

5 beliefs that are holding back your talent strategy

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Building a strategy to identify, develop and retain the right people can make the difference between an organisation that is thriving, and one struggling to keep up. However, many commonly held beliefs about talent have outlived their usefulness in a more complex world, or are not backed up by the evidence.

If an organisation holds too many of these beliefs, it is likely to struggle to capture the full potential of its people, or be able to build a talent strategy that delivers on investment.

Here, we outline five beliefs about talent that can hold organisations back, and how to challenge them in your approach to talent.

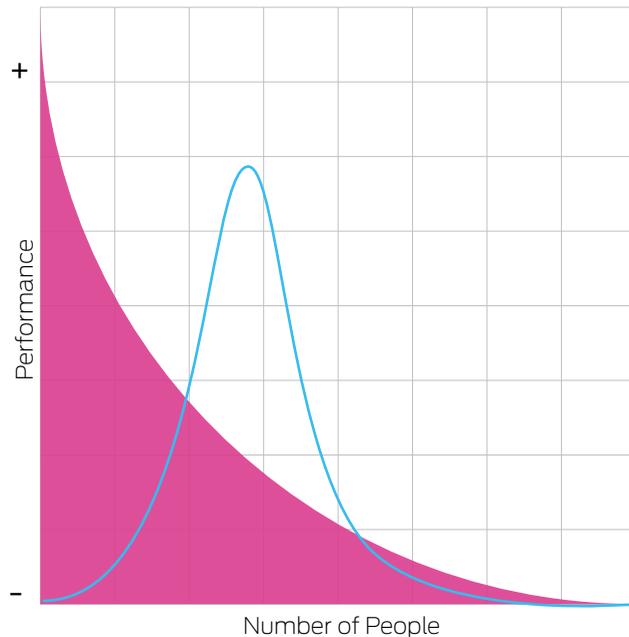
1 Talent is the top 10% or 20% of employees, so talent strategy should focus on them.

This is one of the most common beliefs about what 'talent' looks like. This thinking often comes from the assumption that performance at work follows a 'normal distribution', with most people being average performers and a few individuals being excellent or poor.

However, more recent research has shown that performance actually follows a 'long tail' distribution. This means there are a few 'hyperperformers' delivering many times the value of others, but also a large number of good to excellent performers too.¹

A talent strategy that focuses only on a small percentage misses the chance to engage those good to excellent performers, and thus loses the opportunity to capture most of the organisation's potential.

A 'long tail' distribution vs. a 'normal' distribution



A normal distribution (blue) overlaying a Pareto distribution (pink)

'Labelling' a select group as talent has its own dangers. It can create heightened expectations around development and career progression in 'talent' groups and will disengage others. The effect of this, referred to as the Pygmalion effect, is well known. It involves labelling individuals as 'not being talent' giving them lower expectations of performance which they will then live down to. Attaching too much prestige to the idea of being 'talent' can mean fostering a culture of arrogance and instability, as at Enron where people considered 'talent' were disproportionately rewarded and promoted at eye-watering speed.

Another key pitfall in talent strategy is to focus only on the top 100 or 200 leaders. While this might seem the most critical population, good leaders at the top will struggle to make the right impact if the organisation's lower levels are weak. This approach will also hamper your ability to grow future leaders from the rest of the organisation, which may leave you dependent on expensive external hires who are more likely to fail.² What's more, there may be untapped potential at lower levels in the organisation who are going unrecognised or, even worse, being seen as 'disruptors' because their abilities and potential aren't understood.

2

Planning for how to get the functional skills you need is enough.

Planning to get the right functional skills is important, especially for complex and technical businesses, but on its own, it's not enough. Rapid change, both economically and technologically, means that predicting exactly what skills and people will be needed in the future is becoming all but impossible.³ For an organisation to stay at the cutting edge, it needs people who can continually develop their knowledge and technical capability, which means thinking beyond the skills they have now.

Whatever role they hold, people will have to cope with increased change and ambiguity in the future, which means that an ability to productively manage that ambiguity and have the resilience to deal with change is essential.

A successful talent strategy needs to give attention to cultivating resilience and learning agility and recognising these capabilities as equally essential for success. Technical skills can even become all but useless to an organisation if they aren't paired with interpersonal skills and a degree of emotional intelligence. In a world in which you need to work together to succeed, a lack of these skills can make the most technically skilled person a blocker to collaboration and effectiveness. In the worst-case scenarios, organisations end up tolerating 'toxic' employees with a damaging interpersonal impact because of their functional or technical skills, but research has shown the hidden cost of this. A single toxic employee can cost the business £9,000⁴ in turnover costs, or much more if their impact extends beyond demotivating their colleagues.



3

Talent is inherent, so your talent strategy should focus on identification and recruitment.

The idea that people either 'have talent' or don't has skewed thinking for a long time, both inside business and out. In part, this is based on ideas about intelligence, or 'natural aptitudes' for skills. However, across a range of areas this idea is now being challenged. Increasingly, it's being found that all skills can be developed and this development is based more on effort and the ability to learn rather than inherent 'talent'.

