

# Talent Management: Driver for Organizational Success

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**Abstract**

In today's global economy, companies must continually invest in human capital. In the role of business partner, HR leaders work closely with senior management to attract, hire, develop and retain talent. Yet the skills shortage presents both socio-economic and cultural challenges as talent crosses borders. Thus, in view of workforce trends such as shifting demographics, global supply chains, the aging workforce and increasing global mobility, forward-looking organizations must rethink their approach to talent management to best harness talent. By doing so, they will be positively positioned to succeed in a highly competitive marketplace. In addition, organizational culture, employee engagement and leadership development have a significant impact on talent retention. Taking these factors into consideration, an integrated approach to talent management offers a pathway toward sustaining outstanding business results.

**Introduction**

*"It is nearly unanimous that HR can and should add more value to corporations. The best way to do this is by being a business partner—by directly improving the performance of the business. This can be accomplished by effective talent management, helping with change management, influencing strategy and a host of other value-added activities that impact effectiveness."<sup>1</sup>*

In a competitive marketplace, talent management is a primary driver for organizational success. Broadly defined, talent management is the implementation of integrated strategies or systems designed to increase workplace productivity by developing improved processes for attracting, developing, retaining and utilizing people with the required skills and aptitude to meet current and future business needs.<sup>2</sup> A recent study shows that 85% of HR executives state that the "single greatest challenge in workforce management is creating or maintaining their companies' ability to compete for talent."<sup>3</sup> Without question, effective talent management provides one of the most critical points of strategic leverage today.

Offering enormous business value, talent management is complex and continually evolving. Influenced by external factors such as the economy, global expansion and mergers and acquisitions, critical success factors for effective talent management include alignment with strategic goals, active CEO participation and HR management. Over time, common themes around talent management are emerging, such as the role of line leaders in the development of talent (see Figure 1). Overall, the main recurring themes are CEO involvement, culture, management, processes and accountability.<sup>4</sup>

Research shows that organizations increasingly focus on talent management. Moving from reactive to proactive, companies are working hard to harness talent. According to SHRM's *2006 Talent Management Survey Report*, 53% of organizations have specific talent management initiatives in place. Of these companies, 76% consider talent management a top priority. In addition, 85% of HR professionals in these companies work directly with management to implement talent management strategies.<sup>5</sup>

**Figure 1****Common Principles of the Talent Management Agenda**

1. Expectations regarding the differentiation of talent.
2. The role of line leaders in the development of people.
3. Philosophy regarding the movement of people across businesses and functions.
4. The role of diversity in staffing strategy.
5. Beliefs about hiring for potential versus hiring for position.

*Source: Why the leadership bench never gets deeper: Ten insights about executive talent development. (2002). HR. Human Resource Planning.*

Yet different companies may not define talent the same way. The belief in talent and its impact on the bottom line are at the heart of talent management. To be effective, the talent mindset must be embedded throughout the organization, starting with the CEO. Going beyond succession planning for top leadership positions, companies that value talent have a deep appreciation for the contribution of individuals at all levels, now and for the future. In essence, talent is the vehicle to move the organization where it wants to be.<sup>6</sup>

**Drivers for Talent Management**

To gain competitive advantage, the demand for human capital drives talent management. Talent management strategies focus on five primary areas: attracting, selecting, engaging, developing and retaining employees. Although pay and benefits initially attract employees, top-tier leadership organizations focus on retaining and developing talent (see Figure 2).<sup>7</sup>

Workforce trends drive talent management strategies. Factors such as an increasingly global and virtual workforce, different generations working together, longer life expectancies and an empowered and autonomous workforce have forever changed the workplace. Due to demographic changes, the workforce is also increasingly diverse—from age, gender and ethnicity to lifestyles, migration patterns and cultural norms. Organizations are already taking advantage of these workplace trends. For example, The Home Depot, Inc., the home improvement giant, focuses its staffing initiatives on older workers and partners with AARP for referrals; 15% of its workforce

is over 50.<sup>8</sup> Talent management strategies also provide the context for diversity and inclusion. Proctor and Gamble, for example, feels that getting the right mix of people is a major part of talent management and hires many of its leaders as university recruits.<sup>9</sup>

