
Talent Management: A Four-Step Approach

V Campbell, W Hirsh



REPORT 502



TALENT MANAGEMENT

A FOUR-STEP APPROACH

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IES is an independent, apolitical, international centre of research and consultancy in HR issues. It works closely with employers in all sectors, government departments, agencies, professional bodies and associations. IES is a focus of knowledge and practical experience in employment and training policy, the operation of labour markets, and HR planning and development. IES is a not-for-profit organisation.

The IES HR Network

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Executive Summary

A Four-Step Approach to talent management

IES conducted a case-based study of issues and practices in talent management in 23 member organisations of its HR Network. These were in a range of sectors including public, private and third-sector organisations.

These discussions led to a Four-Step model of talent management as shown below.

The Four-Step Approach to Talent Management



Source: IES, 2013

The four steps which need consideration in the development of a talent management approach are:

- **Definition:** What do we mean by talent management in this organisation?
- **Focus:** Which jobs and groups of people will talent management focus on?

- **Process:** How will talent management be done in practice?
- **Action:** What are the practical outcomes of talent management?

As shown in the figure above, each of the four steps also has a set of questions about the specific business which will condition the choices made at each step. We call these 'business moderators' and they go some way to explain why talent management appears to be a highly contextual aspect of people management. They concern the business drivers for talent management, the business risks it is hoping to address, the capability of managers implementing the processes and the measures the organisation will use to determine the impact of talent management.

While we acknowledge that this model is a simple view of a complex subject, it can help us understand how specific business needs influence talent management in terms of its definition, focus, process and action.

An emergent field

Although talent management has been a hot topic for at least 10 years, it was actually still quite embryonic in many of the organisations involved in this study. Some of the trends and issues included the following:

- There is difficulty with the definition and focus of talent management, with quite a number of organisations sending messages about developing the talent of the whole workforce but only really focusing on talent for the most senior roles. There is also growing interest in talent for senior specialist roles and pipelines for occupations in scarce supply.
- The focus on the top of the organisation is reflected in definitions of 'high potential' which tend to assess individuals against leadership behaviours. Often organisations focus on a 'grow-your-own' approach, where high-potential employees quickly progress to fill senior positions and lead the development of the future workforce.
- Likewise most of the talent programmes are for those with senior management potential, whether in mid career or in an early-career accelerated development or graduate entry scheme. Some organisations are adopting much more individualised approaches to talent development.
- The active development of those with potential takes some time to get established. It does rely on managers having both the capability and motivation to take real responsibility for developing their best people.
- Organisations have ideas about how to track and measure the impact of talent management, but tracking what happens to the individuals identified was not yet well embedded in most of the organisations in this study.

Key learning points

Key learning points from this report include the following:

1. **Adopt clear definitions and transparent processes:** This will help gain trust and build credibility.
2. **Be true to your definition and messages about talent:** If adopting an inclusive 'everyone has talent' approach, ensure that the development review and planning processes for all staff genuinely reflect this.
3. **Build the business case for talent management:** Align talent development approaches to business strategy.
4. **Be aware of changing business priorities:** As business priorities change, we need to address whether our talent management approach is still appropriate.
5. **Balance immediate business need with long-term strategic objectives:** This requires careful consideration of what the key business drivers are.
6. **Mobilise talent where possible:** If an individual is not ready for a promotion, consider development through stretching them in the job or through a lateral move.
7. **Consider low cost methods of talent development:** These might range from experiential learning through target experiences, to coaching and mentoring from senior leaders or specialists.
8. **Showcase talent to senior managers:** This can be done through networking events and is a valuable way of advertising the calibre of internal talent.
9. **Fit approach to culture:** The desired behaviours of leaders and indeed all employees should be communicated clearly and embedded through the talent management processes and practices.
10. **Consider organisational readiness:** Responsibilities for talent management must be clear and managers should be supported in becoming competent at having talent and career conversations.
11. **Engage the HR community across the business:** Organisational Development (OD), HR Business Partners (HRBPs,) Leadership, Learning and Development (L&D) and talent leads should all be involved, to ensure they are working with a non-silo mentality and that approaches are consistent across departments.
12. **Demonstrate that talent practices add real business value:** Workforce information needs to be better analysed, reported and integrated with other

measures (eg financial data) to demonstrate the business contribution of talent management.

13. **Ensure Board buy-in:** This is a critical success factor for talent management, just as it is for all people management activities.

1 Introduction to the Four-Step Approach

1.1 Case-based research on talent management approaches

In 2005, searching the term 'talent management HR' yielded eight million hits using a well-known internet search engine (Lewis and Heckman, 2006), and by 2012 the same term gave over 25 million hits. This suggests a growing number of articles and books on the subject. One might hope that all this activity would have led to a well-accepted definition of 'talent management' and a specific, well-defined approach and related practices. Yet much of the literature shows we are still grappling over the definition and goals of talent management, let alone the best way of implementing it.

It is no surprise then that many of the organisations belonging to the HR Network of the Institute for Employment Studies (IES) were interested in discussing their approaches to talent management and providing insights into what drives their decisions and choices in this area.

The aim of the research was to unpick the 'talent management' concept and to illustrate what it looks like in practice by sharing experiences and organisational learning.

IES conducted semi-structured interviews with a range of HR professionals including HR directors, heads of organisational development (OD), talent leads and learning and development (L&D) specialists. The research involved 23 IES HR Network member organisations from the private and public sectors (roughly equally balanced) and also some from the voluntary sector. Most were UK organisations, but some were international. This report summarises the key issues raised in these interviews. It includes case study illustrations, but these are anonymous to preserve the spirit of confidentiality in which the interviews were conducted.

1.2 Key decisions and choices in developing talent management: the Four-Step Approach

Generally, organisations in this study felt that they needed to do more about developing their people. For the majority this was in order to build organisational capability in preparation for future challenges. Talent management was viewed as the main way of achieving this.

That said, the interviews showed considerable tension around the concept of talent management and there was no universal picture of how practices were being used across different workplaces. However, the conversations with HR professionals in the HR Network did reveal that the design and implementation of talent management is generally shaped around four key steps. These represent the fundamental questions and choices which an organisation needs to address in the development of its talent management approach.

The four key steps are:

1. the *definition* of talent management in any particular organisation
2. its *focus* in terms of which jobs and which groups of employees the organisation will concentrate on
3. the *processes* which constitute talent management
4. the *actions* which will be taken to manage talent and achieve practical outcomes.

Each of these four steps is shown in the shaded boxes in Figure 1.1 below.

Figure 1.1: The Four-Step Approach to Talent Management



The research also revealed what we might call ‘business moderators’ for each of these steps (shown in the paler boxes in the figure). These are the underlying business questions which give talent management its real relevance and value as follows:

- In defining talent management in any particular organisation, we need to consider the business *drivers* which will determine its purposes and hence its definition.
- In focusing talent management efforts in an organisation, we should consider the *business risks* that it will aim to mitigate and, therefore, which jobs and people are relevant to those risks.
- In designing appropriate processes, we need an organisation to have the *capability* to operate and sustain those processes. This relies on clear structures of responsibility and governance. We also need senior managers, line managers and HR professionals to be committed to using these processes and having the skills and understanding to do so effectively. Organisations need be ready to implement their chosen approach.
- In taking real action, especially to develop and deploy employees in ‘talent’ groups, we need to be clear what kind of impact we are expecting to see, and here the issues of *measurement* from a business perspective come to the fore.

So we see these business moderators influencing choices about talent management at each step. As these moderators are highly contextual, they go some way to explain why the talent management approaches and decisions are different across organisations.

In the following chapters we examine each of the four steps in terms of the choices made and the way the business moderators affect these. The report concludes with key learning points.