Research with elite athletes found that their ability to learn, unlearn and re-learn was a more accurate prediction of their performance than their physical 'aptitude'.⁵

Whatever the skill, studies are finding that hard work and commitment are required to deliver performance, and that they are more essential than any underlying aptitude.

It's clear, then, that just focusing on identifying and recruiting talent is insufficient. Supporting people to develop their abilities is critical, and it's important that organisations provide opportunities for their people to do this.

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Talent is defined as people who have specific behaviours such as wanting to climb the career ladder.

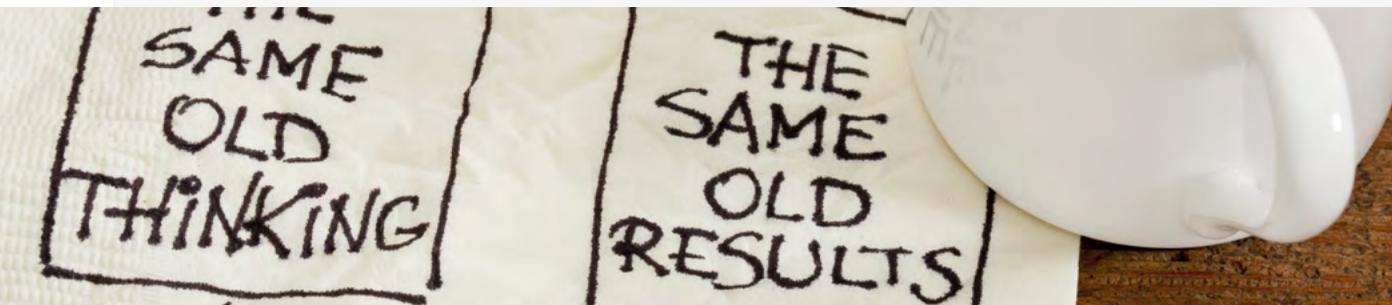
Organisations and people often fall into a view of 'what talent looks like here', and what people need to do to be considered part of the group. However, this leaves the organisation vulnerable to failing to capture a huge amount of potential, and falling into unconscious biases and stereotypes.

Managers typically give too much weight to past performance when it comes to identifying potential, and often struggle to identify what it takes to be successful at the next level up.

All of us also harbour a tendency to 'hire in our own image', so HR plays an important role in gently challenging perceptions and pointing out where ideas of 'talent' have become too narrow.

It's important to make sure that ideas of 'talent' don't become static, but are tied to what the business actually needs. If the organisation's culture needs to make a shift, for instance, then a key element of 'talent' may be the ability to challenge the existing culture without being rejected by it. And by putting a narrow frame on what people need to do to be classed as 'talent', a business will inevitably miss opportunities to harness potential and discriminate against some groups.

The qualities which make for effective long-term performance can occur in anyone.





We can't acquire or keep talent without more money.

It's true that if the organisation doesn't invest in people at all, then it will probably struggle to get the best from them. However, salary is overrated as a factor that retains and motivates good people. Recent findings on the topic have demonstrated that in purely mechanical tasks, people's performance gets better as they're paid more; however, as soon as a task becomes cognitively complex, this is no longer true. Instead, people's motivation and performance increase when they are given the opportunity to have autonomy, mastery, and purpose in their work.⁶ Organisations can cater to this in the way they manage talent and create talent strategy by taking these factors seriously. Creating a sense of meaning and purpose for individuals through strong leadership goes a long way towards attracting, engaging and retaining people, as does making sure the organisation demonstrates the values it talks about in its day-to-day work.

Other aspects of people management are often underrated when it comes to talent strategy, for instance, performance management. Getting performance management right means that talented individuals have the opportunity to receive motivating and developmental input on a regular basis. On the other hand, getting it wrong can be a serious negative; it's highly demotivating to hard workers and good performers to see underperformance not addressed.

Getting the fundamentals of people management and development right will support the success of your talent strategy, but taking a comprehensive approach is key. Pouring money into recruitment won't pay off if the organisation doesn't manage its existing talent with courage and consistency.

CONCLUSION

If there's one thing that recent research into talent has shown us, it's that the world isn't divided into the 'talented' and the 'untalented', and that it pays to broaden your thinking about the value people can add. If your organisation subscribes to ideas about talent that have become outdated or unhelpful, shifting thinking may take time. But being able to identify and challenge these beliefs will ultimately help the organisation to capture much more of its people's inherent potential.

¹ O'boyle Jr., E., & Aguinis, H. (2012). The Best and the Rest: Revisiting the Norm of Normality of Individual Performance. *Personnel Psychology*, 65(1), 79–119.

² Bidwell, M. (2011). Paying More to Get Less: The Effects of External Hiring versus Internal Mobility. *Administrative Science Quarterly*, 56(3), 369–407.

³ Cappelli, P. (2008). Talent Management for the Twenty-First Century. *Harvard Business Review*, 86(3), 74.

⁴ Housman, M., & Minor, D. (2015). Toxic Workers. Harvard Business School Working Paper, No. 16-057.

⁵ Dweck, C.S. (2006). *Mindset: The new psychology of success*. New York: Random House.

⁶ Pink, D. H. (2011). *Drive: The surprising truth about what motivates us*. Penguin.

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