Talent management is also driven by the anticipated skills shortage in the coming years. While not all organizations, industries and professions will experience a lack of skills, organizations are already competing for talent. For example, customer service, health care, computer support and technology repair are areas where there is an anticipated acute talent shortage.<sup>10</sup> In addition, as noted in SHRM's *2005 Future of the U.S. Labor Pool Survey Report*, the anticipated loss of talent in the next decade will vary by organization size, sector and industry. For example, large organizations—as compared with small and medium companies—are more concerned about loss of talent from the retirement of the baby boom generation, and public and government organizations are more concerned about the loss of potential talent than private companies.<sup>11</sup>

Finally, key business strategies also drive talent management. For example, with the growing need for global technical expertise, Ford Motor Company links competency development to its organizational strategic goals. Corporate branding, a key organizational strategy, is another business strategy that drives talent management. Increasingly, firms are linking their brand to employees and corporate behavior. At JPMorganChase, for example, the concept of leadership for all employees is part of its corporate branding: "One Firm, One Team, Be a Leader."<sup>12</sup>

**Ownership of Talent Management**

Supported by the CEO and the board of directors, talent management is headed by human resources, usually the head of the HR organization (e.g.,

vice president of HR, chief human resource officer). While responsibility for talent management is shared throughout the organization—from the CEO to the line manager—the role of HR is to identify and deploy optimal strategies to engage employees by driving satisfaction, loyalty and retention. Commitment to talent management requires HR to be a strategic business partner. A 2005 study on global human capital found that chief HR officers (CHROs), as "chief talent architects," played a central role as strategic business advisors by leveraging human capital to improve organizational performance and workforce effectiveness. Based on CEO priorities, the top seven CHRO initiatives were organization transformation, people development, talent management, HR transformation, leadership development, recruitment initiatives and rewards.<sup>13</sup>

Moving talent management initiatives forward, however, requires organizational buy-in. That is, all levels of management must be on board with the importance of talent management strategies. When the board is involved, the value of talent management is apparent and has high visibility. Yet to be successful, the value must be understood throughout the organization. In high-performing companies, for example, senior management also is responsible for the success of talent management. At the same time, for talent management initiatives to be effective, organizations need formal processes, with many people involved and with strong links between leadership and talent to translate into specific organizational value-based behaviors.<sup>14</sup>

Ownership of talent management is also reflected in dedicated resources. A formal budget for talent management initiatives, for example, is evidence of organizational commitment. As noted in SHRM's *2006 Talent Management Survey Report*, firms with talent management initiatives are more likely than organizations without such initiatives to have formal recruitment budgets (72% compared with 39%, respectively).<sup>15</sup>

Further, it is important that HR educate top management on the link between the talent management cycle and the cost of turnover. For example, an employee's decision to stay or leave is related to career possibilities in the company as well as how he or she can become better prepared to move to other opportunities. To keep a valued employee, the easy answer is not merely compensation. Employee loyalty tends to be more directed to his or her professional skills rather than to the organization.<sup>16</sup> Thus, to best attract, engage, develop and retain talent, those who have responsibility

<p><b>Figure 2</b></p>	<p><b>Seven Hallmarks of Distinction of Top-Tier Leadership Organizations</b></p>
<ol style="list-style-type: none"> <li>1. Senior executive commitment to development.</li> <li>2. Organizational reinforcement of development (through manager incentives and recognition).</li> <li>3. Hiring for organizational compatibility.</li> <li>4. Culture of meritocracy.</li> <li>5. Offering rising executives a full exposure to the business.</li> <li>6. Selecting successors based on leadership ability.</li> <li>7. A succession management system focused on skills scarce in the labor market and emphasizing position fit above general skill development.</li> </ol> <p><small>Source: Corporate Leadership Council. (2003). High-impact succession management: From succession planning to strategic executive talent management. Retrieved from www.executiveboard.com</small></p>	

for talent management must understand what is important to employees.

### The Role of HR

As a primary owner of talent management, HR has many roles—one of the most important is that of facilitator of the talent mindset. HR leads the way for the organization to own, as an entity, the role of talent management for organizational success. In the role of business partner, HR works closely with the board, the CEO and senior management to ensure that they are committed to talent management work. As talent management facilitator, HR also pays close attention to how the organization's culture supports talent. Broadly speaking, HR's role encompasses communicating the talent management philosophy companywide and knowing the industry competition. In addition, HR needs to develop an integrated and proactive strategic approach to talent management—the big picture—as well as managing critical information, such as tracking turnover and knowing what factors contribute to retention (see Figure 3).

