will identify those with the potential to fill those positions both in the short and long-term and developing those individuals to be effective in the roles.

**Learning and development;** the provision of formal, informal, structured and unstructured learning opportunities and experiences within and outside of the organisation. Includes leadership development; having flexible programmes, resources and structures in place to develop high performing leaders.

**Retention and engagement;** employee retention refers to the policies and practices which encourage staff to remain with the company. Often aimed at meeting the different needs, values and interests of employees in order to enhance their job satisfaction and thereby reducing the costs in hiring and training new staff. Engagement can lead to retention, and is often not a result of a set of management practices but a more amorphous concept, driven by a range of areas, including the strength of an organisation's brand, the quality of its managers, the relationships between staff, values and the culture. Engagement is about creating an environment where employees want to connect with their work, where they have an emotional investment in the company and their job and where they really care about doing a good job.

**Assessment for development or promotion;** this can be a means of providing a talent pipeline for succession planning purposes. There is a strong link to career planning via workforce planning activities to identify those with potential or relevant skills for other roles, establish individual, group or organisational development needs and manage the transitions between different levels in the organisation.

**Identifying, managing and developing high potentials;** the process by which this is achieved is usually a combination of assessment, performance management, development and succession planning. However, when assessing people for potential, it is critical to use a distinct set of criteria or competencies, which define and set out the early indicators of future high performance.

**Career paths and planning;** the former should be strategy-driven, identifying routes to developing the skills, experience and knowledge needed for more senior or more complex roles. The latter should be employee-driven, identifying individual career goals, motivations, preferences and interests, linking those, where possible, to business opportunities and providing career development resources.



**Workforce planning;** drives and enables individual career planning based on organisational needs and business scenarios. Drives the construction of, and sets the priorities for, learning & development provision in line with business strategy and skills gaps.

**Talent pools, reviews and mobility;** talent pools are cohorts of employees selected for various criteria they share in common. They may be graduates or High Potentials (HiPos) on a fast-track programme, they may be employees who have been identified as successors to a particular role, or they may be individuals who share a particular interest, skill-set or expertise. Talent pools are often the first port of call when internal opportunities arise. Talent reviews are the processes by which the business needs of the organisation, or of a specific business area, are mapped against the capacity, capability and potential of the people within it. It is also often the mechanism by which HiPos are identified and filtered into the organisations accelerated promotion or development programmes. Both of these talent management elements support talent mobility by helping an organisation to understand and manage the migration of talent between functions, divisions and locations.

These all require support by appropriate systems and metrics. For instance, where do you keep your talent management information? How is this information used, by whom, and how it is kept up to date? Who owns this information?

We will look at some of these talent management activities in Parts Two and Three of this series of White Papers and you can access these through these urls.

[Developing your Talent Management Strategy – Part Two](#)

[Developing your Talent Management Strategy – Part Three](#)

At this point, however, it is useful to start thinking about how, in your organisation, do all of these processes link together. Who is responsible for managing them? How do these processes support each other? Where do they fall short? What could you do to integrate these processes more closely for better results?

**To continue to read this White Paper and to consider:**

- **Talent Management Maturity,**
- **The contribution Talent Management makes to your organisation and**
- **How to identify the enablers and blockers in your organisation, access it [here](#).**



## About Head Light

Head Light is an award-winning talent management software and consulting firm that works with clients to define and implement impactful talent management strategies.

Talent Cloud® is our cloud-based portfolio of integrated talent management software tools designed for those who expect the maximum return from talent management processes. Our training and consulting services uniquely complement our breakthrough software that engages employees, managers and senior leaders in the selection, development and progression of people in their businesses.

Companies in the FTSE 350, public sector, large and small, from retailers to high tech innovators have all benefitted from our tools, techniques and expertise. Founded in 2004, we are headquartered in the UK.

Head Light has attained the ISO27001 standard for Information Security.  
Certificate No 217613.







***How do I...***

*transition to Continuous Performance Management*

***How do I...***

*introduce robust Succession Planning*

***How do I...***

*spot High Potentials and Future Leaders*

***How do I...***

*drive Engagement through Career Conversations and Development*

***How do I...***

*embed new values and improve culture*

***How do I...***

*conduct Skills Assessments and a Gap Analysis*