

13 Talent

The future of talent management

When it comes to processes and technology, it is time to treat talent like a business imperative.

Today's talent leaders are searching for ways to cope with challenges from skill gaps to globalization to concerns about succession planning and future leadership. Given the critical nature of these talent issues, organizations have responded with a broad array of initiatives that focus on talent attraction, development, and retention. According to a 2010 Deloitte survey, talent leaders' top concerns include:

Talent concerns remain high despite global economic uncertainty

41% of executives surveyed named competing for talent globally and in emerging markets as a top concern

63% of executives surveyed are concerned about losing high-potential and critical talent over the next 12 months

7 in 10 executives surveyed will increase their focus in succession planning, developing emerging leaders, and leveraging workforce planning tools

Source: Deloitte Talent Edge 2020

- **Continuing talent shortages despite high unemployment rates in the U.S. and abroad.** Many executives predict talent shortages across key business units and executive leadership — which are needed to drive growth and innovation. Nearly three of four executives surveyed predicted talent shortages in R&D.
- **The global race for talent.** The recession did not reduce the pace of globalization — instead, many executives recognize that the once-emerging markets of the pre-recession days have become the catalysts for future growth, placing tremendous demands on talent managers to get new people in new jobs at new locations.
- **Challenges in developing the next generation of leaders.** Looking out over a more complex and ever-changing business environment and the impending retirement of baby boomers, many executives expressed concern over their companies' leadership development programs and pipelines, believing this will be the highest talent priority three years from now.
- **Retention of critical talent.** Fifty-nine percent of executives reported that voluntary turnover had increased between October 2009 and October 2010, and 61 percent believed that it would increase over the following 12 months. Moreover, 29 percent of respondents expressed very high concern about losing critical talent, and 25 percent reported a very high concern about retaining leadership.¹

While organizations have had varied outcomes addressing these top talent priorities, many organizations are now sorting through a patchwork of their various talent approaches, programs, and initiatives. The near-term result is an operational headache that should be rationalized and made manageable for the long term. However, a variety of challenges should be overcome.

A programmatic view. A common response to talent gaps has been to conceive of and execute various “programs” — such as new recruiting strategies, strengthened career paths, enhanced retention incentives, or modified performance management processes. Unfortunately, these approaches have typically focused on what to do, not how to do it. That can place insufficient focus on the resources it will take to implement and then sustain these initiatives over the long run.

Siloed activities. Even talent-oriented organizations tend to address their talent issues topic by topic, not within the context of an integrated talent strategy or framework. Because different elements in the talent lifecycle are closely related, this lack of a holistic view can stand in the way of achieving strategic talent objectives. In addition, the people, processes, and technology supporting these activities often operate with minimal coordination or integration.

Localized solutions. Not only are talent programs, policies, and technologies separated across talent silos, they also tend to vary by country and region, which multiplies the effort and cost needed to maintain them. As companies seek to operate on a more global basis, this makes it increasingly challenging to achieve talent objectives both effectively and efficiently.

“We have made talent a priority for years, but now we have a mix of programs and initiatives and no long term approach for managing them in a consistent, integrated, or global manner. In short, we have a bit of a mess on our hands.”

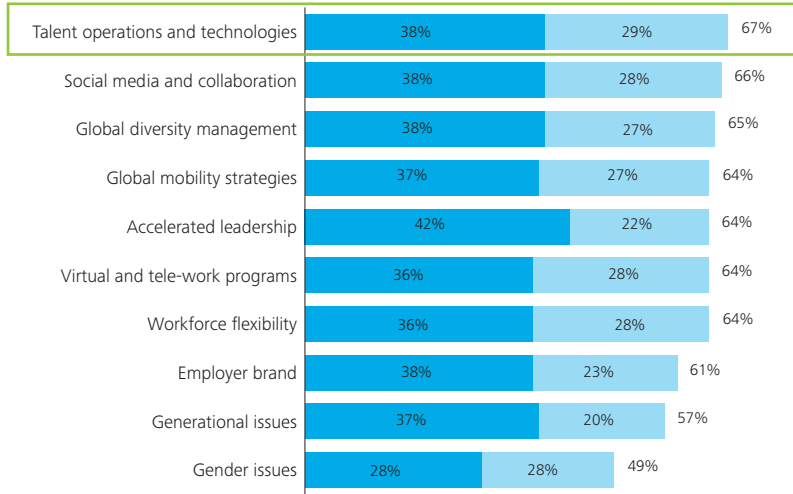
— Chief talent officer, industry-leading global company

Lack of data-driven approaches. Organizations have invested in talent programs based largely on intuition. Some of these investments have yielded benefits, but few organizations can quantify them. Many organizations focus on the investment required to implement a program but fail to account for or monitor the effort to manage it over the long term.