To integrate talent management into all areas of the company, HR also plays a role of change management agent. To drive this change, HR addresses four diverse talent management activities: recruitment, performance management, leadership development and organizational strategy. In this role, HR manages four major risks to the business: 1) vacancy risk (to safeguard key business capabilities, focus on scarce skills and fit to position); 2) readiness risk (to accelerate leadership development, provide full business exposure to rising stars); 3) transition risk (to avoid loss of key talent, select successors with leadership ability and hire for organizational capability); and 4) portfolio risk (to maximize strategic talent leverage, focus on senior management's commitment to development and performance standards).<sup>17</sup>

Finally, proactive HR leaders take a holistic approach to talent management. It is important to establish clear expectations and communicate openly about the talent management process. By HR explaining to management and employees why talent management is important, how it works and what the benefits are to the organization and participants, talent management strategies are more likely to be seen as a fair process.<sup>18</sup>

### Employee Engagement and Its Relationship to Talent Management

Effective talent management policies and practices that demonstrate commitment to human capital result in more engaged employees and lower turnover. Consequently, employee engagement has a substantial impact on employee productivity and talent retention. Employee engagement, in fact, can make or break the bottom line. Employees who are most committed perform 20% better and are 87% less likely to resign. In addition, the foundation for an engaged workforce is established by the quality, depth and authenticity of communication by HR and senior management to employees, as well as the quality of supervision. The role of the manager as the most important enabler of employee commitment to the job, organization and teams cannot be overemphasized. Furthermore, when done well, practices that support talent management also support employee engagement (e.g., work-life balance programs—flex time, telecommuting, compressed workweeks, reward programs, performance management systems).<sup>19</sup>

Rewards and recognition also help both to retain talent and to improve performance. A Carlson/Gallup study on employee engagement and business success showed that employees who were extremely satisfied at work were four times more likely than dissatisfied employees to have a formal measurement process in place as well as receive regular recognition. Further, 82% said recognition

## Figure 3 Seven Keys to Effective Talent Management

1. **Develop an integrated, proactive talent management strategy:** View “employer of choice” status as an outcome of coherent corporate culture rather than ad-hoc programs.
2. **Balance grassroots involvement in talent attraction and retention with management accountability.**
3. **Know the company's business environment and plans—the competitive climate:** Know plans for growth, merger, divestiture, new products or technologies and project their impact on immediate and longer-term talent needs.
4. **Know what factors contribute to difficulties in attraction and retention:** Base initiatives on the real concerns of employees. Raw numbers on turnover can show where retention problems are but not what they are.
5. **Keep various retention factors in balance,** especially the mix of compensation and nonfinancial motivators.
6. **Track turnover:** Know its costs and where they are the greatest and convey them to management to support the business case for retention.
7. **Market the company and its brand to current employees as vigorously as to the outside talent pool.**

Source: Dell, D., & Hickey, J. (2002). *Sustaining the talent quest*. New York: The Conference Board.

motivated them to improve job performance.<sup>20</sup> Increasingly, organizations are putting formal and informal reward programs in place. For example, according to SHRM's *2005 Reward Programs and Incentive Compensation Survey Report*, 84% of companies offer some form of monetary and/or nonmonetary reward programs to employees. To be most effective, however, organizations must regularly communicate to employees about reward programs. Discussing reward programs as early as during the interview process demonstrates that the organization values its employees.<sup>21</sup>

The process of building employee engagement is ongoing. Beyond compensation and benefits, employee engagement is best fostered through a meaningful and emotionally enriching work experience. Effective employee engagement—a mixture of tangible and intangible factors—fosters an environment of stimulation, development, learning, support, contribution and recognition. However, a recent study found that less than one-fifth of employees were highly engaged, one-fifth of the workforce was disengaged and about two-thirds were moderately engaged. The impact of employee dissatisfaction varies, depending on work experience (e.g., overwhelming workloads, distant and noncommunicative senior leadership, few developmental opportunities). The risk is that moderately engaged employees may move toward being disengaged. The opportunity and challenge for HR, working with senior management, is to increase the strength of employee engagement. Focus on engagement demands strong leadership, a sense of shared destiny, autonomy, accountability and opportunities for development and advancement. To better engage workers, companies must work harder to inspire people and provide a sense of passion, pride and mission.<sup>22</sup> Ultimately, it is organizational culture that determines employee engagement and retention of talent.