2 Step One: Definition

2.1 Definition: What is talent management?

Many surveys illustrate that HR leaders and business executives rate talent management as their top people issue, believing it has a very high impact on business performance (Reilly, 2012). Yet, if this is so, we should be able to define and ultimately measure talent management to demonstrate this impact. Even amongst academics and workplace practitioners, a shared definition cannot be agreed, and confusion remains as to what talent management really is and what it aims to achieve.

In particular, so-called 'inclusive' definitions ('all our people are talented') are often being communicated in those organisations where much more selective approaches are adopted in practice, with 'talent management' really being limited to certain groups of staff, usually 'high potentials'.

Recent views of talent management see the inclusive versus exclusive definition as a spectrum, with varying degrees of exclusivity (Garrow and Hirsh, 2008). In the HR Network research, we see such definitions reflected differently across organisations with three common interpretations emerging.

Building organisational capability throughout the workforce

At one end of the spectrum, the definition of talent management and its processes is inclusive in nature and applies to all employees. Such an approach is based on the premise that 'everyone has talent'. Six organisations in the study strongly adopted this view and therefore emphasised, within their talent management approach, personal development for all employees, nurtured through a learning culture.

When seriously implemented, this approach shows real employee engagement with learning and development activities through clearly structured appraisals and personal development reviews, often leading to personal development plans

(PDPs). Some organisations, for example, offered mentor support for soft skills development across the workforce.

A global construction company discussed how important the induction process was in ensuring that everyone joining the organisation was aware of the vision statement and values. Employees need clear expectations of what this means in practice when it comes to how they are developed in line with this values-based culture. Such an approach also requires that all managers are committed to developing their people and have the skills to support that development.

Accelerated skill development for high potentials

At the other end of the talent spectrum is a more exclusive approach to talent management where the definition is about developing those with 'high potential'. 'High potential' in this sense usually means those with potential for the jobs at the very top of the organisation. This can be a very select executive population or a slightly wider group of those in senior management roles.

A private sector company described talent management as being '*about identifying the high-flyers who we feel will go far in our organisation*'. Sixteen of the 23 organisations in this study reflected this focus: seeking high-potential employees to fill future senior positions and ultimately become key members of the top team. These organisations recognised that high performance does not necessarily equate to high potential. They also sometimes included attending to poor performance as part of their talent management process, although the performance management process would normally be doing this anyway.

Organisations are not recruiting to the same extent as they did five years ago; therefore, there is more focus on growing existing employees into new roles. One organisation (a small regulatory body) said, '*Talent management aims to mitigate risk by developing leaders who have the technical expertise to deliver projects, and grow in line with our strategic direction.*'

Career development

A more career-oriented definition of talent management places more emphasis on establishing career direction (relating to individuals' interests and ambitions), as well as deploying and mobilising talent across the organisation, by offering different career experiences and using talent populations to fill key roles.

A large, global software company is developing talent by offering a unique experience to live or work for six months in another part of the business. This 'Fellowship Programme' is designed to break down barriers that may exist across departments and develop new skills to widen career opportunities for individuals. Employees can apply for this programme and the experience is specifically tailored to the individual's development needs. The company reported positive effects on morale, even amongst those who have not used the programme, as they know the option is there if they wish to apply.

Ideally, the desire and need to gain exposure and learning beyond the current job will be woven into individual PDPs. However, as some organisations noted, a balance must be struck between individual development and the immediate business need. There may be occasions where an employee's skills are required in one particular project, yet to progress in their PDP, they require exposure to another area. The key here appears to be managing expectations by being clear about the business needs while working to attract, motivate and retain employees throughout their time with the business.

Giving breadth of career experience is more difficult for those in specialised job roles as they often have fewer opportunities for movement. However, some organisations did not feel that it is necessary for technical specialists to acquire broad experience, as those progressing within a specialism need to build on what they know, through 'repeat exposure' to similar, but increasingly complex, activities. This shows the need for the understanding of talent management to embrace the different career paths likely for different groups of talented employees.

The three approaches to talent management outlined above are not mutually exclusive; a number of organisations use definitions of talent management which combine several points on the spectrum.

A global software company provided an example of how to manage 'talent for all', plus senior technical development and high-potential employees. 'Talent for all' is managed through a robust 'performance review cycle'. Each individual is assessed against the goals and objectives set for the year.

Alongside this, potential for promotion is examined through a range of 'success factors'. These include:

- capability
- desire to take on more complex work
- track record of executing tasks successfully
- seeking continuous development

- level of innovation.

These criteria are used, alongside other specific measures, to select individuals who would excel in either leadership roles or as senior technical specialists.

This example illustrates the growing recognition that successful talent management is a hybrid approach, tailored to business needs, with no element of ‘one size fits all’. So an organisation needs to find the talent definition that best suits its business context.

2.2 Defining talent management within wider people management

2.2.1 Talent management as an umbrella term

So far we have been defining talent management in terms of whether it is inclusive or exclusive and whether it applies to skill development or career development or both.

Figure 2.1: Talent management definitions, themes and word associations



Source: IES, 2013

This research also found that organisations define talent management in the context of the array of practices used to manage people effectively at work. Many

definitions talk about talent management in terms of attracting, developing and retaining 'talented people'. In this wider people management context, talent management tends to be seen as an integrated set of activities, mostly concentrated on developing people to meet changing business needs. HR professionals who took part in this research referred to associated HR practices, shown in Figure 2.1, when defining and describing their approach to talent management. This supports some HR Network member views that talent management is an 'umbrella term' covering several established aspects of people management.

Those organisations which cast their talent management 'umbrella' wide adopt a broad definition including *recruitment and promotion* as part of their approach.

The definition of 'talent management' in a particular organisation is sometimes influenced by the structure of teams within the HR function, rather than through a particular understanding of the whole field of talent management activity. For example, larger organisations in this study tended to have a separate recruitment function and were, therefore, less likely to include recruitment in what their 'talent management' team covered. Larger organisations also often separated leadership development from skill development for all employees, although both could sit under a wider *learning and development* function.

The segmentation of different aspects of talent management into different teams in HR/L&D was shown in a public sector organisation. Here the separation of leadership development from broader employee development was seen as a way of talent management concentrating on internal 'talent identification' for senior leadership roles. This organisation described its recruitment team as key to attracting and selecting the 'best people' from outside the organisation, based on business need. The talent management lead then places individuals in 'talent pools' and assesses the leadership and other skills needed. The organisation then draws on the expertise of the organisational development and leadership team to develop tailored programmes in line with future business needs.

2.2.2 Talent management, succession planning and workforce planning

Succession planning was a frequently used term to describe a proactive process of tailoring skill and career development to supply good-calibre employees for future vacant posts. A number of organisations in this study saw succession planning as a key part of talent management and often used the two terms interchangeably. Indeed, much of what is called talent management would have formerly been included in succession planning, eg the proactive career development of those with potential for senior roles.

Some organisations preferred to draw a clearer distinction between the terms ‘succession planning’ and ‘talent management’. One government department, for example, associated the term ‘talent’ with people and ‘succession’ with posts. This distinction was identified following a request from senior management to run a workshop on succession planning. During the workshop it became apparent that the focus needed to be on ‘talent management’ as senior managers’ concerns were related to attracting, recruiting and promoting staff, rather than to identifying successors for posts.

The majority of organisations in this study understood that ‘talent management’ and the formation of ‘talent pools’ are processes which feed into longer-term *workforce planning*. Ensuring there are the right people with the right skills for future roles was considered to be critical to business performance. Over half the organisations in this study included workforce planning in their definition of talent management.

2.2.3 Business requirement or HR fad?

For many organisations, talent management is not a new concept, and the majority of organisations in this study thought it was being driven by business need. Yet, considering the number of previously recognised terms that are incorporated into definitions of talent management (especially succession planning and workforce planning), could talent management be seen as just a re-packaging of other well-known concepts? This invites scepticism over its usefulness as a separate term and brings a questioning of what added value the term ‘talent management’ provides.