Based on these types of challenges, even organizations that have deployed satisfactory talent management programs have found difficulty controlling the infrastructure — people, processes, and technology — to sustain them. Many are also finding they need to plan, implement, and manage talent initiatives with an operational mindset that more closely resembles the way they address other business challenges. This heightened focus on the operational aspects of talent strategies can be referred to as “talent-led HR Transformation” — and can be a key element in the next evolution of HR Transformation.

Talent

How do you anticipate your organization's focus on the following emerging talent strategies will change over the next year?



■ Significant positive impact ■ Positive impact

Source: Deloitte "Talent Edge 2020: Blueprints for the new normal" and Human Capital Trends 2011

The next frontier of talent management: Talent-led HR Transformation

After years of investments in talent programs, policies, tools, and initiatives, companies are trying to operate talent activities more efficiently and effectively. They also want greater impact from the significant investments they have made. In fact, getting the execution of talent "right" has been identified as a top priority, as indicated in the survey results shown on this page.

While HR Transformation has typically focused on the more administrative aspects of HR — such as payroll, benefits, compensation, employee relations, and other high-volume transactions — organizations are now finding it is time to

bring these same transformation principles to the realm of talent management. **Talent-led HR Transformation is the application of traditional HR Transformation principles beyond the administrative aspects of HR and into the critical realm of talent.** The opportunities for doing so can be significant.

Service delivery strategy: Workforce planning. Recruitment. Performance management. Learning and development. Succession planning. Diversity. Incentives and rewards. Historically, talent programs have evolved separately, as have the processes and departments that support them. Achieving a more coherent and streamlined approach to talent begins with establishing the service delivery framework across the entire talent lifecycle. Typically, the first step is to understand how these programs are supported today, then identify the critical interdependencies and possible redundancies that present opportunities for improvement. It can also be revealing and beneficial to examine these areas from a customer perspective — as many of these processes touch the same internal customers consistently.

A service delivery strategy defines the talent programs that HR will deliver to the organization, and how they will be delivered. As a start, the strategy includes:

- How talent leadership and "work" will be organized within the organization
- Roles and responsibilities, including across:
 - Talent lifecycle components
 - HR, operations, managers, and employees
 - Regions, countries, and sites
- The type and number of resources that will support talent programs
- Which programs will be driven globally, regionally, or locally

Process redesign: When they examine the processes required to support talent programs, many organizations find significant opportunity for simplification and streamlining — often within specific talent disciplines, but especially when examined across the talent lifecycle. A process-based approach can also uncover gaps between talent processes that can diminish the benefit of these programs.

One common gap is “onboarding” — clarifying the processes and ownership for bringing a new employee into the organization from a 360-degree perspective. Other gaps include connection points between performance management and learning (how do outcomes from performance management processes tie to collective training strategies and individual learning plans?) and performance management and succession planning (how do outputs from the performance management process become inputs into leadership development and succession planning?).

Process redesign should account for which aspects of talent management will be driven by global processes and which will be managed regionally or locally. For global program areas, processes should clearly articulate the required steps and the roles and responsibilities of stakeholders from end to end. Where such process clarity does not exist, defining it can often require significant input and consensus. Even processes that will remain regional or local often require more clarity in their expectations. Leaders must understand how local processes may tie to global ones. For example, how does a regional performance management process tie to a global succession planning program?

In short, a process-based approach can identify opportunities for streamlining and greater efficiency, as well as opportunities for greater impact of talent programs through clarified interdependencies across the talent lifecycle.

Outsourcing: Historically considered only for administrative HR activities, companies are increasingly finding that outsourcing may present better and more cost-effective talent solutions. For example, recruiting process outsourcing (RPO) is rapidly growing both for discrete recruitment activities (such as sourcing or screening candidates) and on an end-to-end basis. As demand for such services has grown, the vendor marketplace has expanded and leading firms can deliver broad service offerings.

Beyond cost and quality, clients find that RPO can provide faster solutions to emerging business needs, like building new skill sets or reaching into new geographies, than having to build such capabilities internally. As with more traditional HR outsourcing, it is critical for the client organization to keep its focus on requirements for their “retained organizations” — a clear plan for what activities will remain internal, who will perform them, and how such processes will interface with those that have been outsourced.

Shared services: As with outsourcing, companies have typically applied the shared services approach to administrative HR processes. In more strategic areas, such as for talent activities, they've organized around Centers of Expertise. But in the process view, many activities within the talent lifecycle have characteristics more consistent with those in shared services: high-volume, standardized, and administrative transactions. Numerous examples apply across virtually all aspects of the talent lifecycle, including coordination of the performance management process, execution of incentive compensation decisions, resume or application receipt and processing, or maintenance of professional certifications. For organizations with HR shared services operations in place, performing a close review of talent processes for potential integration into shared services can allow the organization to perform these activities more efficiently while freeing center of excellence professionals to focus on more value-added talent strategy activities.

Technology: Within the past three years, talent-specific technology solutions have taken off. This movement has been largely the result of improved capabilities provided by leading vendors — both from traditional ERP solutions, as well as from emerging SaaS players. New and improved solutions exist across the entire lifecycle, with particular attention focused on performance management, recruiting, workforce planning, succession planning, and learning. The result is that HR organizations have more tools at their disposal than ever to carry out the talent strategies their organizations require.