### Finding the Right People

In the war for talent, organizational success depends on effective recruitment and retention. To accomplish this goal, HR can provide value by focusing on five key areas: ensuring organizational stability, emphasizing employer brand and reputation, developing integrated talent strategies, supporting multilevel accountability, getting involved in talent management initiatives and offering opportunities for career and personal development.<sup>23</sup>

Regarding recruitment and retention, HR has a number of challenges to address. According to SHRM's *2006 Talent Management Survey Report*, the top areas in need of improvement regarding talent management practices and strategies

are 1) building a deeper reservoir of successors at every level; 2) creating a culture that makes employees want to stay with the organization; 3) identifying gaps in current employee and candidate competency levels; and 4) creating policies that encourage career growth and development opportunities.<sup>24</sup>

To attract and retain talent, hiring for compatibility—the “fit” between employer and employee—is critical. In addition, companies with excellent reputations and strong brands are well positioned to attract top talent. Yahoo! Inc. exemplifies the organization that effectively links organizational culture and company values in its recruiting initiatives to determine the best candidates. This process, however, takes time. For example, in the first six months of 2004, Yahoo spent 6,000 hours interviewing candidates to fill 500 positions—an average of 12 hours per new hire.<sup>25</sup>

Another effective recruiting strategy is tapping into specific labor pools. By assessing the organization's areas of strength in its workplace programs and policies, HR may identify possible segments of the labor force to target. For example, women who have either not yet begun their careers or are reentering the labor market from childbearing years represent a sizeable talent pool. With a workplace environment supportive of women's career development, Whirlpool Corporation, a top U.S. home appliance maker, targets women in recruiting and promotion. Some organizations focus on workers with disabilities, an excellent source of talent. For example, at IBM, 42% of the organization's disabled workers possess key skills such as marketing, IT architecture and software engineering.<sup>26</sup> By carefully assessing the organization's current and future talent needs, HR can develop recruiting and retention strategies that align with the company business goals, thus promoting organizational growth and sustainability.

### Succession Planning Management

Investment in human capital requires careful planning. Under the talent management umbrella, succession planning and leadership development are important organizational business strategies to develop and retain talent. As noted in the *2005 Human Capital Index Report*, succession planning is also one of the key strategies to reduce turnover costs.<sup>27</sup> While in the past succession plans were primarily focused on key leadership roles, organizations are now establishing leadership development and succession planning initiatives early in the process of employee career development. In addition, according to SHRM's *2006 Succession Planning Survey Report*, 58% of organizations have either a

formal (29%) or informal (29%) succession plan and 26% plan to develop one. The survey findings note that large organizations (500 or more employees) and publicly or privately owned for-profit organizations are more likely to have formal succession plans. The responsibility for implementing succession planning varies, starting with HR and followed by senior management, the president/CEO and the chief operating officer. However, not all organizations are jumping on the bandwagon to develop succession plans; 16% do not intend to do so. The reasons vary, with companies saying more immediate needs take precedence, some companies have too small a staff size, while others have not yet considered it, and still others have no support from senior management.<sup>28</sup>

At the same time, organizations grapple with how to best utilize succession planning—and the corresponding leadership development initiatives—to manage, develop and retain talent. For those considering leadership development as part of their talent management agenda, it is important to 1) determine whether the parts of the program, when combined, enable the organization to be more competitive; 2) assess if the leadership development system reinforces perceptions about the company that the organization wants others to have; and 3) evaluate whether employees view the leadership programs as legitimate. For example, do they take

them seriously? Do these initiatives really affect business decisions?<sup>29</sup>

Increasingly, organizations are putting structured processes in place for leadership development (see Figure 4). As highlighted in SHRM's *2006 Talent Management Survey Report*, organizations anticipate that their employee development budgets will increase in the next three years (according to 60% of organizations with talent initiatives and 58% of those without talent initiatives).<sup>30</sup> Clearly, employee development is seen as important for organizational stability and growth. S.C. Johnson & Son, the consumer products company, is a good example of a company that uses its performance appraisal program to identify rising stars for management and technical positions. High performers are evaluated through 360-degree feedback to evaluate promotion readiness. The company has processes to identify ready replacements for crucial jobs. Due to the organization's carefully-honed talent development strategies, nine out of 10 positions are filled internally.<sup>31</sup> As HR leaders work to support their organizations, leadership development and succession planning are areas that provide substantial business value.