Almost a quarter of organisations participating in the research did not define talent management at all. Interestingly, half of these businesses had made a conscious decision *not* to adopt the talent management label. They often recalled observing similar organisations introduce ‘fad-prone processes’ that they believed ‘did not have sound business value’, or appeared ‘elitist’ to the rest of the workforce. In an article ‘How to detect a management fad’ the authors discuss how fads do not have a profound effect on business performance and often involve practices that alienate employees (Miller et al., 2004). Yet eight organisations in our research have developed their own talent leads and argued strongly that talent management is a business requirement.

Most organisations that ‘do’ talent management are in the early stages of implementation, with eight organisations being at the 18-month to two-year stage of the embedding processes. This would suggest, in life-cycle terms, it is a maturing concept, and organisations may not know yet what they will get out of it. Only very few organisations are really measuring the impact of talent

management practices although they still think it will improve business performance, especially in the medium term.

Whether talent management is seen as a fad or not, it does encourage managers to take a step back and think about what they are doing with their best people. As such it may be a useful corrective to the large amounts of time managers often feel they need to spend on individuals who are either not competent or not motivated to perform.

2.3 Drivers: Why is talent management important?

In this section, we look at the business arguments driving talent management. It is these drivers which are putting talent management so high on the corporate agenda.

2.3.1 Business strategy

For talent management practice to be effective, it needs to align with the business strategy. The example below illustrates a business strategy that is focused on developing high-quality managers at all levels of the organisation.

A charity working in the community has a workforce of approximately 600 frontline, professional and corporate staff with managers in each function. In this organisation, talent management involves identifying people with high potential and supporting and accelerating their development. A key business driver is the need for better-equipped managers to work in an integrated way, rather than work autonomously in 'silos'. This approach is seen as improving communication and enabling staff to move around the organisation more readily.

Consequently, talent management aligns with the business need by addressing three groups of staff at varying levels/career stages of management: aspiring managers, manager development and senior management development. What drives this approach is the need for a cultural shift towards collaboration and leadership, to succession plan across the organisation, and the need for effective performers to ensure managers are meeting expectations and addressing performance issues in others. The HR director emphasised that engaging employees in how they work with others and how they are performing resulted in positive behaviour change, which is believed to be linked to performance improvements.

In the current environment it is not easy for organisations to achieve a balance between the immediate business need and the longer-term strategic vision.

A construction sector company that employs 2,500 employees globally described the importance of being flexible to respond to the ebb and flow of business needs, for example striking a balance between the demand to staff a new project versus the 'talent plan'. The HR Director (HRD) emphasised the need to integrate three strands of the business strategy: people, career development and client need.

Due to client need, some individuals can be required to take on different responsibilities, or become involved in a different project, from their normal area of operation. This means that there is less emphasis on the predefined talent plan (eg set placements in different areas of the business) and more about offering a 'unique' experience to develop the individual's skill set. The HRD described one example of a graduate who joined a team working on a project for the Olympics: this individual missed out on certain areas of the talent plan but gained experiential development on an iconic project. The HRD reiterated, *'It is about balancing the interests of both parties, whilst fulfilling a business requirement.'*

Some organisations have little opportunity to 'buy in' the talent they need. The Armed Forces are an example of an almost exclusively 'bottom fed' career structure. Here, therefore, the need is to draw those with the highest ability up the organisation quite quickly to develop the wide range of experience needed for the most senior roles. Career management is also important for the whole workforce to make sure that people are effectively developed and deployed.

Only six organisations in this study had a stand-alone talent strategy. They felt that it can help in large organisations where there are a number of managers involved in delivering the strategy, or where the management team has a large span of control. However, other organisations felt that, as long as talent management processes are integrated, aligned to the business goals and communicated in an open and transparent way, a separate talent strategy may not add value.

2.3.2 Economic and political agendas

The drive for talent management is much affected by the economic environment. The interviews with IES members in this study suggest that the pressure to provide efficient and sustainable services can force the Board to take one of two polarised views:

1. continue to invest in getting the best from your people, or
2. remove or cap resources for developmental or training activities.

Organisations more commonly cited the latter response as they strive to become more 'lean', resulting in the rationalisation of a number of HR activities, including talent management.

A communications company had recently been through a merger. This resulted in a significant cultural shift from a locally to a centrally driven agenda, focused on survival and productivity/efficiency gains. This demonstrates how the economic environment, coupled with a change of management style, has resulted in a shift in business priorities. This has, in turn, resulted in a more short-term and narrow focus for talent management, with employee coverage limited to high potentials (five to six per cent of employees) and strategic management functions.

As high potentials are their main talent focus, the company holds annual networking events to showcase talent to senior managers. It is a valuable way of advertising the calibre of talent that exists internally and helps retain the best people by making them aware of job opportunities.

Some organisations are feeling the impact of losing critical professional and technical expertise through recent job losses, eg through voluntary severance schemes. The public sector pressure on jobs is set to continue, therefore local government organisations need to think differently about the nature of their business if they are to meet the 20 to 30 per cent efficiency savings dictated by the political agenda. Public sector budget cuts are resulting in significant service redesign and a change in service delivery. This brings the increased need for leadership skills to manage the change required now and for the foreseeable future.

3 Step Two: Focus

3.1 Focus: Where is talent management needed?

In the challenging economic climate at the time of this study, many organisations were mainly concentrating on internal talent identification. This is an organic, 'grow your own' method of talent management, aimed at building capability and potential in existing employees.

With tight spending constraints on recruitment and training activities across sectors, a growing importance has been placed on workforce planning to assess better the future needs and identify 'talent' gaps.

In the next section we look at the groups of people and jobs on which talent management is focused. One might expect this focus to equate to the definitions of talent management examined in Chapter 2.

3.2 Specific populations addressed by talent management

Critical or scarce roles

Filling roles key to business delivery and retaining 'difficult to replace' people has become a growing focus in the case study organisations in this research in recent years. There are tangible business risks if such roles cannot be filled: current operational requirements cannot be met and/or elements of future strategy cannot be developed. Identifying business-critical roles relies on up-to-date business planning and workforce information. Two types of roles were identified as critical in this sense:

- **Senior technical specialists:** These senior specialist roles are particularly hard to fill as they require specific skill sets with very expert knowledge in the subject area. Often such roles are small in number in any one specialist area. It is becoming more common to design in-house development programmes which

progress employees from their early functional experiences through to a senior specialist role in a particular area of functions such as IT and engineering.

A specialist chemical company identifies technical high potential as well as leadership high potential. The specialist talent pool consists of those seen as able to reach the most senior technical specialist roles. Development is then on a specialist career path which involves different kinds of development from those aspiring to be functional leaders or general managers.

- **Skilled professionals:** In ensuring an adequate supply of skilled professionals, organisations often have to manage potential consciously to keep up with changing needs, especially in senior professional roles.

A public sector agency discussed how fast-paced technology has resulted in a growing need for specialist expertise. Managers of hi-tech product teams must have 'excellent technical capabilities and experience; possessing leadership potential is not sufficient'. They designed their 'accelerated high potential' programme around this business premise by developing individuals to a common high level of ability across core business areas. So these team leaders will have the breadth and depth they need to combine both the managerial and professional elements of their work.

A catering company has developed their own Chef Academy with approximately 1,200 to 1,400 chefs who are on a progressive development programme from kitchen porters to head chefs. Their training and development approach includes mandatory training through to NVQs and diploma-level qualifications. However, the founder of the organisation felt that national training standards alone are inadequate when delivering high quality. Their training approach is most unusual and sets them apart from their labour market competitors for chefs, such as hotels. There are clearly defined steps for development that are communicated to staff from the beginning of their career journey. Each individual in the academy can clearly articulate the difference between 'good' and 'great', and they receive support from assigned mentors.

