

Managing Human Capital Rhetoric to Reality

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1. IS TALENT MANAGEMENT REALLY AN ISSUE?

The 'War for Talent', 'Talent Management' & 'Managing Human Capital' have all become terms that pepper HR literature, but the definitions of what they consist of are often diverse and sometimes difficult to grasp from a practical and pragmatic standpoint. In this short pamphlet we will explore, what the essence of 'Talent Management' is, why it is important and the important considerations for implementing HR strategies. So what are the drivers that organisations are facing and why should they be interested?:

- Poor succession planning is wiping £2bn a year from the stock market value of FTSE 350 companies - equivalent to 0.6% of total UK annual company profits, according to research. It found that companies with clear succession plans performed more than 7% better on the markets (a week after their change) than those that delayed appointing a replacement
- 85% of organisations are experiencing recruitment difficulties
- 77% of organisations are experiencing retention problems
- 53% of employees leaving their employer reported greater promotion or development opportunities outside the company¹
- 60% of HR Directors said they would not re-employ their workforce²
- 80% of people leave their managers not their job³
- The Talent Management market is expected to surpass \$4bn by 2009⁴

Add to this the cost of recruitment of a middle manager is between 33 & 65% of annual salary (including Advertising or Agency Fees, HR & Management time + 50% effectiveness in first three months).

From these facts we can quickly see why organisations are recognising that their People Resource (their Corporate Talent), will make the difference in gaining a lasting competitive edge. In essence, therefore, Talent Management is everything connected to 'optimising the People Resource to drive competitive advantage'. Failure to manage an organisation's talent effectively will have an immediate and direct impact on the bottom line results in the following ways:

- Avoidable replacement costs incurred
- Downgrade in business performance caused by increased time for external applicants to assimilate the organisation culture and role to provide a real return on investment
- Development spend wasted as good qualified personnel leave
- More management time wasted in performance management and development

¹ A Barometer of HR Trends & Prospects 2005 – CIPD (UK)

² Daily Telegraph Report

³ Gallup

⁴ Yankee Group



Effective talent Management means constructing the processes and behaviours that bring together an organisation’s and individual’s aspirations so that the potential of both is realised.

Overlay all this information with the economic factors including a declining and ageing national workforce and it turns Talent Management from a ‘nice to do’ into an ‘essential need’ for organisations.

Talent Management, in a business context, is the process of ensuring an organisation’s desires are mapped and aligned with an individual’s desires to achieve the potential of both.

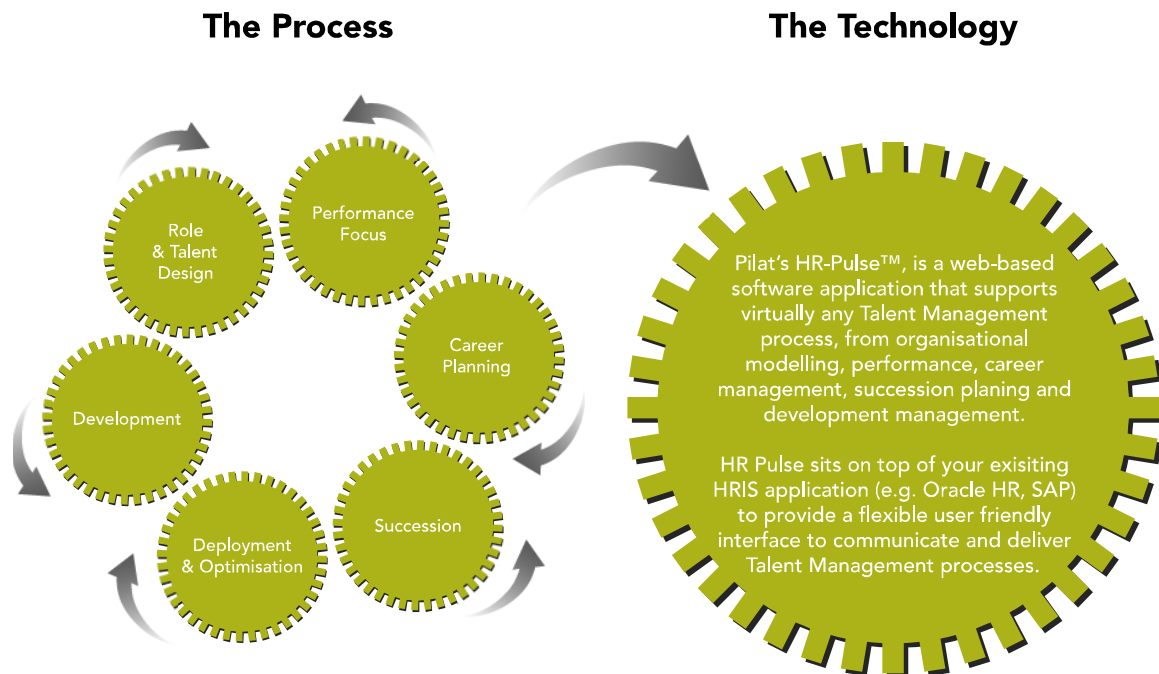
	Desires	Talent Management Questions
Organisations	<p>Attractive</p> <p>Dynamic</p> <p>Competitive</p> <p>Profitable</p> <p>Secure</p> <p>Successful</p>	<p>Are our people delivering what the business needs</p> <p>Who have we got and what is their potential</p> <p>Where are our risks and are there potential legal/compliance issues</p> <p>Do we have the right people for the future</p> <p>What roles don't have coverage</p> <p>Are people being developed</p> <p>Where do we stand in terms of diversity</p> <p>Are we objectively measuring our talent</p> <p>Are we developing high performance</p> <p>Are our managers supporting and developing</p> <p>What are our Human Capital metrics</p> <p>Are the right people placed in the right jobs</p> <p>Is sufficient talent available to meet current and future needs</p> <p>Is performance managed to motivate and drive high achievement</p> <p>Is appropriate development taking place to grow the current talent</p> <p>Is the organisation protected from exposure</p>
Individuals	<p>Successful</p> <p>Recognised</p> <p>Developed</p> <p>Challenged</p> <p>Supported</p>	<p>What do I need to do</p> <p>Am I progressing, performing</p> <p>Am I valued</p> <p>What are my opportunities</p> <p>What can I aspire to</p> <p>How do I develop to meet my aspirations</p> <p>What support and resources are available</p>