#### Measuring Business Impact

Talent management metrics link human capital investment to financial performance. According to

## Fueling the Talent Engine DVD

### Finding and Keeping High Performers: A Case Study of Yahoo! Inc.

If you would like to find out more about talent management, watch the SHRM Foundation's DVD on this topic. This DVD showcases talent management at Yahoo! Inc. as an integrated set of strategic decisions. Yahoo's strategy focuses on attracting, selecting and keeping the very best talent to achieve a competitive edge in the global marketplace. The DVD includes interviews with many of Yahoo's top executives, including the chief people officer, the chief financial officer and the vice president of engineering.

The video features two segments: a 20-minute version perfect for classroom use and a 10-minute version ideal for use in chapter programs and meetings. As a bonus, the DVD includes a slideshow on Yahoo! Inc. and a discussion guide. For the international audience, the DVD may also be viewed with subtitles in Spanish, Chinese or Japanese.

#### The DVD...

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- Is classroom-tested, easy to use
- Includes a discussion guide that enhances understanding
- Is hosted by Wayne Cascio, Ph.D., noted teacher, author and scholar

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management gurus Huselid, Becker and Beatty, there are three critical challenges to successful workforce measurement and management. First, there is “the perspective challenge”—meaning, do all managers really understand how workforce behaviors and capabilities drive strategy execution? Second, there is “the metrics challenge”—that is, are the right measures of workforce success identified (e.g., workforce culture, mindset, leadership, competencies and behaviors)? The third challenge is “the execution challenge”—specifically, in order to monitor progress and communicate the strategic intent of talent management initiatives, are managers motivated to use these data and do they have access and capability to do so?<sup>32</sup>

Talent management metrics are evolving. As organizations increasingly focus on talent management strategies, they seek ways to validate these initiatives and measure their business impact. Many firms are beginning to include talent management in their dashboards or scorecards. For example, HSBC, a banking and financial services institution, uses the Balanced Scorecard™, with talent management listed under learning and growth. Scorecards provide a clear “line of sight” to organizational strategic goals by linking talent management to objectives and performance appraisals.

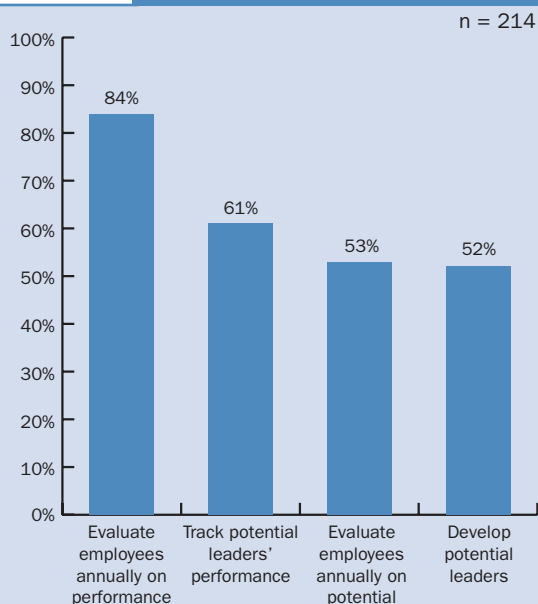
Measures may include factors such as employee survey results, turnover (e.g., talent pools) and the number of employees on secondments (temporary assignments).<sup>33</sup>

Companies also create their own measurements to fit their organizational cultures. Pfizer, for example, developed three primary talent management objectives—strength of leadership team and pipeline, robustness of talent management processes, and development of talent mindset and values—with corresponding drivers and metrics. One metric used to evaluate the robustness of talent management processes is the percentage of key position holders with individual development plans.<sup>34</sup> Avon, a global cosmetics company, is an example of a company that transformed its talent management system by shifting how it looks at talent and consequently how it utilizes technology. This transformation was necessary to be able to answer four key questions: 1) is there the necessary bench strength to staff the organization’s growth and transformation initiatives; 2) is world-class talent in key roles; 3) how can the talent “hit rate” be increased; and 4) when and where does the company make or buy talent? The core of this transformation was the change from a “referral of talent” mode (e.g., a manager recommends an employee for a position) to a more objective and formal approach to talent management. This shift resulted in talent being assessed objectively through a leadership model to better determine suitability for various roles. To be able to identify where talent in the organization is located, a database now houses employee profiles, which can be routinely updated. As a result, the organization can make more data-driven decisions regarding talent.<sup>35</sup>

