



Effective Talent Management

INFOSYS, Wipro, Satyam, HCL Technologies and i-Flex Solutions. These are some of the companies which have the highest revenue growth rates year after year. They provide great work environments for their people as well as good salaries, perks, overseas assignments, challenging work plus promise of a great future.

So, can these companies be considered the picture perfect with no problems whatsoever? No! Not as far as talent management is concerned!

Take a look at these figures:
Infosys - 10.7 %
Wipro - 17 %
Satyam - 18 %
HCL Technologies - 13.1 %
i-Flex Solutions - 19 %

These are the attrition rates of the employees of these companies. Interestingly, the rates are a close match of the same companies' revenue growth rates! The staff turnover sometimes makes rubbish of the much vaunted revenue growth rates, giving severe headache to the top management in general and the HR department in particular. On account of this, talent management, a new function, has now become the latest HR specialisation.

What then is Talent Management?

Talent management implies the recognition of a person's inherent skills, traits and personality and offering him a matching job. Every person has a unique talent that suits a particular job profile and any other position will cause discomfort. It is the job of Management, particularly the HR Department, to place candidates with prudence and caution. A wrong fit will result in further hiring, re-training and other wasteful activities.

Talent Management is beneficial to both organization and employees. The organization benefits from increased productivity and capability; there is a better linkage between individuals' efforts and business goals, leading to commitment of valued employees. Other benefits are reduced turnover, increased bench strength and better fit between jobs and skills.

Employees benefit from higher motivation and commitment; career development; increased knowledge about and contribution to company goals; sustained motivation and job satisfaction.

In these days of a highly competitive world, where change is the only constant factor, it is important for an organization to develop the most important resource of all - the Human Resource.

Indeed, it is only the Human Resource that can provide an organization the competitive edge it needs. After all, under the new trade agreements, technology can be easily transferred from one country to another and there is no dearth of sources of cheap finance. It is the talented workforce that is very hard to find that must be cultivated, retained and effectively managed.

The importance of Talent Management.

Globalization: For any jobseeker, the whole world is a potential place to find employment. Opportunities available in any part of the world are more easily known now and talent seekers have increased.

Increased Competition: Increased competition in the market place has necessitated the need for consistently good performance on the side of organizations. These have made companies put in all effort to hire and retain the best talent in the respective fields of operation.

Increasing Knowledge: The knowledge era has necessitated the retention of those talents with the ability to assimilate new technology and knowledge, which are still growing at an unprecedented pace.

The Dilemma of Talent Management

Talent Management has two facets to it. First is, how to find new talent

and second is how to retain the present workforce. Each of these challenges has to be tackled in the most efficient way possible to enable the organization achieve its objectives.

How can we find new talent?

Organizations are exploiting loads of business opportunities and growing their revenues at a rapid rate. These opportunities make it imperative that they go for massive recruitment. But, the question is where to find the best talent which is able to fit the job description and also adjust to the organization's values and norms.

Surveys have confirmed the shortage of skilled talent that can be employed. Some of the reasons for the shortage are:

Demographic Constraints

A common problem faced by many developed countries is that a large chunk of their populations are close to retirement age or are over 50 years. USA, Germany and Japan have this problem and are among countries that are experiencing a decline in their workforce and talent. In the coming years, this situation may not improve when it comes to skilled professionals..

Faulty Educational System

Recent graduates and postgraduates being churned out of universities have been found ill-equipped to handle the challenges of the workplace. They are apparently equipped with only the theoretical aspects and lack the applicative parts. The educational system does not take industry needs into consideration, resulting in a mismatch between industry requirements and educational preparation.

Cost Factor

Recruiting new employees is becoming tougher in developing countries, where HR departments have to sort out thousands of applications for a few jobs. Finding the right person for the right job becomes a very difficult process. Also very high costs are incurred for the recruitment and selection processes of such a large number of applicants.

How can we attract the Best Talent?

This is another challenge. As was the case in the past, the best available talent is not just motivated by the name and fame of an organization. Not any more. One of the best routes to the best talent is to retain existing employees through creative and strategic development.

Gone are the days when a person joined an organization in his mid-20s and worked till retirement age (late-50s). Today, young professionals hop jobs, especially during the first 4-5 years of their work life.

Now, more than ever, talented professionals are demonstrating that they are humans who are restless by nature and, unlike the immovable Banyan Tree, cannot stay rooted in one place.

Some of the reasons behind the current, massive attrition rates include:

1. The gap between organizational values and goals and personal values and goals is one of the major reasons for increasing attrition rates. If this does not abate, neither party will be satisfied, leading inevitably to the organization's loss of a talented employee.

2. Working environment is another major factor. Employees in the knowledge era demand creative and democratic work environments. Failure on the part of the management to provide this will result in a talented employee leaving the organization.