2. THE TALENT MANAGEMENT PROCESSES

Based on extensive research and our own analysis, Pilat has identified the core components in effective Talent Management.

While each element below is important and unique in enabling effective Talent Management, the process diagram must also be viewed as a whole, where the interlinking and continuous elements work together. To truly release the potential performance of both the individual and the organisation, each element should be considered individually along with their interrelationship within the context of the organisation. Therefore, a comprehensive Talent Management strategy needs to include and integrate the following dimensions:





2.1 Role and Talent Design

Defining roles and expectations of incumbents including what “good performance” and “potential” looks like

When identifying candidates for potential roles or even when considering development actions, a raft of information needs to be taken into consideration. Many succession planning processes fail to be implemented because they fail to take into account sufficient information. After all, how many people are promoted on the basis of just a behavioural competency match? Equally, organisations frequently have hidden capability that they never maximise. In many cases, after a person joins a company, all the pre employment history gets lost. Therefore, a person’s past experience and skills may make them the ideal candidate for a promotion or move but no one but the individual knows it.

To manage and develop talent truly effectively the following foundations need to be developed and maintained:

- Biographical: This will include all the personal and educational background of employees, including skills in languages.
- Individual Aspirations: This covers mobility, location interests, and role aspirations that will motivate and support career development.
- Competency/Capability: This covers an understanding of the employee’s current capabilities and or potential to meet role competencies. These may be values; behavioural and or technical in nature.
- Taxonomy of Experience: This covers the Increasing importance to understand the actual demonstration of key skills that have been acquired through experience. For example, project management, budgeting, commercial etc.
- Performance: This covers developing a way of recording evidence at achieving goals set, and identifying drives and skills employed in action. This helps support the identification of strengths, development areas and potential.

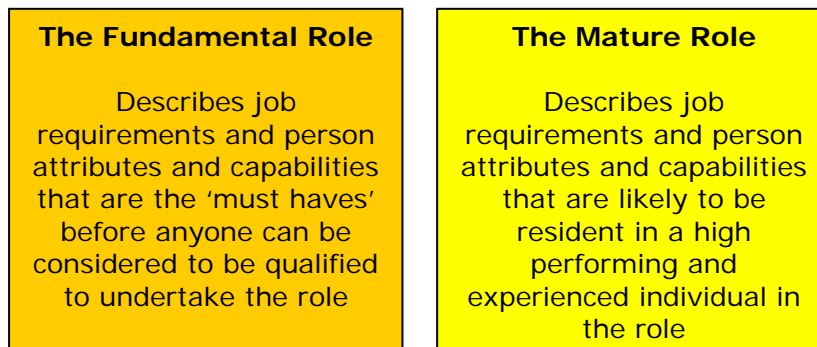
In addition to having the right foundational knowledge on an individual, decisions regarding career planning, appointment and succession are dependent on being able to articulate role requirements and personal specification in similar terms.