Increasingly, talent management technology to house and track talent management strategies is becoming available. Databases with all relevant data in one location can result in significant time savings for staffing, such as the ability to quickly identify talent for open positions. Organizations are recommended, however, to carefully evaluate which talent management technology program best fits their current and future needs. Some vendors include talent management solutions in their HR suites. Strategic talent management software may help manage workforce skills and capabilities (hourly, salaried and contingent), demographics, career planning, employee retention initiatives, workforce and succession planning, and performance and learning management. Although few vendors offer all of these options in one package, it is important to know if the software can be integrated with other systems.<sup>36</sup> Opinions vary, however, on the value of technology systems regarding talent management.

Figure 4

Structured Process to Develop, Track and Evaluate Employees



Note: Excludes respondents who indicated that their organizations did not have formal or informal succession plans.

Source: SHRM 2006 Succession Planning Survey Report

### Challenges of Global Talent Management

Global competition for skilled workers is keen; worldwide, many employers are experiencing a talent shortage. A survey of nearly 33,000 employers in 23 countries reveals that 40% are struggling to locate qualified candidates.<sup>37</sup> With the liberation of trade policies, transnational companies moving production to low-cost areas and the corresponding growth of global supply chains, increased globalization has resulted in socio-economic and cultural challenges. Further, talent now takes many forms, from migrants crossing borders (temporarily or seeking new homes), students gaining degrees and expatriates on assignment to tourists, refugees and business travelers. Consequently, the demand for skills has countries working hard to develop policies that will attract talent with human and technological skills to support economic growth, retain talent and even reverse talent migration. In a “reverse brain drain” effect, China and India, for example, encourage their educated nationals to return and fill jobs at home.<sup>38</sup>

Thus, the need for talent creates movement between countries. The United States relies on foreign talent, particularly in certain fields. U.S. universities, for example, are not graduating enough U.S. students in science and engineering, and by 2010, 25% of the nation’s scientists and engineers will reach retirement age. Reflecting this shift, in 2000, 22% of all U.S. science and engineering positions were held by foreign-born professionals, up from 14% in 1990.<sup>39</sup> In contrast, countries such as China and India have a wealth of talent in science, engineering and technology. Each year, China produces 350,000 graduate engineers and India 120,000, compared with 63,000 in the United States.<sup>40</sup> In addition, the demand for foreign-born talent is further demonstrated by the fact that the total cap on the number of available H-1B visas under U.S. immigration policies is regularly reached months in advance of the application deadline. Clearly, the ability to attract and retain talent is increasingly important to long-term growth.

Managing global talent has challenges and significant implications for sustainability and growth. A recent study of global companies, for example, states that companies are concerned about the development of future leaders capable of navigating the global business environment. Key findings show that the most important determinant of global talent management (GTM) success is the degree of involvement by the CEO, the board of directors and the GTM leader in talent management activities. On average, for example, CEOs spend 16% of their time speaking publicly about GTM, mentoring high potentials, participating in tal-

ent reviews and approving the succession plans. Board members in 46% of companies provide input into assessment of key employees and 39% meet with high potentials during the year.<sup>41</sup>

In sync with the trend to develop global HR policies and practices, organizations are creating global talent management processes. For example, at Intel Corporation, a global chip maker, HR utilizes a talent management program and works with management to assess workforce needs.<sup>42</sup> Research shows organizations value having global frameworks, specifically around a common language and structure in areas such as performance management, leadership development for high potentials and professional development. There is less agreement, however, about developing common frameworks for recruitment.<sup>43</sup>

### Recent Studies on Talent Management

Studies on talent management reveal a number of common themes. First, the focus on talent management forces companies to become aware of—and assess—their workforce talent and current and future talent needs. Second, organizations that understand the business case for talent management successfully link talent management and organizational strategy, reaping benefits in increased workplace performance. Third, organizations are seeking effective ways to measure talent and determine bottom line impact.

- [2005 Talent Management Strategies Survey](#)<sup>44</sup>

According to this study, 43% of companies see retention of key talent as the issue that will have the most impact on their business. Further, 72% of organizations are concerned about the negative effect on the bottom line due to inadequate skills of incoming workers. The study emphasizes that as baby boomers turn 62 in 2008 and skills gaps widen, the impending talent crisis will quickly become a global, cross-industry threat. For example, 33% of companies state that 11% of their workforce may retire in the next two or three years. For 31% of companies, the issue of retirement and impending skills shortages is being discussed at the board level. However, only 50% of organizations have a defined list of critical skills for the future.

