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Talent Management

Key concepts and terms

- Talent management
- Talent relationship management
- Talent pool
- War for talent

Learning outcomes

On completing this chapter you should be able to define these key concepts. You should also know about:

- The meaning of talent management
- Developing a talent management strategy
- The process of talent management
- Management succession planning

Introduction

The concept of talent management as a process of ensuring that the organization has the talented people it needs only emerged in the late 1990s. It has now been recognized as a major resourcing activity, although its elements are all familiar. Talent management has been called a fad or a fashion, but David Guest argues that: 'talent management is an idea that has been around for a long time. It's been re-labelled, and that enables wise organizations to review what they are doing. It integrates some old ideas and gives them a freshness, and that is good' (Guest cited in Warren 2006, p 29).

This chapter covers the meaning and process of talent management and talent management strategy. An important aspect of talent management – management succession planning – is dealt with at the end of the chapter.

The meaning of talent management

Talented people possess special gifts, abilities and aptitudes which enable them to perform effectively. As defined by the CIPD (2007f), 'Talent consists of those individuals who can make a difference to organizational performance, either through their immediate contribution or in the longer term by demonstrating the highest levels of potential.' Talent management is the process of identifying, developing, recruiting, retaining and deploying those talented people.

The term 'talent management' may refer simply to management succession planning and management development activities, although this notion does not really add anything to these familiar processes except a new, although admittedly quite evocative, name. It is better to regard talent management as a more comprehensive and integrated bundle of activities, the aim of which is to secure the flow of talent in an organization, bearing in mind that talent is a major corporate resource.

However, there are different views about what talent management means. Some follow the lead given by McKinsey & Company, which coined the phrase 'the war for talent' in 1997. A book on this subject by Michaels *et al* (2001) identified five imperatives that companies need to act on if they are going to win the war for managerial talent; these are as follows.

Five imperatives for talent management, Michaels *et al* (2001)

1. Creating a winning employee value proposition that will make your company uniquely attractive to talent.

2. Moving beyond recruiting hype to build a long-term recruiting strategy.

3. Using job experience, coaching and mentoring to cultivate the potential in managers.

4. Strengthening your talent pool by investing in A players, developing B players and acting decisively on C players.

5. Central to this approach is a pervasive mindset – a deep conviction shared by leaders throughout the company that competitive advantage comes from having better talent at all levels.

The McKinsey prescription has often been misinterpreted to mean that talent management is only about obtaining, identifying and nurturing high flyers, ignoring the point they made that competitive advantage comes from having better talent at all levels.

Pfeffer (2001) has doubts about the war for talent concept, which he thinks is the wrong metaphor for organizational success. He has expressed the following belief.

Doubts about the war for talent concept, Pfeffer (2001)

Fighting the war for talent itself can cause problems. Companies that adopt a talent war mindset often wind up venerating outsiders and downplaying the talent already in the company. They frequently set up competitive zero-sum dynamics that make internal learning and knowledge transfer difficult, activate the self-fulfilling prophesy in the wrong direction (those labelled as less able become less able), and create an attitude of arrogance instead of an attitude of wisdom. For all these reasons, fighting the war for talent may be hazardous to an organization's health and detrimental to doing the things that will make it successful.

HR people also have different views, which state on the one hand that everyone has talent and it is not just about the favoured few, and on the other that you need to focus on the best. As reported by Warren (2006), Laura Ashley, director of talent at newspaper group Metro, believes
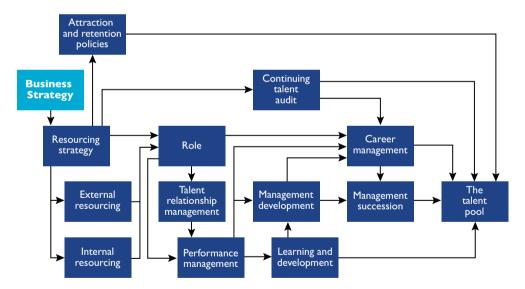
you must maximize the performance of your workforce as a whole if you are going to maximize the performance of the organization. Alternatively, as also reported by Warren, Wendy Hirsh, principal associate at the Institute for Employment Studies, says it is not helpful to confuse talent management with overall employee development. Both are important, but talent management is best kept clear and focused. Another view was expressed by Thorne and Pellant (2007) who wrote: 'No organization should focus all its attention on development of only part of its human capital. What is important, however, is recognizing the needs of different individuals within its community.'

The general consensus seems to be that while talent management does concentrate on obtaining, identifying and developing people with high potential, this should not be at the expense of the development needs of people generally.

The process of talent management

Talent management takes the form of a 'bundle' of interrelated processes, as shown in Figure 34.1.