In role requirements, it is important to help the individual understand the following:

- The purpose of the position and what function it performs
- How the position relates to others around it and the interdependencies
- The goals, KPI’s objectives etc
- The criteria (qualities/capabilities) essential and or desired for a successful applicant.



To facilitate both effective career development and succession planning, role requirements are often split into the following:



Identifying both roles has the advantage of eliminating those who do not even meet the base criteria and identifying a level of match between the roles. Secondly, in an emergency or temporary stand-in situation, it may be necessary to identify people who fulfil the mature role attributes. These people will be up and running in the role very quickly but there will be limited challenge and or opportunity for personal development.

In this context, the following factors are normally taken into consideration:

- Role deliverables, context and requirements (goals, technical expertise, capabilities etc.)
- The individual's
 - Relevant experience
 - Technical or functional capability
 - Support for organisational values/competencies
 - Performance data
 - Individual aspirations and mobility.

2.2 Performance Focus

Measuring the performance and potential of the individual

An accurate and objective assessment process is required to provide clear evidence of an individual's performance, current capability and potential, ensuring the following:

- Each individual's goals are aligned to the organisation's goals and objectives
- Each individual's contribution (What they have achieved) is validly and reliably assessed (e.g. achievements against individual objectives)
- Each individual's competency is comprehensively, validly and reliably assessed (e.g. knowledge, skills, aptitudes, attitudes, behaviors)
- Each individual's taxonomy of experience is regularly updated and reliably verified (e.g. project management market exposure)
- Each individual's potential (i.e. ability to meet additional/future demands and proven ability to develop are validly and reliably assessed).



2.3 Career Planning

Self driven career plans helping to motivate performance and manage individual aspirations

Self driven career plans support employee motivation and retention. Furthermore, it places an ownership on the individual to maintain the currency and accuracy of their personal details. This, in turn, supports to company having relevant information for succession planning.

Career planning provides individuals with the opportunity to view and consider personal advancement within the organisation. Within this process there are several stages:

- Individuals are encouraged to prepare, implement and realise their own career plans.
- Each individual's aspirations are explored to identify where their energies are most likely to be focused, including identification of roles that the person aspires to.
- Individuals have access to information about positions and their requirements, across the whole organisation. Transparency of both vacancies and the appointment/selection processes is an important prerequisite to ensure the whole Talent Management strategy is not undermined.
- Individuals can objectively assess the level of match for certain roles. While the role specifications can provide a useful starting place, it is recommended that the individual discusses and agrees the appropriateness with a third party (usually their manager).
- Appropriate resources and opportunities are made available to support individual career management and to reduce the gap in experience or capability.
- Learning or development support is available as well as activities to maximise potential.
- Roles are created or modified to help individual's realise their career aspirations/plans as well as to strengthen the organisation.



2.4 Succession

Ensuring Critical Succession & Retention: Ensuring continuity of critical roles and continuity of talent, including managing corporate risk/litigation

The whole emphasis is around the organisation being able to maximise it's talent to achieve competitive advantage. The integration of an individual's career aspirations into succession plans is critical to a cohesive strategy for employee retention.

To do this, the organisation needs to ensure that:

- Roles are regularly reviewed to maintain an up-to-date list of such critical roles
- Future roles and requirements, including organisational development and structures, are identified
- The existing talent is known (the combined knowledge, skills, experience, expertise that resides in the business)
- It knows how to quickly tap into and use this resource to fill vacancies, projects etc.
- It focuses development activities to ensure people are equipped with essentials needed and targeted where they are most needed
- It understands and minimise risks in it's Talent Plan
- It understands what the business critical roles are and whether their identified individuals are developing skills to support them. For examples:
 - If an appointment is made, what are the consequences? Is a successor ready now?
 - Has a Critical Role Vulnerability Analysis is conducted? (e.g. no nominated successors, successors not ready, successors nominated to multiple positions.) And have plans been developed so they can be continuously filled?
 - Who is scheduled to retire and is there cover?
 - If the organisation was to reorganise, what are the implications? Are the right people in place?
- It understands who the Business Critical People are (people who if they left would really have a detrimental effect on the organisation). This can be done by taking the following steps:
 - Employees are regularly reviewed to maintain an up to date list of such Critical People
 - Critical People Vulnerability Analysis is conducted (e.g. low morale, high short term absence, exposure to competitive influence) and plans developed so they can be retained or the dependency reduced
 - Steps are taken to reduce Critical People and put in place contingencies for cover.