Many public sector organisations are considering ways in which they can partner with universities or other professional institutions to 'skill-up' their staff by offering professional qualifications in areas such as social work, counselling and teaching. For some, this is a strategy to retain good employees in challenging times as well as to be more self-sufficient in the initial supply of professional staff.

A city council was addressing its need to develop 'sophisticated pipelines' targeting particular skill sets and specialisms that are hard to fill. The council is in early discussions with a local university about creating a 'public sector leadership academy' for its priority professions. One area where there are particular problems recruiting and retaining staff is social work with children. The council aims to roll out accredited courses to ensure employees are being trained to a consistently high level and have a clear progression route through this professional area.

Leadership development

Leadership development was the most often mentioned focus of talent management for HR Network organisations participating in this research. The wider talent debate has also tended to focus most on the pipelines of managers and leaders for the future

Potential senior leader or executive programmes sometimes focus on those already at very senior levels but could, for example, move from a senior management to a director or executive position. In other cases the talent approach is targeting individuals at an earlier stage of their management career who are showing potential for more senior roles and will be developed with this in mind.

There was a division of opinion around whether organisational leaders can be 'all things to all people', ie demonstrate great leadership and also engage with the technical specifics of functions and business areas. One organisation believed that to achieve excellent leadership, managers needed to delegate the technical tasks to high-performing members of their team, as a focus on the detail can 'act as a distraction when building strong strategic leadership'.

Fast-track graduate programmes have a fairly old talent management focus and remain quite widespread in both public and private sectors. Here an intensive period of early career development follows highly selective recruitment.

The Civil Service, for example, has a very long established fast-stream entry which is used to attract relatively small numbers of external recruits with the perceived potential to reach very senior leadership levels over their career. These entrants have rapid early career progression and a wide range of early experiences to accelerate the early stages of their career development.

A private sector organisation in this study offers industrial placements to university students as a means of attracting qualified, high-potential graduates back to the organisation at the end of their degree courses.

3.2.1 Talent management for all?

In some cases there appears to be a lack of alignment between what organisations *say* they mean by talent management and what they *do* in practice. The rhetoric of 'everyone has talent' is not always acted on in terms of a really positive approach to personal development planning and opportunities for growth in current job roles and beyond. The limiting of development opportunities to smaller populations (like those discussed above) is understandable from a practical perspective, especially if development funding is limited. Nevertheless, it can be seen by those excluded as a fundamental breach of their psychological contract, with the risk that it can lower morale and produce a negative attitude towards those who are receiving more positive development. If clear and honest communication is provided from the outset, as to why certain types of staff are being developed over others, individuals might be able to manage their expectations more readily.

A number of low-cost methods of talent management were identified across the HR Network, ranging from experiential learning (in or very close to the job), through specific assignments or spending a short time in another area of the business, to coaching and mentoring from senior leaders or specialists. Such methods can enable active talent management for relatively larger groups in the workforce.

3.3 Business risk: What issues are we addressing?

Talent is an expensive, perishable commodity. As such, effective talent management relies on balancing business investment (ie time, money and effort) with risk. Those interviewed felt that a greater understanding of what the business risk is, and targeting investment to mitigate this risk, will allow for a more accurate people focus. It may be more costly to rush into talent management and get it wrong, than to not have the right people at the right level, as it can damage reputation and employee trust.

Four key business risks were identified by the HR Network:

1. **Inability to execute business-critical tasks:** If talent plans do not focus on the right employees, organisations may be unable to fill vacancies or deploy staff during critical projects or in emergency situations. For example, career management in the Armed Forces seeks to build and maintain a dynamic relationship between how individuals develop their careers and the ever-shifting pattern of critical tasks.
2. **Inefficient allocation of limited L&D budgets:** HR professionals and managers across sectors are finding it difficult to secure money to invest in wider talent

management processes. If organisations do not have the correct focus, they may be wasting resources on non-essential L&D activity. In some circumstances this has resulted in managers being unable to offer employees training and development they really need until the following budget year.

3. **Insufficient management support:** This is an additional risk identified for those 'high potential' or 'fast-track' future leaders. The nature of this type of development is to encourage individuals to step outside their comfort zone and try new things. Risks, both for the organisation and the individual, arise when individuals are put into a business area or function which they know relatively little about. Mitigating this risk lies within the design of talent programmes, ensuring high-quality managers are assigned to support these individuals and set expectations and the level of accountability in advance.
4. **Intention to leave:** When people leave, the organisation loses knowledge. Those interviewed in this study found that employees who intend to leave the organisation are less productive during the latter months, prior to exiting. This has been associated with employees feeling as if they are not fulfilling their potential. Coupling talent management with robust workforce planning will allow organisations to plan for successors, or develop people laterally where there are opportunities to do so. This leads to targeted development which seeks to ensure that individuals can comfortably replace those identified as being in critical or leadership roles. This is very different from uncontrolled and ad hoc development, which can raise expectations unrealistically and risk losing some very good people who have not been clear about the link between their development and real opportunities.

An unexpected exit from the organisation can be problematic as there may not be an employee who has progressed far enough in a pipeline to take over the role, and there is not always time for skill development. In these cases an external hire may be most appropriate. This also allows for someone with different experiences and a new perspective on processes to add value to the organisation.

3.3.1 Focus needs to fit business reality and culture

The focus for talent management needs to fit its real workforce needs. In organisations with unusual structures and resourcing patterns, the categories of people described early in this chapter may not fit the real business risks related to talent.

Talent management as widely practised, with its strong focus on upward career progression within the organisation, can sit less comfortably with organisations having rather flat management structures.

The research staff in a leading research institute do not regularly use the phrase 'talent management'. However, the institute has a clear mission to 'train the next generation of researchers' for the broader scientific community. In doing this, it acts as a provider of highly trained researchers to other research and medical organisations across the globe. Research staff join the organisation, often on short-term contracts due to funding constraints, and undertake specific projects in a highly demanding environment, success in which greatly increases their attractiveness to future employers. Researcher development is the responsibility of individual research leaders, acting as mentors, together with the learning and development team and the researchers themselves. Researchers take on key roles in major committees, projects and initiatives across the organisation to help them develop broader managerial skills.

The organisation provides external careers advice and networking opportunities for all staff, and has developed a new collaborative programme with other research institutes called 'Pathway to Independence'. This identifies highly talented researchers and provides them with a residential course to help them identify and prepare for future leadership roles. This initiative is championed by the CEO and Deputy CEO and is seen as an example of best practice in the research sector.

4 Step Three: Process

4.1 Process: How is talent management done in practice?

Once an organisation has determined what their definition of talent management is and what kinds of job roles/groups of people it will focus on, it needs to establish a process of managing and developing its identified talent. The HR Network member interviewees were unanimous in agreeing that having a transparent process with clear role responsibilities considerably helped to embed talent management within the organisation.

4.1.1 Transparent process

A set of processes and frameworks – job descriptions, grading structures, competencies and so on – are widely used to judge and monitor performance. Such approaches tend to be fairly rigid in unionised environments, particularly the public sector, and are also used to demonstrate equality and fairness in people management.

However, most organisations now agree that performing well against these kinds of defining frameworks does not equate to showing ‘talent’, or ‘potential’, for higher-level jobs, especially not ‘high potential’ for the jobs near the top of the organisation.

This then raises the challenge of identifying these so-called ‘high potentials’ through a process that is not solely based on ‘hard’ performance measures, but also recognises career potential. A recurring question amongst the HR Network was ‘how do you justify these more subjective measures of potential?’

Figure 4.1 illustrates a common talent management logic and set of processes identified by this HR Network research.