Figure 34.1   The elements of talent management

Talent management starts with the business strategy and what it signifies in terms of the talented people required by the organization. Ultimately, the aim is to develop and maintain a pool of talented people. This is sometimes described as the 'talent management pipe line'. Its elements are described below.

The resourcing strategy

The business plan provides the basis for human resource planning, which defines human capital requirements and leads to attraction and retention policies and programmes for internal resourcing (identifying talented people within the organization and developing and promoting them).

Attraction and retention policies and programmes

These policies and programmes describe the approach to ensuring that the organization both gets and keeps the talent it needs. Attraction policies lead to programmes for external resourcing (recruitment and selection of people from outside the organization). Retention policies are designed to ensure that people remain as committed members of the organization. The outcome of these policies is a talent flow that creates and maintains the talent pool.

Talent audit

A talent audit identifies those with potential and provides the basis for career planning and development – ensuring that talented people have the sequence of experience supplemented by coaching and learning programmes that will fit them to carry out more demanding roles in the future. Talent audits can also be used to indicate the possible danger of talented people leaving (risk analysis) and what action may need to be taken to retain them.

Role design

Talent management is concerned with the roles people carry out. This involves role design – ensuring that roles provide the responsibility, challenge and autonomy required to create role engagement and motivation. It also means taking steps to ensure that people have the opportunity and are given the encouragement to learn and develop in their roles. Talent management policies focus on role flexibility – giving people the chance to develop their roles by making better and extended use of their talents.

Talent relationship management

Talent relationship management is the process of building effective relationships with people in their roles. It is concerned generally with creating a great place to work, but in particular it is about treating individual employees fairly, recognizing their value, giving them a voice and providing opportunities for growth. The aim is to achieve 'talent engagement', ensuring that people are committed to their work and the organization. As Sears (2003) points out, it is 'better to build an existing relationship rather than try to create a new one when someone leaves'.

Performance management

Performance management processes provide a means of building relationships with people, identifying talent and potential, planning learning and development activities, and making the most of the talent possessed by the organization. Line managers can be asked to carry out separate 'risk analyses' for any key staff to assess the likelihood of their leaving. Properly carried out, performance management is a means of increasing the engagement and motivation of people by providing positive feedback and recognition. This is part of a total reward system.

Learning and development

Learning and development policies and programmes are essential components in the process of talent management – ensuring that people acquire and enhance the skills and competencies they need. Policies should be formulated by reference to 'employee success profiles', which are described in terms of competencies and define the qualities that need to be developed. Employee success profiles can be incorporated in role profiles.

Management succession planning

Management succession planning takes place to ensure that, as far as possible, the organization has the managers it requires to meet future business needs.

Career management

Career management, as discussed in Chapter 35, is concerned with the provision of opportunities for people to develop their abilities and their careers in order to ensure that the organization has the flow of talent it needs and to satisfy their own aspirations.

Developing a talent management strategy

A talent management strategy consists of a view on how the processes described above should mesh together with an overall objective – to acquire and nurture talent wherever it is and wherever it is needed by using a number of interdependent policies and practices. Talent management is the notion of 'bundling' in action. The strategy covers the following aims.

The aims of talent management

- Define who the talent management programme should cover.

- Define what is meant by talent in terms of competencies and potential.

- Define the future talent requirements of the organization.

- Develop the organization as an 'employer of choice' – a 'great place to work'.

- Use selection and recruitment procedures that ensure that good quality people are recruited who are likely to thrive in the organization and stay with it for a reasonable length of time (but not necessarily for life).

- Design jobs and develop roles that give people opportunities to apply and grow their skills and provide them with autonomy, interest and challenge.

- Provide talented staff with opportunities for career development and growth.

- Create a working environment in which work processes and facilities enable rewarding (in the broadest sense) jobs and roles to be designed and developed.

- Provide scope for achieving a reasonable balance between working in the organization and life outside work.

- Develop a positive psychological contract.

- Develop the leadership qualities of line managers.

- Recognize those with talent by rewarding excellence, enterprise and achievement.

- Conduct talent audits that identify those with potential and those who might leave the organization.

- Introduce management succession planning procedures that identify the talent available to meet future requirements and indicate what management development activities are required.

The following talent management checklist was developed by the CIPD (2006):

- How are we defining talent and talent management?

- Where do professional and specialist staff fit into our talent management process?

- What are the key features of the external environment and the labour market issues impacting on our talent management task?

- What are the main challenges we're facing in developing a talent pipeline?

- What are we doing to overcome them?

- How do we define and measure aspects of talent, such as potential?

- Are we benchmarking with other organizations?