- [The High-Performance Workforce Study 2004](#)<sup>45</sup>

Executives in six countries spanning more than 15 industries were surveyed. The findings reveal six practices that dramatically improve workforce performance, yielding strong contributions to business performance. The number one practice is a formal process for talent management, supported by technologies, that enables an organization to objectively

assess employee skills and capabilities and quickly identify the best candidates for open positions.

- **Survey of Global Talent Management Practices**<sup>46</sup>

This survey explores global talent management practices among multinational companies (MNCs), focusing on global-scale processes to identify and develop leaders. According to the study findings, the most effective processes for identifying talent and increasing visibility of high potential candidates are assessment processes with open and frank discussions. Yet not all MNCs consider these discussions at the same level; 80% of American companies see talent review meetings as open and frank, compared with 55% of European companies. Many MNCs explicitly seek and encourage diversity in their talent pools. Within development planning, the most critical experiences are those that provide high potentials with a broad organizational view, visibility and experience outside of their comfort zones (e.g., participation on global task forces, two- to three-year international assignments, inclusion in critical meetings).

- **How Leading Organizations Manage Talent**<sup>47</sup>

From in-depth interviews with HR leaders of large employers in a variety of industries, this study reveals that leading companies make attracting, engaging and retaining employees a strategic business priority. Senior leadership focuses on clearly communicating the business strategy to the workforce as well as defining the role people play to execute that strategy. Effective leaders have a clear understanding of what drives value in their organizations, what motivates their customers and how to achieve growth in the future. Many companies have developed talent management metrics to support business and financial measures, with metrics built into the balanced scorecard. Through the performance management system, managers are held accountable for employee retention and creating opportunities for high-potential employees.

### Looking to the Future

Anticipated workforce changes and cost-effective ways to access talent are key to the next generation of talent management. Predictive workforce monitoring will lead to effective strategic talent decision-making. Factors such as flexible talent sourcing, customized and personalized rewards, distributed and influential leadership, and unified and compassionate workplace cultures will be important for successful talent management. Companies will increasingly utilize different types of employment relationships, and nonstandard employment models will continue to evolve. Free agency employment relationships—contracting for the best talent on an as-needed basis—will

become more common. To benefit from the knowledge, skills and corporate memory of mature workers, phased retirement will become prevalent. Keeping workers engaged—particularly the next generations—may call for HR to redesign the workweek, benefits packages and reward programs.<sup>48</sup> Scenario planning and talent-match databases will become essential planning tools.

In closing, to sustain outstanding business results in a global economy, organizations will rethink and reinvent their approaches to talent management. Effective talent management calls for strong participatory leadership, organizational buy-in, employee engagement and workplace scorecards with talent management metrics. Companies that master talent management will be well-positioned for long-term growth in workforce performance for years to come.

### Online Resources

[SHRM 2006 Succession Planning Survey Report  
www.shrm.org/surveys](http://www.shrm.org/surveys)

[SHRM 2006 Talent Management Survey Report  
www.shrm.org/surveys](http://www.shrm.org/surveys)

[Building Engineering & Science Talent  
www.bestworkforce.org](http://www.bestworkforce.org)

[Center for Creative Leadership  
www.ccl.org](http://www.ccl.org)

[Corporate Leadership Council  
www.corporateleadershipcouncil.com](http://www.corporateleadershipcouncil.com)

[Human Capital Institute  
www.humancapitalinstitute.org](http://www.humancapitalinstitute.org)

[International Labour Organization  
www.ilo.org](http://www.ilo.org)

[Institute for Workplace Studies  
www.cornell.edu/iws](http://www.cornell.edu/iws)

[Milken Institute  
www.milkeninstitute.org](http://www.milkeninstitute.org)

[Saratoga Institute  
www.saratogainstitute.com](http://www.saratogainstitute.com)

[The Conference Board  
www.conference-board.org](http://www.conference-board.org)

[The Institute of Executive Development  
www.execsight.org](http://www.execsight.org)

[The Performance Institute  
www.performanceweb.org](http://www.performanceweb.org)

[World Economic Forum  
www.weforum.org](http://www.weforum.org)

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