Figure 4.1: A common talent management identification process



Source: IES, 2013

Managers focus on one or more groups of employees in which they are seeking to identify talent, using the kinds of tools and criteria described below. Identification of talent leads onto 'pipelines' which develop that talent, again clearly communicated. Transparency about these steps and how they operate can legitimise management judgement and demonstrate credible talent practices.

A police force emphasised how talent management processes needed to be 'knitted into the culture.' The HRD found off-the-shelf methods of talent management rigid and not particularly meaningful. Key stages used in this organisation to determine the talent development needs are:

Identify talent pool: This is determined by examining the business need and how that translates to people/talent need.

Role profiling: When the talent need is understood, these needs are profiled to roles. Profiling allows the manager to identify any potential risk - skill gaps or blockages. Where there are gaps, managers will need to look elsewhere, eg internal transfers or external recruitment. If there are too many people for future roles, managers will need to look at lateral moves or secondments to alleviate the blockage.

Talent grading system: Understanding the talent need and what roles exist in the organisation enabled the HRD and senior managers to set up robust criteria to control the flow of people to posts. There are five key categories used for talent development:

1. **performance difficulties in their role** - remedial action required
2. **good match now** - still room to develop in current role
3. **lateral development** - consistent performer, consider opportunities for individual in other areas
4. **ready to go now** - high performing, one-step progression to the next level
5. **ones to watch** - high performing and high potential, require opportunities to develop quickly to senior level.

The aim of this classification system is to evidence management decision-making through objective criteria. Each role will differ as to the types of skill and behavioural competencies required, and managers are responsible for identifying these in line with job descriptions and person specifications, and communicating them to staff. This grading system forms the basis of conversations with the individual, called 'talent conversations', covering potential and skills/behaviour gaps. Senior managers are required to have such talent conversations four times a year to ensure investments in the 'top people' continue to be focused and informed.

4.1.2 Tools for identifying talent

The organisations defining talent in terms of 'high potential' for very senior roles mostly have several aspects or criteria they ask managers to look at in identifying such potential. These frameworks do tend to be very similar from one organisation to another.

A Civil Service department, for example, is using the Corporate Leadership Council vocabulary with its three elements:

1. **ability:** technical skills, attitudes and behaviour
2. **aspiration:** setting and achieving challenging goals, and seeking opportunities for learning within their subject area
3. **engagement:** emotional and rational commitment to the organisation, resulting in discretionary effort.

Where 'behaviour' is looked at, this will often equate with behavioural definitions of leadership competence frameworks used by the organisation.

Most organisations rely on management judgement to talent spot but some also use assessment or development centres (DCs) as a means of assessing current leadership behaviours and the readiness to move to more senior roles.

A catering company runs DCs for those in its Leadership Academy. Leadership development needs depend on the area or function of work, but the organisation corporately defines six leadership behaviours that are used during management recruitment and promotion and form the basis for the DC assessment.

A global specialist chemical company recruits senior leaders by assessing their potential for growth and development in their entry grade and also above. Leadership development plans are then determined using psychometric tests and simulations in line with the organisation's leadership behaviours.

The nine-box grid is a widely used approach to identifying 'talent'. It is not strictly a tool for identifying talent but rather for presenting and summarising the

perceived 'talent' in a population. The grid uses two axes – performance and potential – with three levels on each axis, forming nine boxes in total.

The potential axis needs to be underpinned by some definitions and guidance for managers. These often stem from an examination of the skill needs of the target roles, including leadership behaviours.

Over half of the HR Network organisations in this study were using the nine-box grid or were planning to introduce it in the future. However, it is a tool which requires care in its interpretation. Some possible areas of misunderstanding became apparent in our interviews:

- If the rating of performance is based only on the most recent appraisal, it reflects where people are in their current jobs, not their ability to produce sustained high performance over time. So they can appear and disappear from the 'top right-hand box' whenever they change job.
- If short-run performance is used in this way, the grid tells you more about who is currently ready for a job move than about 'high potential' for the future – so it can confuse potential with 'readiness for a move.'

The nine-box grid works better where it is tailored to focus on particular functions or workforce groups, and used as a basis for talent conversations. A few organisations in this study used a simpler three-box approach where they classify potential into 'emerging', 'growing' and 'high' potential. Timescales are estimated to indicate the readiness of the employee to move positions and the level of development required. This worked well when it was embedded in existing practices and communicated clearly to employees and managers.

It is extremely important, for the individual employee, that talent conversations accompany the nine- or three-box grid approach to provide clarity on why they fall within one 'box' rather than another and what actions are needed to develop them. It should be a two-way conversation and the individual may wish to provide evidence of progression. As discussed below, mutual agreement is central to this discussion.

As the nine-box grid is rolled out in organisations, it tends to focus on the senior layer, followed by middle management. Managers are sometimes encouraged to use this tool with *all* staff, which is only really useful if it will be followed by appropriate action for everyone involved.

4.1.3 Talent conversations

Organisations that report most benefits from their talent management approach place high importance on holding open and honest career or talent conversations

with all employees in order to manage their expectations with respect to development opportunities. Those who adopted a mentoring approach reported more soft skill development, eg communication, confidence and attitude change, which our interviewees believed to be linked to better team performance.

A transport organisation referred to the 'conversation map' as a tool used to guide managers on what kind of conversation they need to have with individuals. The tool is used to map an individual's performance and potential in a similar way to the nine-box grid; the difference is that it is focused more on the conversation than on the 'box' and helps to direct the manager as to how to have the discussion. For example, if the employee is excelling in a particular area, the discussion should look at how they can build on this. If they have performance issues, the conversation should address whether they are still able to do their role or whether the manager needs to consider redeployment to address the performance gap.

The talent manager is encouraged by the feedback received from managers and how it has helped equip them in developing individuals to be the best they can be; it is not just about determining the level of talent, but developing it.

The aim of the talent conversation is to have mutual understanding between manager and employee of how the individual is developing, and an agreement of key action points and timescales. There were mixed views amongst the HR Network as to whether these talent conversations should occur as part of performance appraisals. Having a discussion about career aspirations seems to follow on naturally from an appraisal of progress against set objectives. However, some organisations felt that as appraisals discuss performance, they should be kept separate from the talent conversations.

4.1.4 Developing talent

Some organisations are distinctly opposed to spending time 'putting people in boxes' when they can be *doing* something more valuable with them.

These organisations found it more beneficial to concentrate on delivering varied and stretching target experiences or job moves for those who are progressing along specific talent pipelines.

A global specialist chemical company uses a 'target experience' development tool that records key experiences that individuals have had in their role to date, eg change management and international experience. The talent manager described how this was used for all employees to identify where they could go next to gain additional experience and address competency gaps. It is the employee's responsibility to record their development needs and next preferred role. Managers across the organisation have access to this tool to identify potential secondees. This was particularly successful for those in the 'critical skills pool.'

In the next chapter we will look more at the action which follows on from talent identification.

4.2 Capability: Organisational responsibilities and readiness

4.2.1 Readiness

The readiness of an organisation to introduce talent management processes often depends on the structure and design of existing management practices and the people management skills of its line managers. Underpinning this are the core values and organisational culture – current or desired.