3. High work pressure on employees is another significant factor. This has led to psychological problems like stress and, in extreme situations, total burnout. Other health related problems also follow.

4. Movement for higher salary is also common amongst younger professionals. There is no shortage of organizations looking for talented employees who are also ready to shell out hefty salaries. Other lures like

better job opportunities, higher posts and overseas assignments are also major factors in the attrition rates.

5. Not taking proper care during the recruitment and selection process and not taking proper care to fit the right person to the right job also breeds dissatisfaction.

6. Bad or opaque policies from management on issues of succession planning and promotion as well as appointments for senior positions are also major factors which make organizations lose out on talented employees.

7. Differing aspirations at different times of a professional's career also contribute to movement. During the initial years, they go for good salary and/or foreign assignments. After this, they look out for cutting edge technology placements. More seasoned professionals look for learning opportunities. So employees tend to move to those organizations which provide them with the means to fulfil their aspirations per time.

Retaining existing employees is of foremost importance to organizations because they have already incurred heavy costs in training and development. Whenever an organization has to look for a replacement, additional costs are incurred.

Also it takes some time for new employees to adjust to new work environments. During this time, the productivity of the employee will be low. Apart from causing the company a monetary loss and breaks in the smooth day-to-day operations, attrition contributes to knowledge transfer which is a great loss that adversely affects business.

How can we Manage the Talent?

It is now proved beyond doubt that, in the era of technology and knowledge, talent is in the driving seat. One who possesses it dictates! Quality people are no longer available in plenty, are not easily replaceable and no longer relatively inexpensive.

These are some of the measures that should be taken into account to hire and retain talent in an organization, for it to be efficient and competitive:

Hire the Right People: Proper care must be taken while hiring the people itself. It would be beneficial for an organization to recruit young people and nurture them, than to substitute by hiring from other organizations. Questions to be asked at this stage are: Does the person have the requisite skills needed for the job? Does the person's values and goals match those of organization?

Keep the Promises: Good talent cannot be motivated by fake platitudes, half-truths and broken promises. Unfulfilled expectations can breed dissatisfaction among employees and make them either leave or work below expectation. Promises made during the hiring stage must be kept to build loyalty, so that they are satisfied and work to their fullest capability.

Provide good work Environment: It has to be accepted by the organizations that highly talented persons make their own rules. They have to be provided with a democratic and stimulating work environment. The organizational rules must be flexible enough to provide them with freedom to carry out their tasks to their liking, as long as the task is achieved. Opportunities should also be provided to the employees to achieve their personal goals.

Recognition of Merit: One very important and highly motivating factor is recognition of a person's talent, especially if it is suitably rewarded. Salary commensurate with performance is only one reward. Promotions and incentives are another way. Yet another is involving them in challenging projects. This will achieve two objectives - it makes the employee feel that he is

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CIPD HRD Seminar 2009

April 21-23; EXCEL, LONDON

Tuesday, 21 April 2009 9.45-12.45 a.m.
Talent Management
Is Your Talent Fit To Lead?
Assessing Leadership Potential

This workshop will provide a highly participative and practical demonstration of assessing leadership potential and in particular will focus on the key dimension of leadership judgment and decision-making. It will show that effective leadership judgment is a form of developed wisdom that goes beyond the traditional psychometrics, which focuses on behavioral style or intellectual ability.

Deciding who has the potential to lead is one of the most critical steps people professionals can take to ensure the future of an organization.

Key learning outcomes:

- Insight into, and practical experience of a leadership assessment process.
- Behavioral observation using a leading edge business simulation to assess leadership potential
- How this process can be integrated with the use of psychometrics.
- Gain an understanding of how to assess a leader's judgment and preferred styles when dealing with a range of decision-making contexts.
- How to measure how accurately a leader can discern the most appropriate way of engaging with colleagues, as well as the leadership strategies they are likely to employ.

Quotations

Getting ahead in a difficult profession requires avid faith in yourself. That is why some people with mediocre talent, but with great inner drive, go much further than people with vastly superior talent.

Sophia Loren

Good character is more to be praised than outstanding talent. Most talents are, to some extent, a gift. Good character, by contrast, is not given to us. We have to build it, piece by piece — by thought, choice, courage and determination.

H. Jackson Brown

“Mediocrity knows nothing higher than itself, but talent instantly recognizes genius.

Arthur Conan Doyle, Sr.

“Too many companies believe people are interchangeable. Truly gifted people never are. They have unique talents. Such people cannot be forced into roles they are not suited for, nor should they be.”

Warren Bennis

“The leader ... is rarely the brightest person in the group. Rather, they have extraordinary taste, which makes them more curators than creators. They are appreciators of talent and nurturers of talent and they have the ability to recognize valuable ideas.”

Warren Bennis

“Genius does what it must, and Talent does what it can.”

