

TALENT MANAGEMENT IN TROUBLED TIMES



When things are not going so well, it is easy to lose focus of longer-term priorities. Here, **Andrew Mayo** explains how businesses can ensure a successful future by looking after those people who drive value in their company.

Most executives, until recently, would have placed in their top list of issues of concern 'the attraction and retention of talented people'. Even though more urgent priorities, such as survival, may preoccupy many today, there is a reality that never goes away. Whatever we are trying to achieve is dependent on having the right people in the right place at the right time with the right skills. When times are hard, and businesses are retracting, the saving of costs can obscure the loss of value that may accompany downsizing, with lasting consequences. Many of us can recall times, in previous years, when graduate recruitment has been abandoned in downturns, only to bring a future shortage of talent a few years down the road. Nevertheless there are undoubtedly special challenges at the current time.

What do we actually mean by talent?

The word conjures up something special about people. But is it all people? Some government departments have decided that, since all people have some talents, talent management must apply to everyone and we should not discriminate. That stance basically says that there is no difference between our general people management policies and processes and talent management – it is all one and the same. It is more common on the other hand to be much more exclusive and confine talent to those with 'high potential' – typically defined as expected to make an executive position. However this may be no more than 1% of the

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organisation, and is based on a premise that such people are the only ones with valuable talent.

If we stand back from the semantics and think about the way value is created, we get a different perspective. Starting from the creation of stakeholder value, we can look at the various tangible and intangible capital components that maintain and build it. Each component has particular people behind it, people who have strategic knowledge, skill and experience directly contributing to value creation. We might call these strategic capabilities, found in individuals and sometimes whole teams. The people that possess these are the most valuable assets – not just people for their own sake (some of whom are quite possibly 'liabilities').

This then broadens our concept of talent but keeps it firmly embedded in business need. It also provides us with the flexibility to adapt to business conditions. Whereas we will always need leadership potential – which is a constant talent requirement - strategies change and adapt to circumstances. Critical capability needs move in parallel. It is often said that the executive who is right for the retrenchment phase is rarely the same for an era of growth, and perhaps even more so in reverse. So the number and definition of our 'talent pools' (as is the commonly used phrase) are not static – there may be a need to create completely new ones in hard times.

Knowing who we have

Lew Platt, a former CEO of Hewlett Packard, is famous for his quote "If only we knew what we know", in his enthusiasm for 'knowledge management'. However, it is true for many organisations that they may well be saying "if only we knew who we have". Many HR systems focus on performance and personal competencies, taking for granted the business and professional knowledge that may be the strategic differentiators. Furthermore, systems of succession planning and high potential management usually bypass the solid and core contributors who may have no executive aspiration, but who are essential for our strategy implementation.

It is essential therefore, even more so in tough conditions, to have a set of tools available which help us to easily and quickly identify our 'strategic

capabilities'. The core tool needs to be no more than a dictionary of key areas of knowledge, skill and experience, with some form of scale to enable us to distinguish different levels. The HR profession has come up with very sophisticated approaches to evaluating personal and behavioural competences, a difficult area as many are closely linked to personality. Defining business and professional areas is simpler; once a capability is defined a five point scale of expertise should suffice. A second tool is a means of classifying different types of potential, and devising ways to assess them. This is more difficult, but essential so that we do not confuse today's performance with future potential.

Modern databases enable us to organise the relevant information collected through these tools in a way which enables appropriate and relevant searches for the talents that we need. Talent planning is a process which matches our needs with what we have, and ideally is phased with our business plan. Gaps that emerge lead to either developing existing people, or to a recruitment plan. In uncertain times we may prefer a third option, which is to hire temporary expertise through interim and subcontractors.



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The core talent management processes

These would generally be accepted as attraction, retention and development of critical staff. They are of course relevant to all employees, but require particular flexibility and creativity in their application to our talent pools. We have moved a long way away from 'one-size-fits-all' HR thinking, and it is essential to do so when we focus on talent. Individuals who are special need to be treated as individuals, not numbers.

Attracting good people to your organisation is said, in the modern jargon, to depend on your 'employer brand'. In other words, how attractive is the organisation seen as an employer in the competitive labour market place? However the fresh graduate market often has quite different perceptions from those with work experience, being based more on public image. The most successful recruiters put an enormous amount of effort into attracting the best graduates available, building their own image as strongly as they can. Experienced people with the kinds of talent that one wants to attract are generally much more knowledgeable about potential employers, and are more likely to be influenced by work challenges and people they already know than by 'Great Place to Work' league tables. This recruitment/attraction process for talented people is not a one-off project, but a continual scan and search. It should not be left to HR, but involve as many as possible in the organisation.