With clear roles defined and individual's aspirations, capabilities and performance identified and validated, it is possible to stand back and look at the potential organisational effectiveness and risks. In general, centralised information is held about people (profiles, development plans, succession/career plans, etc) to support non-biased talent management planning and decision making. HR processes are actively managed to ensure the following:

- Talent pools of people are identified as having the potential to move into new roles
- Talent is deployed to fill roles even when this means moving excellent talent from one area to fill an appropriate role in another area
- The organisation continuously monitors and reports on the diversity of people in the workforce, talent pools, succession slates etc
- Individuals are identified to provide coverage for Business Critical Roles.

2.5 Deployment & Optimisation

Merging, restructuring at organisational or functional level and the ability to deploy people around the business to capitalise on business opportunities is essential

Getting the right people into the right roles, quickly, cost-effectively and sustainably requires accurate data good operational models and frameworks and processes/technology that make the whole exercise painless. Many of the factors previously discussed provide useful foundations for optimising the people resource e.g. assessment of people capabilities. To maximise an organisations potential it must

- Be able to model and cost anticipated structures
- Provide managers with information at their finger tips to view its people resource across the organisation.
- Develop a culture and policies that maximises resources to the benefit of the overall business and prevents managers from restricting good people from moving.
- It knows how to quickly tap into and use this resource to fill vacancies, projects etc.
- Processes are developed to speed up the transition process and movement of people from current roles to new roles
- Recruitment and deployment processes are designed and monitored to ensure that they meet all legal requirements 'to the letter' and 'in spirit'
- Organisational vulnerability is monitored (e.g. due to general morale, retirement, changing market demands) at an individual and an organisation level.



2.6 Development

Doing things to trigger and sustain individual growth

Development planning is frequently an integral part of performance appraisal, succession management and career management discussions. Development management, however, goes beyond just the individual plan to:

- Develop and implement corporate development strategy and plans
- Ensure that adequate development occurs to meet both on-job performance needs as well to meet future talent needs
- Track and drive development progress
- Measure development effectiveness
- Create a talent pool
- Assess people potential for development
- Create and implement development initiatives. This includes everything from self learning and learning management systems through to development programmes
- Ensure resources, guidance and recognition are provided to promote and support development and are targeted appropriately based on (a) those who need them most, and (b) those who make best use of them
- Identify and fast-track potential.

2.7 Conclusion

In traditional HR terms, comprehensive and effective Talent Management requires the complete integration of performance, succession and career management processes, underpinned with objective and accurate 'people data' and a management culture that will turn 'Rhetoric into Reality'.



3. HOW PILAT CAN HELP: PROCESS AUDITS

Pilat has developed a range of best practice processes, tools, software and programmes to help organisations design and implement effective talent management processes and systems.

If it works, don't fix it. If it doesn't, do you know why? Pilat can help clients audit their Talent Management processes before making commitments to change. Working with our clients using a variety of techniques and tools, we help organisations identify the processes, content, training and systems that would benefit most from attention. By this means we can ensure the optimum return on investment for the fastest achievement of improvement. By having a holistic and cost effective assessment of their Talent Management processes, our clients are able to:

- Identify strengths and weaknesses in their current TM processes
- Provide evidence to assist senior managers in decision making
- Develop a consensus as to the key priorities for improvement
- Target spending on the areas that will provide the greatest return
- Identify the consistency of approach and application throughout the organisation.



4. STRATEGIC TALENT MANAGEMENT PROCESS DESIGN

Pilat has developed a Strategic Talent Management Design Process. This usually takes the form of facilitated workshops on the design and implementation of positive Talent Management processes. During this process, we challenge conventional wisdom, and incorporate creative techniques to encourage new thinking. Optimising the organisations talent is not a simple task; but the challenge is to design effective processes and systems that make it so. Based on our in-depth experience, we work with our clients to design effective Talent Management processes. In each design we ensure that the following issues are addressed but configure the processes and systems to suit each client's individual requirements.

4.1 Role & Talent Design

Pilat works with clients to ensure effective People Processes that will successfully model and implement the operational changes that are key to driving corporate objectives.

Specific areas include:

- Organisational restructuring and transition management
- Organisational design, costing and role design and profiling
- Change management support

4.2 Performance Focus

Pilat resolves the traditional issues associated with performance management (i.e. that it constitutes a time-consuming, annual form-filling ritual that rarely impacts positively on performance). Working with clients, we develop solutions that dynamically manage individual and organisational performance. This is facilitated by implementing best practice, efficient technology platforms and/or training.

Specific areas include:

- Goal setting and alignment
- 360 assessment
- Performance review & appraisal creation and training
- Management implementation & skills training
- Competency/Capability framework creation



4.3 Career Planning

Pilat's experienced professionals and Career Planning tools support clients in implementing Career Planning processes that motivate and retain employees and integrate directly with key succession requirements.