Owen Meredith

“Talent is cheaper than table salt. What separates the talented individual from the successful one is a lot of hard work.”

Stephen King

“There is no such thing as great talent without great will-power.

Honoré de Balzac

“To be successful, you have to be lucky, or a little mad, or very talented, or to find yourself in a rapid-growth field.”

Edward de Bono

Succession planning

ALL organizations, whether in the private or public sectors, need to be able to find people with the right skills to fill key and top leadership positions. Traditionally, large blue-chip companies ran highly-structured, mechanistic, secretive and top-down schemes aimed at identifying internal successors for key posts and planned their career paths to provide the necessary range of experience.

These schemes worked reasonably well in a stable environment where structures were fixed and careers were long-term.

However, with growing uncertainty, the increasing speed of change in the business environment and flatter structures, succession planning of this sort declined in the 1990s. The point became, how can one plan for jobs that may not exist next year? One apparent result was that more and more people were appointed to top jobs from outside the organization.

A further problem with traditional succession planning was that it failed to take account of non-managerial roles – a brilliant scientist, for example, who might be crucial to the future of the organization and wanted to stay in a research role where, in any case, he fitted better.

In this climate of growing skills shortages and lack of confidence in the leadership potential of the existing workforce, interest in succession planning has been revived.

What is Succession Planning and what does it do?

Succession planning is identifying future potential leaders to fill key positions. Succession planning can also be defined as a process by which one or more successors are identified for key posts (or groups of similar key posts) and career moves and/or development activities are planned for these successors. Successors may be fairly ready to do the job (short-term successors) or seen as having longer-term potential (long-term successors).

In the CIPD/DDI survey Global Leadership Forecast 2008-2009, 58% of UK organizations reported having a process for identifying high-potential leaders.

Succession planning sits inside a very much wider set of resourcing and development processes called 'succession management', encompassing management resourcing strategy, aggregate analysis of demand/supply (human resource planning and auditing), skills analysis, the job filling process, and management development (including graduate and high-flyer programmes).

Scope
Organizations differ in size, scope and type, so it is difficult to point to any single model of succession planning. However, it is most common for succession planning to cover only the most senior jobs in the organization, plus short-term and longer-term successors for these posts. The latter group is in effect on a fast track and is developed through job moves within various parts of the business.

This focus on the most senior posts – perhaps the top two or three levels of management – means that even in large organizations, only a few hundred people at any given time will be subject to the succession planning process. It also makes the process more manageable, because it is much easier to concentrate on a few hundred individuals rather than several thousands. That said,



however, many large organizations attempt to operate decentralized models in divisions, sites or countries where the same or similar processes are applied to a wider population.

Balance between individuals and organizations

The old succession planning was purely about organizational needs. The modern version takes account of the growing recognition that people – men as well as women – increasingly need to make their own career decisions and balance career and family responsibilities. Therefore, the emphasis is about balancing the aspirations of individuals with those of their employing organizations, as far as possible customizing moves to meet the needs of employees, their families and the changing skill requirements of the organization.

Broadening experience by lateral moves

Traditionally, people would have gained experience by upward moves, with accompanying increases in status and salary. Nowadays, that may not be possible, because organizations are less hierarchical, with fewer management layers. A sideways move into a different job may be all that is available, without any extra cash. Traditional fast-tracking created expectations of upward progression, and if status and money are thought to be motivators, different methods of generating commitment may have to be found. Similarly, some organizations are taking advantage of secondment opportunities as a way of providing wider development opportunities to potential leaders.

Roles, not jobs

In the past, people would move up to specific, often specialist jobs. Now, (although some jobs will always require specialists) the focus is on identifying and developing groups of jobs to enable potential successors to be identified for a variety of roles. So jobs might be clustered by role, function and level so that the generic skills responsible for particular roles can be developed. The aim is to develop pools of talented people, each of whom is adaptable and capable of filling a number of roles. Because succession planning is concerned with developing longer-term successors as well as short-term

replacements, each pool will be considerably larger than the range of posts it covers.

Competencies

Many organizations have developed frameworks for technical and generic competencies, which relate to a broad range of desired skills and behaviors. The assessment process attached to generic frameworks (especially for management competencies) can provide a useful starting point for evaluating an individual's potential for a senior role. Thus, succession plans need to be integrated with existing competency frameworks. However, there should not be an over-reliance on competencies because they may be too limiting and mechanistic to assess skills such as leadership. Moreover, they relate to the past and present rather than to the future, which is where organizational leaders need to look.

Links with business planning

Those responsible for succession planning need to know as much as possible about the future of the business, how it is likely to change and how such change might affect the numbers involved and the skills they need to possess. Of course, this is not easy, but it does imply a close relationship at a senior level between top managers responsible for shaping the future of the business (including in particular the Chief Executive) and the HR function, which acts as a Facilitator.