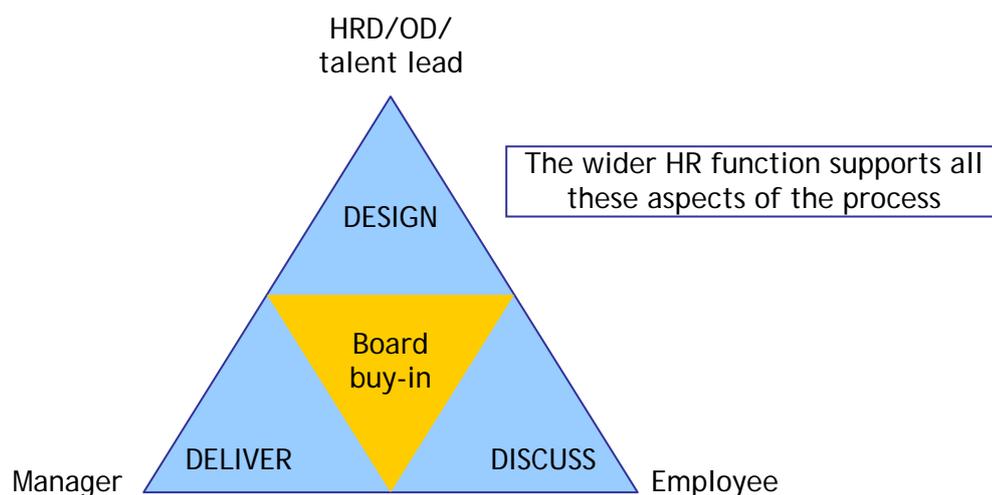
A university in the study did not yet have a working definition of 'talent management'. In relation to developing future leaders, it is still difficult to get academics to think about leadership and see themselves as possibly having a role that encompasses both academic and management or leadership components. The organisation is realigning academic progression with leadership/management responsibilities to address capability gaps and ensure academics are at the right level to deliver talent management for their people and are consistent in doing so. Ultimately managing the culture change through open discussion with academics to find out where the difficulties lie is more important at present than introducing elaborate talent management processes.

Readiness for talent management action can also rest on prior analytical work. A public sector organisation described how it developed its talent management framework using internal and external research and building on Board priorities. Internal research took the form of capability reviews across the organisation to identify where skill and succession gaps were. HR professionals approached external consultancies to assist with evidence-based design and workforce planning.

4.2.2 Understanding talent management responsibilities

Understanding where talent management responsibilities sit is important to successful implementation. Figure 4.2 illustrates how talent management is typically embedded within HR Network organisations.

Figure 4.2: Key talent management responsibilities



Source: IES, 2013

HRD, OD or talent lead

Generally, overall accountability for talent management as a set of processes sits with the HR Director (HRD) who would normally work with senior management on implementation and also report progress on key programmes and pipelines to the Board. In the Civil Service, for example, each HR Director (eg in departments and agencies) is responsible for supporting their executive team in delivering against their identified talent agenda.

The local government organisations participating in this research tended to place the design of talent management processes with their organisational development team – but this clear responsibility for a ‘talent management lead’ is more likely in the larger councils.

The ‘talent lead’ role (with a range of names) is common in large organisations, particularly global companies, to identify the strategic focus for talent, employee coverage and specific development needs. They often call on expertise from other ‘centres of excellence’ (Ulrich, 1997) such as learning and development, leadership development and organisational development to assist with the design and implementation of talent development programmes. Organisations that adopted this integrated way of working believed it was important to break down HR silos and ensure the talent process was ‘fluid’. In respect of this, talent leads are

responsible for educating managers and the HR team on how the pipelines feed into the wider function, department or service.

Line managers

Line managers are well positioned to engage staff and have an honest conversation about their performance and potential. The HR Network organisations in this study described line managers as having a pivotal role in talent identification, performance management, and coaching, supporting and giving feedback to employees who are labelled as 'talent'. They may also be able to recommend development opportunities and have good understanding about what lateral development options exist within the service or department. As we will see below, communities of managers can undertake these activities better than one line manager acting alone.

It is well recognised that management commitment and capability is key to the successful implementation of talent management. Managers must have the interpersonal and communication skills to have an open and honest talent conversation that is key to building mutual trust and confidence. Often organisations reported that managers were missing the strategic knowledge that enables them to make informed 'people' decisions. This may explain the shared need for leadership development across organisations.

Global companies, in particular, expressed the need for managers to attract, retain and motivate staff to move to other areas of the business due to a vacancy, new project, team restructure or business growth. This again highlights the link between business priorities and talent management.

Talent forums and working with the line collectively

HR usually needs to work with groups of managers both to share understanding of individuals' potential and to find appropriate developmental opportunities.

A few organisations also involve managers closely in the development of their talent management approach.

A major global non-governmental organisation (NGO) developed talent management processes to meet its changing business needs and with an overall aim of sustaining high performance. The head of L&D reflected on three key success factors for the organisation during the design and roll out of the new processes.

Management involvement: The head of L&D and HRD consulted with managers at a range of levels early in the design process. As line managers had the opportunity to input to, and jointly create, the talent processes, there was an expectation that they took ownership of the end 'product'. The HR function ensured that ideas for talent management were 'stitched into existing people management processes to keep things simple'. These existing processes included the performance management system and leadership behaviour framework.

Talent walkthroughs: These were workshops - in effect practice talent forum meetings - held for key management groups (at executive levels, in regions and in head office) to modify and agree processes. As talent plans progressed, the workshops were used to ensure there was a collective understanding of roles and responsibilities and an opportunity to practise skills required to deliver the process. The walkthroughs were key for organisational buy-in, building trust across regions.

Talent forums: The purpose of the on-going talent forums is to share the talent management processes and ensure there is clear accountability globally and locally. Although all director level roles are planned for corporately, decisions are taken within regions and countries about key roles to plan for and where succession gaps present a business risk and require action.

Generally each region decides on key roles they need to succession plan for and complete a gap analysis for critical roles.

Talent reviews or forums are a common process bringing managers together to identify individuals with talent and plan their development. Talent forums are on the rise across organisations as a platform to discuss talent needs and the individuals who are ready to develop to middle, senior or executive management. This process allows managers to validate with their peers, their judgements about the potential of people below them. They can also discuss how a wider view of future business needs may affect their talent requirements.

Employee

As discussed in Chapter 3 on focus, some organisations provide specific talent programmes based on business need. This may mean that only some of the workforce will be selected and monitored formally.

Despite career conversations being encouraged at all levels, mostly they are only mandatory for the 'top team' or those being supported through a talent pipeline, as they receive most investment. As such, it is often up to employees to help drive

the process and request to have these conversations. When employees are given the opportunity to talk about career development, it is often seen as a way they can demonstrate their interest and ambition.

A small regulatory body does not use the term 'talent management' as it finds it an inaccessible term. Instead it focuses on 'playing to (employee) strengths'. The head of people and OD discussed how the organisation followed the ideas of 'emergent outcomes'. They have a people management statement, which describes their ethos with regard to managing people and sets out expectations of both managers and employees. This version of the 'talent conversation' places career development in the hands of the employee by asking:

- What do you need to deliver the business plan?
- What do you need in terms of personal development and career aspirations?
- What do you need in terms of playing to your strengths?

The manager's role is to encourage the conversation but it is employee driven and employees are required to evidence their contributions. 'This approach has been in place approximately two years and it has helped drive employee engagement to the 80 per cent mark as it fits with the culture of the organisation.'

Wider HR function

As suggested in Figure 4.2, line managers require access to good HR support in order to fulfil the needs of the talent management agenda. The HR team act as 'enablers' as they are generally responsible for facilitating the use of talent management tools. It is important that they support managers but remain mindful of the need not to over-control them.

HR Business Partners (HRBP) are often viewed as the key link in talent management as they need to engage line managers, reinforcing training or guidance they have received from the talent lead, or equivalent, and ensuring they understand the business implications of managing talent well.

Involving HRBPs early in talent management design can build in their understanding of the business. Expecting them to just come on board to 'roll out' talent processes may not be such a helpful strategy.

Board leadership and buy-in

Talent management is more likely to succeed where the Board is seriously committed and understands the concepts and practices of talent management. Four organisations in this study experienced the introduction, or radical change,

of talent management processes following a new chief executive or HRD with executive status.