- Career Management and tracking including
 - Data needed to support effective processes
 - Roles to person matching
 - Gap analysis and development planning processes
 - Development tracking
- Defining selection criteria and methodology that ensures fairness, objectivity and legal compliance, either to roles or talent pools

4.4 Succession

Pilat's succession management tools and expertise minimize organisational vulnerability and increase internal flexibility. In addition exorbitant recruitment costs and poor promotion decisions can be reduced significantly.

Specific areas include:

- Succession Management
 - Creating virtual organisations & structures
 - Job/role design & requirements
 - Person to role matching
 - Development tracking
 - Understanding risk and vulnerabilities
- High Potential identification
- Executive assessment



4.5 Deployment & Optimisation

Pilat's Deployment and Transition management tools and expertise support clients in making radical in-roads in optimising the People Resource.

Specific areas include:

- Creating virtual organisations & structures
- Job/role design & requirements
- Defining diversity and fairness measures
- Organisational transition and restructuring tools

4.6 Development

Pilat assists its clients in focusing on a clear identification and assessment of skills and behaviours. We follow this with processes that not only manage and build on an individual's strengths, but also develop their weaknesses whilst keeping the day job going. Whether through tracking and development software or specialist programmes, Pilat focuses on individual's needs, making use of their knowledge and experience rather than a 'one size fits all' approach.

Specific areas include:

- Tracking and driving development progress
- Leadership development
- Cultural & behavioural change programmes
- Executive coaching
- Action Learning
- Development centres
- Capability & competency development programmes
- Measuring development effectiveness
- Assessing People Potential for development



5. HOW PILAT CAN HELP: PROCESS & TECHNOLOGY

Using Technology to drive an integrated Talent Management Strategy.

Pilat use technology to optimise organisational and individual potential. The most effective talent management processes are designed to seize on the power of contemporary technology. Likewise, the most effective technology is configured to support desired processes; not to dictate or restrict them. Pilat has developed Talent Pulse™, a module in the HR Pulse® suite of products. Talent Pulse can be a stand alone application or draw from a client's current HRIS system and can support virtually any Talent Management process, including any one or more of the typical Talent Management components outlined. HR Pulse® can be rapidly configured to provide mass user web-based support for each client's unique requirements. Despite sometimes extensive configuration, all clients share the same core HR Pulse system architecture. Pilat can therefore offer guaranteed upward compatibility, and assures its clients of the ability to evolve their systems continuously as their circumstances and demands change.

In its simplest form, HR Talent Pulse is a multi-lingual, web-based application that facilitates the Talent Management processes. From organisational modelling, performance, career management, succession planning and development management HR Pulse® facilitates and drives the core processes. HR Pulse® can incorporate some or all of the following depending on needs:

- Organisational modelling & charting
- Role design and development
- Goal & objective setting and alignment
- Performance tracking and management, including an automated manager support process
- Person to role matching for succession planning or short listing
- Role to person matching for career planning
- Development planning and tracking
- Capability assessment, including 360 feedback
- Employee communication
- Organisational risk management
 - Unreality reporting (which business critical roles have no potential successors)
 - Performance & potential analysis
 - Development 'off track/late'
 - What if? analysis
 - Organisation charting
 - Succession listings
 - Development summaries
 - Individual profiles and assessments
 - Analysis by gender/diversity of candidates against country guidelines
 - Role, candidate performance & capability summaries.



6. HOW PILAT CAN HELP: DATA ANALYSIS

Performance Management processes produced large volumes of data, yet much of this is not typically used. Pilat works with its clients to optimise the use that is made of data, as well as to increase the quality and the extent to which it can be used.

Pilat Provides:

- Internal/external benchmarking, providing a healthcheck rating in
 - Performance Management
 - Readiness for restructuring and organisational change
 - Strategic & Integrated Talent Management
 - Leadership Development
- Validating competency models
- Analysis of correlations between competency assessments and independent measures of output, culture and /or satisfaction
- Appraiser feedback (individual / off-line)
- Comparative analysis of multiple assessments by an appraiser looking at:
 - Potential harshness / leniency
 - Differentiation between factors
 - Differentiation between performers
 - Appraiser Feedback (Individual / Real-time)
- Real-time rater feedback covering:
 - Use of scale
 - Potential harshness / leniency
 - Differentiation between factors
 - Differentiation between performers
 - Correlations between e.g. 360, appraisals and survey results.

Such correlation studies can test performance hypotheses and identify potential cause-effect relationships.