- Have we clarified for everyone involved the relationship between talent management and other HR initiatives, such as succession planning?

- What tools can be used to identify the right talent and assess potential, employee engagement, etc?

- Are we prepared to train and encourage those responsible for talent management to ask serious questions about performance and potential, and to do something about those not up to the task?

- How is the success of our talent management process measured?

- Do we undertake any systematic evaluation, including calculation of the financial and other benefits of talent management to our organization?

The qualities required

The development and implementation of a talent management strategy requires high quality management and leadership from the top and from senior managers and the HR function. As suggested by Younger *et al* (2007), the approaches required involve emphasizing 'growth from within', regarding talent development as a key element of the business strategy, being clear about the competencies and qualities that matter, maintaining well-defined career paths, taking management development, coaching and mentoring very seriously, and demanding high performance.

Management succession planning

Management succession planning is the process of assessing and auditing the talent in the organization in order to answer three fundamental questions. First, are there enough potential successors available – a supply of people coming through who can take key roles in the longer term? Second, are they good enough? Third, have they the right skills and competencies for the future? At different stages in their careers, potential successors may be ranked in order, such as, a) being ready to do the next job now, b) being ready for a certain higher-grade position in, say, two years' time, c) being ready for job rotation at the same level, and d) being ready for lateral assignments on temporary relief or project work.

Succession planning is based on the information about managers gleaned from supply and demand forecasts, talent audits and performance and potential reviews. In some large organizations in which demand and supply forecasts can be made accurately, highly formalized succession planning processes exist based on the sort of management succession schedule illustrated in Figure 34.2.

MANAGEMENT SUCCESSION SCHEDULE					Department:	Director/manager:		
Existing managers						Potential successors		
Name	Position	Due for replacement	Rating		If promotable to what position and when?	Names: 1st and 2nd choice	Positions	When
			Performance	Potential				

Figure 34.2   Management succession schedule

However, the scope for formal succession planning may be limited in today's more flexible and rapidly changing organizations where elaborate succession plans could be out of date as soon as they are made. In these circumstances, the most that can be done is to use talent management and management development processes to ensure that there are plenty of talented people around in 'talent pools' to fill vacancies as they arise, bearing in mind that the most talented or ambitious individuals may not want to wait very long.

Talent management – key learning points

The meaning of talent management

Talented people possess special gifts, abilities and aptitudes that enable them to perform effectively. Talent management is the process of identifying, developing, recruiting, retaining and deploying those talented people.

The process of talent management

Talent management starts with the business strategy and what it signifies in terms of the

Talent management – key learning points (continued)

talented people required by the organization. Ultimately, its aim is to develop and maintain a pool of talented people. Its elements are resourcing strategies, attraction and retention programmes, role design, talent relationship management, performance management, learning and development, management succession planning and career management.

Developing a talent management strategy

A talent management strategy consists of a view on how the processes described above should mesh together with an overall objective – to acquire and nurture talent wherever it is and wherever it is needed by using a number of interdependent policies and practices. Talent management is the notion of 'bundling' in action.

Management succession planning

Management succession planning is the process of assessing and auditing the talent in the organization in order to answer three fundamental questions: 1) are there enough potential successors available – a supply of people coming through who can take key roles in the longer term; 2) are they good enough; and 3) do they have the right skills and competencies for the future?

Questions

1. From your chief executive: 'What's this I hear about talent management? Is it simply new wine in old bottles as so many "innovative" HR practices seem to be? Is it for us and if so, why and how?' How do you reply?

2. Jeffrey Pfeffer made the following typically trenchant remarks about the notion of 'the war for talent'. What do you think? 'This war-for-talent imagery overlooks the fact that effective teams often outperform even more talented collections of individuals, that individual talent and motivation is partly under the control of what companies do, and that what matters to organizational success is the set of management practices that create the culture. But it is not only that the war for talent is the wrong metaphor for organizational success. Fighting the war for talent itself can cause problems. Companies that adopt a talent war mindset often wind up venerating outsiders and downplaying the talent already inside the company. They frequently set up competitive, zero-sum dynamics that make internal learning and knowledge transfer difficult, activate the self-fulfilling prophecy in the wrong direction, and create an attitude of arrogance instead of

Questions (continued)

an attitude of wisdom. For all of these reasons, fighting the war for talent may be hazardous to an organization's health and detrimental to doing the things that will make it successful.' What do you think?

3. As HR director you have proposed that a formal succession planning process should be introduced. This generated a sceptical response from the finance director who said that it was pointless to plan ahead because, a) we do not know what we want for more than a few months in advance, and b) in his experience it is difficult if not impossible to forecast anyone's potential for promotion. How do you respond?

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