In economic downturns a recruitment freeze may be the minimum response. However this is the time when the availability of talented people is likely to increase, along with opportunities to secure them. Smart organisations will not let any general restructuring or downsizing bar them from selective recruitment. Just as investors and businesses seize opportunities that arise in recessions, so it should be with bringing in strategically important talents. And as mentioned above, unless there is a real threat to the survival of the organisation, then recruiting graduates for the future should never stop.

Keeping those we have established as our talented people is a challenge indeed. It is probably a bigger challenge in boom times where the 'war' (as McKinsey described it back in 1998) to secure the best people is fiercest. But the best talent is always in demand and potentially open to more attractive offers. An Accenture

survey of 500 Global businesses in 2006 ('The High Performance Workforce: Separating the Digital Economy's Winners from Losers') found two thirds of organisations saying that retention was more important than hiring, and that half of them manipulated reward structures to do this. However the evidence was that the challenge of work and of achievement, and the promise of career advancement, were both more powerful than monetary engineering.

We continue to see much emphasis placed on 'engagement' today – defined as commitment to and alignment with the organisation and its goals. Many studies show clearly the relationship between levels of engagement, performance and productivity. One of the measures of engagement used is the willingness to stay with the organisation, and this is clearly what we want to see from our talented people more than anyone else.

Motivational theory emphasises the uniqueness of each individual in the mix they have of goals and drivers. The secret of retention is keeping close to each person, their aspirations and how they are feeling about their job. We may rely solely on line managers to do this, but that may be a risky approach. An alternative is to have some kind of mentor keeping close to each critical employee on behalf of the organisation.

Disillusion, project cancellation, the loss of colleagues, panicking management, a loss of attention to the individual – these are all common symptoms of bad times. In the turmoil that is often prevalent, the challenge to keep key people is even greater. It is more than likely that their loss will only make things worse.

Sometimes the work is just not available. But there are other choices available than redundancy. We can explore opportunities to keep people without paying them their salary – a pension and service continuity retainer perhaps, while the person does some course of study, travels, or does some research. This may share the pain, but also gives a message of commitment to the person and perhaps an opportunity to do something they always wanted to do.

It may be that at the end of the day we are faced with no choice – we have to let people go. But this need not be an ushering through the gates of the organisation

Remember that intelligent people are realistic about the availability of opportunities – the key is still to keep close to their aspirations and any frustrations

into the wilderness, never to be seen again. Those of today's organisations that realise the scarcity of talent will keep track of and contact with those no longer actively working with them. McKinsey is well known for its alumni network, a major source of future customers. We can create alumni websites and social networking groups and tap into them when our circumstances have changed.

Developing talented people is the third key process. We noted above that career advancement is often the key to retention. For technical people that should not mean up the management ladder, but they still look for evidence of advancement and status. In normal times, we would expect personalised attention to the career and development plans of our talent. When the going is tough, we should remember that intelligent people are realistic about the availability of opportunities, but the key is still to keep close to their aspirations and any frustrations. By definition talent is hungry for learning and the question is how we are able to satisfy that hunger within the cost constraints we have.

Retaining a supporting culture

Research in this field emphasises that it is not sophisticated HR processes that guarantee talent management to be successful, even though they may help a lot. It is the maintenance of two key features in the organisation – the interest and involvement of senior management and secondly, the existence of a 'talent-nurturing' culture.

In the *McKinsey Quarterly* 2006, three researchers interviewed 50 CEO's of global organisations about the barriers to effective talent management. The top two responses were about the time taken by senior management and line management respectively on the subject, followed by the natural tendency of organisations to be siloed in their thinking. Talented people soon figure out how they are valued – how much time and attention they get, whether the organisation is willing to take risks with them and give them chances, and how it supports them with schemes such as mentoring. They want an organisation where they can thrive and grow. Of course it makes them more valuable externally and increases the retention challenge, but that is all part of the game.

It is natural to find attention diverted in hard times from what might be regarded as 'luxuries', as tough business pressures demand continual attention and strategic directions have to change. Yet that is a trap to be avoided. At the end of the day everything we do is only achieved by people with their capability and commitment. The task of management is to maintain their attention to all aspects of talent management, re-assessing and adapting as needed, but always conscious of who drives value for shareholders and/or stakeholders. ■

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