Openness, fairness and diversity

Greater openness and transparency have come with the greater emphasis on the individual and the focus on roles rather than jobs. Secrecy is being gradually reduced and advertising of internal jobs is increasing. It is now more widely believed that employees need to understand the succession process, the methods used to judge potential successors and the kinds of jobs that are considered suitable for each individual.

With openness should go fairness; objective assessments of all available candidates need to be seen to be made and Succession Development Committees (under a variety of names) exist in many large companies to review key talent and succession plans and to examine how to improve the process. Those covered by the process need to be able to make an input about their own career aspirations, preferences and constraints. They also need feedback about how they are perceived by their employers and the kind of job moves

for which they would be considered.

As a growing number of organizations recognize the business case for diversity, they are increasingly aware of the need to ensure that the talent pool of women and ethnic minorities are properly developed.

Insiders and outsiders

All organizations need a certain amount of new blood to bring in new ideas and approaches and fill unanticipated roles. Many seem to rely either too much on outsiders or too much on insiders, suggesting that it is difficult to find the right balance. Some academic commentators suggest that a ratio of around 80:20 between insiders and outsiders is about right.

Some also argue that outsiders should not be brought in at Board level but somewhere below it, so that people with outside experience can become accustomed to the corporate culture and undergo development before taking the next step up.

Others, though, argue that if an objective business case can be made for bringing in outsiders at Board level, it should be done.

In particular it was argued that a failing business needs to recruit from outside and needs to be seen to be doing so to satisfy investors. Nevertheless, it is not difficult to make the case that many companies would be better served if they spent as much on developing their own talent through succession planning as they do on recruiting and retraining outside hires.

Databases

Various software packages exist to enable organizations link available jobs with potential successors, to scan them to see whether filling vacancies with particular individuals would help to develop them and to make sure that developmental actions are followed up. Of course, the databases need to be continuously updated and supplemented with discussions between Managers.

An evolving process

Organizations are not static. They evolve. Similarly, as those involved in succession planning gain experience of its operation and as structures and requirements change, they will continually amend the system and how it operates. If they do not, the process will become less effective.

The role of HR

Succession planning needs to be owned by Line Managers and actively led by the Chief Executive who has a key role in ensuring that it is given the importance it deserves by other Senior Managers. After all, ensuring that there is a healthy pipeline of potential leaders is about nothing less than the future of the organization. However, it is not realistic for CEOs and those around them to have sole responsibility for this; they have neither the time nor the expertise.

The HR function therefore has a critical role in supporting and facilitating the process, not the least in compiling all the necessary information on potential candidates. Any career move at senior level is a process of multiple dialogues, in which a senior representative from HR will collect views from Senior Line Managers in an interactive fashion, testing, challenging and amending them as the dialogue goes on, making sure that all possibilities are covered, and maybe putting proposals for decision to a Succession Development Committee. HR departments are of course also heavily involved in

giving career advice and information to individuals assessing and advising on their development needs. The HR function is also centrally concerned in the design and management of assessment processes and information support, including the development and maintenance of computerized databases.

Is succession planning worth it?

There is no one model for succession planning and there are no hard-and-fast rules. Every organization is different and what has been described above has been drawn mainly from the experience of large organizations. However, smaller organizations may be able to take what they want from this factsheet and adapt to suit their own needs.

What is indisputable is that all organizations need leaders with a range of experience. Management training programmes cannot provide all the hands-on experience which is crucial in making future leaders.

Although it is a complex and time-consuming process which, if carried out properly, does not come cheap, succession planning is the only way of managing the future pool of talent within an organization and ensuring it meets its business goals.

Contributed by mike carnell

Effective talent management?

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considered important (a highly motivating factor) and he gets the work done in an efficient manner thus bringing out the best in him.

Providing Learning Opportunities: Employees must be provided with continuous learning opportunities on and off the work field through management development and distance learning programmes. This will also benefit the firm in the form of a highly talented workforce.

Shielding from High Work Pressure: If an organization has to make the most of available talent, they should be provided with adequate time to relax, in order to reduce stress. It is very important to provide them with holidays and all-expenses-paid trips, so that they come back to work refreshed and with increased energy. They must also be encouraged to pursue their interests – a good way of reducing work environment stress. Recreation clubs, entertainment programmes, fun activities within the work area will also reduce the work life stress of the employee and engender camaraderie among workers.

Conclusion

Highly demanding business environments make it imperative for organizations to build competence in the form of superior intellectual capital. It is agreed by almost all CEOs of big companies that the human resource – a talented one – is what can provide competitiveness in the long run.

So it is the duty of the HR department to nurture a brigade of talented workforce, which can win them the war in the business field. The talent has to be spotted, carefully nurtured and most importantly preserved.

Right person for the right job – is the new mantra.

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