A talent lead of a public sector organisation discussed the influence of a new chief executive in moving forward talent management. The talent lead recognised the importance of having 'face time' with the chief executive and gaining the chief executive's buy-in and commitment to chairing the workforce committee subgroups (ie talent forums) that are held regularly, every three months.

In contrast, a local authority described how talent management was not on the Board's radar due to timing. The current business priority is to reduce the resource base due to budget cuts. Despite a clear need to make the best use of the staff retained in the organisation, there is a feeling amongst the Board that the organisation is not ready to introduce development measures when they are in the process of making redundancies. The HRD acknowledged the need for a behavioural shift amongst staff towards an understanding that talent development is not for the 'elite'; rather 'the purpose is to understand where our skill set is and how we can design an inclusive process tailored to the council's needs'. It was acknowledged that talent is likely to become a Board priority once the workforce distribution is rather more stable. However, concern was expressed that this will require reactive action to reduce huge development gaps which have been caused by recent changes.

4.2.3 Talent management as culture change

As reflected throughout this report, managers are an integral part of the talent management process, and the capability of an organisation to manage talent effectively rests to a large extent on line-management capability to deal with these fairly subtle people issues.

If HR really works alongside managers, they are more likely to adopt a positive attitude to talent management rather than just see it as a set of procedures which line managers follow in a mechanical way. If HR is too remote from the reality of talent identification and development, managers may feel it is 'just another HR process'.

Organisations that have more embedded talent management processes told an interesting story about their talent journey. Generally, they discussed how it had been directed by business strategy and shaped by stakeholders, managers and in some cases employees themselves. Often this required a cultural shift as to how decisions about people are made and the degree of objectivity when selecting employees for talent pipelines or programmes.

It appears that those in the public sector are feeling more comfortable with making 'talent' decisions as they increasingly recognise that having clear, robust criteria for assessing talent does not compromise equal opportunities.

A city council spoke of its recent change from an HR-led approach to a line manager-led one. An internal examination of processes indicated that the organisation needed to develop middle management in order to challenge old leadership issues and develop the skill mix needed for the public sector of the future. Successful culture change involved 'breaking down preconceptions of how local government operates and becoming more enabling and empowering'. The organisation began to embed a new way of working by creating direct line accountability for talent management and placing a greater emphasis on leadership behaviours by introducing leadership programmes and a range of placement opportunities for student interns. A long-term aim is to establish a graduate scheme to recruit new talent externally and instil leadership behaviours from the beginning of an employee's career with the council, and put in place a development programme to ensure behaviours are practically applied. Introducing a fast-track programme aims to strengthen strategic leadership and achieve Board-level recognition by developing future executives.

For organisations to be successful in introducing talent management, they must clearly communicate what they seek to achieve and how they aim to do it, in a language that is accessible to managers and employees. Many HRDs agree that having a well-communicated and targeted talent management process helps build a stronger relationship with employees, as managers have a more complete understanding of how to deliver the process. Introducing a complex system can put managers off from engaging fully in the process.

The more dialogue and engagement between management levels, the clearer the alignment with business strategy. Those who consulted widely before introducing talent management approaches reported having 'a more simple and coherent framework for the talent process that complements existing management practices'. A third-sector organisation attributed its talent management success to the fact that it did not try too much, too soon. By piloting processes with a few senior roles, the organisation was able to assess organisational readiness and demonstrate value in roles that require the most investment.

5 Step Four: Action

5.1 Action: What are our practical outcomes?

Talent management is likely to be more effective if all involved keep their minds on what the whole process is for. Some aspects of action seen as important by the case organisations include:

- what happens in terms of development once individuals have been recognised as having potential or being suitable successors for certain types of role; this may be skill development and/or access to enhanced career experiences
- how the whole process of potential identification and development results in promotion and job moves for 'talented' individuals when job vacancies occur
- specific interventions to improve the retention of those with potential and/or scarce skills.

5.1.1 Developing 'talent'

The first step to improved talent development is, as we have seen earlier, a better conversation with the individual about both their perceived potential and their career interests. Quite a lot of the organisations in this study still had a long way to go in achieving effective conversations about performance, potential and career, which are the necessary underpinnings of more focused talent development.

Managers and employees also need to feel at home with kinds of behavioural frameworks so often used both in defining potential and as a guide for the capabilities which need developing.

Whether the talent approach is universal or elitist, individuals are usually seen as requiring a thoughtfully produced personal development plan (PDP) of some kind. Earlier, we illustrated the use of development centres for selecting those in

high-potential pools. Development centres are also used to help those already selected as high potential to identify their specific development priorities.

In the case of leadership potential, individuals may often find themselves on a talent 'programme' of some kind. This often combines different content areas (eg people leadership skills, business strategy and sector trends) and a blend of learning approaches (some collective events, often coaching or mentoring, and projects or learning sets etc.).

One of the most important, but also most challenging, aspects of talent development is giving individuals a broader range of career experiences to equip them for more senior roles. This can apply to professional groups, but is most often seen with leadership high-potential pools where exposure to different functions, business areas or countries is a strong part of the reason for identifying talent in the first place. Such moves do not happen very easily, need facilitation and also need to fit with the personal constraints of the individual (especially if their families may have to move).

Some organisations have no collective talent programmes or indeed formal training interventions.

A council uses its talent management approach to encourage an individualised approach to personal development planning and consequent learning. Being identified as having potential does not necessarily lead to formal training interventions at all. There is a conscious emphasis on learning in the job and through stretching experiences.

There are still cultural tensions, especially in the public sector, around targeting development investment at selected groups in the workforce and not necessarily giving everyone, at the same level or career stage, the same kinds of development opportunities. The collective and/or individual targeting of development is fairly explicit in talent management. This is sometimes not seen as 'fair'; it also raises the need to check that some groups are not adversely affected by the way the talent process operates.

Some organisations see the populations in their talent pools as a vehicle for organisational as well as individual learning. In one case, for example, a group of individuals seen as having potential for the most senior roles, who are already in significant general management positions, have been given a stretching corporate project to carry out collectively. This will make them pool their skills and experiences by working together, but also lead to direct outcomes for the whole organisation.

5.1.2 Job filling and deployment

The organisations in this study had a number of different ways of linking talent management with facilitating career moves for individuals and the deployment of talent for the organisation. These approaches included:

- a mix of using managed job moves with open advertising of vacant jobs
- using talent or succession pools to furnish shortlists for key vacancies
- prioritising high-potential candidates for certain kinds of jobs, eg those offering important but unusual development opportunities.

A police force sends a clear message that being seen as high potential may make you eligible to be considered for promotion but is not an entitlement for a senior appointment.

5.1.3 Retention

At the time of this research, there was strong downward pressure on budgets and headcount, which sharpened the desire to retain the very best people in both leadership and professional groups.

Several public-sector organisations had been using voluntary severance to reduce their headcount and costs. Some were more successful than others in linking severance with both workforce planning and talent management. A city council, for example, had ring-fenced some job groups which were in short supply and where voluntary severance was not appropriate. Some organisations had learned the hard way that severance packages often attract high-performing, high-potential individuals who can most readily get a job elsewhere.

Talent forums can provide a useful focus for co-ordinating a range of actions for talent populations.

A government agency calls on its talent forums to co-ordinate a wide range of development and other actions for high-potential groups.

A development organisation uses the agenda of its talent forums at different levels in the organisation to cover a range of actions for the populations they address, including individual development needs of successors; collective development programmes; finding cross-boundary career experiences for individuals; and using the talent pool to cover for temporarily vacant roles, which can also offer useful development for identified successors.

A number of the case organisations said that it was ‘early days’ for them on talent action.

5.2 Measurement: How will we assess impact?

There is a growing need for more compelling HR evaluation and analytics, particularly when justifying funding for talent management activities to the Board. Some HR professionals struggle to evidence the talent-performance link and do not sufficiently utilise workforce intelligence to create dashboards or engage in the analysis of workforce trends.

