'What keeps you awake at night?'

The question of whether talent management is working would be high on a list for many CEOs and corporate leaders. **Martin Moehrle** analyses the present state of talent management

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"Talent management" consistently features on the *what keeps you awake at night?* list of CEOs and other corporate leaders. At about the turn of the millennium, the term became fashionable (though occasionally turning into hype).

And it became fashionable for very good reasons. Just a few of the issues involved include expected talent shortages, demographic limitations, new attitudes among younger generations, a power shift from employers to employees and a new employment deal, more self-determined careers in line with an increasing transparency of labour markets, a future of work with a split of labour between humans and machines, and increased collaboration across boundaries.

Organisations have risen to the challenge and the practices around talent management have evolved. However, many still struggle with a number of fundamental issues. Here are three observations:

There is a lot of talk about talent management but little understanding of what it actually stands for in a specific organisational context

Some organisations have a very exclusive understanding of "talent", using it to stand for a workforce segment that makes a significant difference to the current and future performance of the organisation. Hence, the identification of those individuals, the acceleration of their development and, most importantly, their retention is of the essence.

Others have a very broad and inclusive view and use talent as a synonym for all people in their organisation and also for organisational talent.

Which approach to take depends very much on the context and the underlying economics of the respective workforce. Can talented people generate significantly higher value than the average person and make a huge difference? Or is the absence of errors the maximum to expect? More often than not such an analytic view is missing.

In addition, there is often confusion regarding the question of whether talent stands for high performance or for high potential – or both.

There is rarely a common understanding across the organisation of what talent management is all about: attracting talent, or managing the talent pipeline or managing the entire workforce?

Some organisations just mean (graduate) recruitment; others mean the identification and assessment of talent, frequently combined with succession planning; and yet others mean all HR practices along the employee life cycle, which might be fine as long as everyone has got the same understanding.

Talent management comprises a set of business practices that, in most cases, have been developed and managed independently and therefore lack an integrated perspective

If we take this last view that talent management comprises all HR practices along the employee life cycle, then the talent agenda would be as broad as creating an attractive employer brand and recruitment strategy, driving a performance culture and managing underperformance, ongoing identification and assessment of high potentials, forming of a strong talent pipeline ensuring succession for critical positions, accelerating the growth of talent pools, and the retention and high engagement of the right employee mix.

This agenda would be supported by quite a number of HR practices and, depending on the structural setup, by various HR areas and teams.

Unfortunately, a widespread approach is to manage these practices rather independently, with their own models, systems, databases, client interfaces, and variations across legal entities and geographies. However, talent management practices are rarely independent but influence each other; hence integration would allow a systemic view on workforce dynamics. Situations like overpromising at the hiring front which leads to high attrition rates early on could be avoided.

Integration would enable strategic and cultural alignment as the workforce composition, capabilities and behaviours could be managed in a holistic manner. This would allow sustainable culture change instead of short-lived initiatives with a strong communication element but no real reinforcement mechanisms. It would also allow a much more effective approach to raising, e.g. gender diversity in management.

Eventually, integration would allow for a repositioning of the HR function through the harmonisation and standardisation of select processes, securing consistent HR data and advanced workforce analytics, all preconditions of evidence-based business cases that are essential for top management buy-in and support.

Many HR transformation initiatives aim at just that but they can neither build on nor do they focus on developing a culture of enterprise-wide collaboration. A fear of loss of autonomy and control across various HR areas combined with a lack of shared objectives and planning processes and a legacy of optimising parts instead of the whole have many times stood in the way of an insightful integration.

When it comes to the main drivers of talent excellence – namely (1) an integrated talent framework and (2) a talent mindset based on management commitment and involvement – the traditional focus of the HR function lies rather on (1) than on (2). This tends to create processes that are not grounded in business reality

There are two preconditions for achieving world class talent management and creating superior talent outcomes for all stakeholders:

First, an effective talent framework with agreed talent principles, high connectivity of all talent and performance processes that inform and reinforce each other and trigger key people decisions, consistent definitions and language, simple tools with intuitive and self-serviceable interfaces, supported by an excellent talent advisory capability using smart and transparent metrics.

And second, a talent mindset should pervade the organisation, where line managers drive

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2

There are two preconditions for achieving world class talent management: i) an effective talent framework with agreed talent principles, and ii) a talent mindset within the organisation

people processes and are fully accountable for talent outcomes. A talent mindset ensures that talent processes are taken as seriously as any other business process and that appropriate time gets allocated; talent gets shared across the enterprise instead of just managed within individual business units with top management clearly promoting the interests of the enterprise.

In the absence of such a talent mindset, even the most sophisticated talent framework will not create a climate that attracts and retains top talent. HR functions are at times tempted to make up for that with an over-sophistication of their talent processes. However, this will alienate line managers even more.

Instead, what is required are simplicity in application and transparency in processes and outcomes, as both will drive managerial accountability. A few tactics can help, such as starting peer-based talent reviews by checking the completion of the agreed action items from the last review. Or showcasing "mindful" leaders and the resulting success in their respective businesses.

Conclusion

In the last two decades, talent management practices have matured significantly. However, organisations can achieve talent excellence only when they are clear on their fundamentals, and this is where quite a few still fall short.

This includes agreeing the principles on which to build the talent agenda, clarifying who is talent and what is meant by talent management, connecting the various processes and practices in order to collectively form an integrated and effective talent framework, and instilling a shared talent mindset where management recognises talent as the single most important driver of sustainable performance. A brief survey among a sample of managers, even within HR, could be a good starting point in identifying valuable steps on the path to excellence.

When looking into the future we will be forced to rethink our assumptions and beliefs regarding talent management, most of which were formed in the industrial age. We are currently witnessing the coming of new forms of organisation where individuals are increasingly staffed into assignments and not hired into jobs any more, where multiple forms of contracts co-exist and where talent strategies include people that are at present tagged as "externals. The boundaries between internal and external talent will somehow blur. As a consequence, talent excellence will have to be redefined in the context of "transparent and adaptive talent markets".

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