Public sector organisations noted that one challenge in measuring impact lies with the difficulty of long-term workforce planning when budgets are only short-term at present. This makes it difficult to forecast future workforce needs and specify the desired outcomes of talent management. One organisation described how it based talent investment decisions on *‘a management hunch rather than proof’*.

A lack of workforce planning and changing priorities can lead talent management to be overly reactive. Businesses should be judging their talent investments by looking ahead at intended promotions, retention rates, and critical roles, thereby estimating possible savings or other expected benefits.

Three common areas for measurement were noted by businesses when seeking to show the impact of talent management:

- promotion and progression
- employee engagement
- retention rates.

Promotion and progression

When determining focus and process, organisations should build in ways to monitor the promotion and progression of those involved. In doing so they can review whether they are using the ‘planned successors’ who have progressed along the talent pipelines. For example, how many individuals on fast-track graduate schemes achieve the intended kinds of jobs upon scheme completion? This indicates return on investment. In addition, the organisation can record what levels and areas of the business individuals move to.

A private-sector organisation grades the impact of talent programmes on work through self-assessment and manager ratings. The talent lead reports the impact rating of each programme to the Board every quarter. In addition, the HRD holds half-yearly talent reviews with operations directors for each area of the business. They discuss two key items:

- how their area is progressing against set targets and development plans
- how they are managing under-performance.

Talent reviews are also held with operations managers and site managers to examine each layer of the business. The aim is to identify trends and monitor progress.

Generally, career outcomes can be measured by recording lateral and vertical moves within the business. It is particularly important to track high potentials and leaders as they tend to receive considerable financial investment. Alongside this it would be appropriate to measure the ratio of internal versus external appointments to executive leadership roles. This is a possible measure of whether succession and talent processes are indeed creating credible successors for senior or key posts.

Employee engagement

The employee opinion survey was the most cited way of monitoring the impact of talent management systems on employee attitudes. Do employees feel valued, are they satisfied with development opportunities, and do they intend to stay? This latter question is closely monitored within the Armed Forces, for example, as they are reliant, for effective functioning, on maintaining high morale.

Employee engagement has received a lot of attention in recent years because of the associated links to productivity, customer care, employee well-being and retention. A third-sector organisation is currently pursuing how it can link employee engagement measures captured in the staff survey to their longer-term growth and specific strategic business objectives. By identifying and understanding what is being measured in relation to talent management, business managers will be able to determine business impact more effectively.

Retention rates

Low levels of retention indicate a loss of knowledge and expertise through turnover. Is the business losing newly trained or developed staff? If so, is it monitoring the reasons and where leavers are going?

A public sector organisation has recently started to produce data packs for HRD, OD and talent leads that design and implement L&D interventions, to show, firstly, rates of retention during and following the development and, secondly, employee feedback, so they can understand what is working well and what may need to change in the future.

One organisation spoke of keeping a network of alumni (past employees) for networking purposes and potentially to attract them back later in their career. This means the organisation may also benefit from the investments that other businesses make in these individuals' careers.

5.2.1 Measurement challenges

Improving HR impact

HR professionals spoke of spending a lot of time managing HR activities including recruitment, training and development reviews. Yet they often feel a lack of ability to demonstrate a clear link with business performance. Organisations must consider how HR can better use workforce information alongside finance data to show, for example, the impact of talent management practices on absence rates. What is the associated cost saving?

Interestingly, those organisations that report selected metrics to the Board were more confident of showing the impact of talent management practices. This may be because the Board offers a more focused strategic direction and therefore HR has greater clarity on what to measure.

'Hard' and 'soft' measures

The majority of organisations want to be able to link business performance with talent management, but at the moment approximately two-thirds of this sample of organisations do not do so as they feel that there is no reliable way of achieving this goal. Many rely on management judgement when measuring whether talent processes are successful.

An NGO involved its senior managers in deciding how to measure the success of talent management. A set of key performance indicators (KPIs) were generated, grouped into three main areas:

- resourcing: examining the improvement in overall 'bench strength' (ie successors) against groups of roles targeted by the talent process
- proactive development, including movement between countries, of individuals identified as being in talent pools
- employee engagement: key questions within the staff survey linked to talent issues.

This organisation felt it was important to concentrate on these three 'buckets' and develop key performance indicators that relate to each. This ensures measures remain relevant to the business priorities.

Diversity aspects are included in both the resourcing and development measures.

Although organisations should quantify talent measures as far as possible, management judgement on the impact of talent plans should not be ignored as it can help to explain what the hard data shows.

Although talent processes were often still being embedded for the most senior layers in the organisation, a number of organisations in this study recognised their need to extend talent management practices to other management layers because they believe that doing so has real business value.

6 Key Learning Points

The Four-Step Approach to talent management outlined in this report drew on shared experience and practices from organisations in the IES HR Network to identify common aspects of the organisational development of talent management. While we acknowledge that this model is a simple view of a complex subject, it does go some way towards helping us understand how specific business needs influence talent management in terms of its definition, focus, process and action.

Key learning points from this research include the following:

1. **Adopt clear definitions and transparent processes:** This will help gain trust and build credibility.
2. **Be true to your definition and messages about talent:** If adopting an inclusive, 'everyone has talent' approach, ensure that the development review and personal development planning (PDP) processes for all staff genuinely reflect this.
3. **Build the business case for talent management:** Align talent development approaches to business strategy.
4. **Be aware of changing business priorities:** As business priorities change, we need to address whether our talent management approach is still appropriate.
5. **Balance immediate business need with long-term strategic objectives:** This requires careful consideration of what the key business drivers are.
6. **Mobilise talent where possible:** If an individual is not ready for a promotion, consider development through stretching them in the job or through a lateral move.

7. **Consider low-cost methods of talent development:** These range from experiential learning through target experiences, to coaching and mentoring from senior leaders or specialists.
8. **Showcase talent to senior managers:** This can be done through networking events and is a valuable way of advertising the calibre of talent that exists internally.
9. **Fit approach to culture:** The desired behaviours of leaders and, indeed, all employees should be communicated clearly and embedded through the talent management processes and practices.
10. **Consider organisational readiness:** Responsibilities for talent management must be clear and managers should be supported in becoming competent at having talent and career conversations.
11. **Engage the HR community across the business:** OD, HRBPs, leadership, L&D and talent leads should all be involved, to ensure they are working with a non-silo mentality and that approaches are consistent across departments.
12. **Demonstrate that talent practices add real business value:** Workforce information needs to be better analysed, reported and integrated with other measures (eg financial data) to demonstrate the business contribution of talent management.
13. **Ensure Board buy-in:** This is a critical success factor for talent management, just as it is for all people management activities.

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Talent Management: A Four-Step Approach

V Campbell, W Hirsh

This IES report is based on research with 23 organisations in varied sectors. By speaking directly to practitioners, the study sought to identify how organisations are tackling talent management and particularly the factors driving their choices. A four-step model is presented with the following core elements:

- Definition: what do we mean by talent management in this organisation?
- Focus: which jobs and groups of people will talent management focus on?
- Process: how will talent management be done in practice?
- Action: what are the practical outcomes of talent management?

Choices in approach were found to be very dependent on the business context. For each of the four steps, a set of business moderators was identified which seem to condition the choices made. These moderators concern the business drivers for talent management, the business risks to be addressed, the capability of managers implementing the processes, and the measures the organisation will use to determine the impact of talent management.

The report also offers a set of learning points, illustrated by practical examples in the text. These include several aspects of how to align the approach to talent management with current and future business needs; balancing short-term with longer-term outcomes; consideration of organisational culture and the readiness of managers to support talent identification and development. Successful implementation requires both the support of top leadership and the engagement of the wider HR community, not just talent specialists.

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