Given recent market attention, technology is clearly a highly visible component of talent-led HR Transformation. However, it is important to maintain a focus on the organization's business requirements, business processes, and intended service delivery model before investing in new software applications. This is particularly true in the world of SaaS. While these systems can offer numerous advantages, including reduced financial investment and faster time to deploy, the standardized nature of SaaS solutions means customers have less flexibility to tailor these solutions to meet their needs.

Other considerations for talent technology include:

User experience: Unlike core HR systems, whose main users are HR practitioners, talent systems are touched by many, if not all, managers and employees within a company. That means selected talent technologies should align to the skills and styles of the workforce and be accessible when and where the workforce needs them.

Languages: Particularly for global organizations, language selection is a critical consideration. Companies need to balance the benefits of user adoption and the quality of the user experience against the costs to implement, maintain, and support multiple languages and to customize content beyond standard features.

Integration: Increasingly, organizations are finding that talent processes are interrelated, and that the data associated with talent processes can have greater value when it is integrated across the entire talent lifecycle. Organizations should carefully assess potential solutions to realize this high degree of integration — if not provided within a single solution, then at minimum with solutions that are easily integrated with other tools and systems.

Analytics: Meaningful talent data can directly improve the quality of talent strategies. Unfortunately, while most talent technology providers claim to deliver meaningful analytics, many fall short of expectations. These deliverables tend to be historically focused “reports” as opposed to insightful data that can be used for go-forward planning and decision-making. Companies exploring these solutions should place particular scrutiny in this area.

Data privacy and security: With governments placing more scrutiny on data privacy and security, companies should select a vendor that can demonstrate deep understanding of current requirements as well as capabilities to navigate potential future requirements. This is particularly true for SaaS solutions, in which management of data is no longer controlled internally.



To drive integration and cost benefits, companies should thoughtfully assess the available talent technology providers and build a strategy that matches their business requirements today and those expected for tomorrow. While new SaaS solutions can make it easier for organizations to follow a “best-of-breed” approach, selecting the right solution for each different element within the talent lifecycle, it is important for companies to weigh the benefits of greater functionality against the additional effort required to integrate across talent modules.

Keys to talent-led HR Transformation

As organizations seek to transform their approach to talent management through an increased focus on operations and technology, several considerations can help companies accelerate their progress:

Clarifying governance over talent management planning and operations is a critical early step in transformation.

Moving away from a department-by-department approach to managing the talent lifecycle means organizations will need greater day-to-day coordination, as well as more integrated decision-making over talent priorities and investments. For most organizations, this will require not only new organizational structures, but also new ways of evaluating overall talent priorities and programs and selecting where to make investments. This likely means new governance processes within HR, as well as clear channels to get input and assess these decisions through direct business leadership input. As organizations seek greater global approaches to talent management, this governance will also need to account for global input and alignment.

Transforming talent functions includes considering the skill sets needed in the new environment. As talent management processes become less siloed, less administrative, and more data-driven, organizations will find that certain practitioners in their talent centers of excellence today may not possess the strategic or analytical skills needed for the future. Likewise, talent strategists will be expected to bring not only innovative concepts, but also more management understanding. Talent professionals in general need greater skills in quantitative analysis, process design, and operations.

Organizations need a clear talent technology strategy aligned to their talent management strategy.

With the attention the talent technology market and leading vendors are receiving at present, too many organizations are deploying such solutions without clear requirements. More importantly, many organizations have unrealistic expectations for the impact these solutions will have. Organizations will find, as is the case with any technology, that these solutions are just tools — they won't resolve broader talent management objectives without requisite attention on other critical dimensions, such as service delivery design, process design, change management, and governance.

As with any transformation, change management is a critical prerequisite to talent-led HR Transformation. This can be especially true for an area, such as talent management, which touches every employee in the organization. New approaches to talent management, whether in service delivery design, processes, or new technology, can require a high degree of stakeholder engagement, communication, and education — both for the HR professionals who drive these processes and the employees and managers who will use them.

Organizations that transform the operational infrastructure supporting their talent strategies have the potential to see significant efficiency gains from clarified service delivery models, streamlined processes, and the greater automation gained from talent technology. Better allocation of talent resources, selective use of outsourcing, and greater use of shared services for talent-related activities can yield further efficiency and cost improvements.

While these efficiencies will please some, the real benefit of this transformation will actually be improved effectiveness of the talent programs themselves. Activities such as improving connections between components of the talent lifecycle, clarifying global versus regional versus local approaches to talent, and improved integration and use of data will not only improve talent operations, but will also enhance the organization's ability to execute its talent strategies and, in turn, address business needs for growth, globalization, and innovation.

Endnotes

- 1 "Talent Edge 2020: Blueprints for the new normal," Deloitte Development LLC, 2010. Available online at http://www.deloitte.com/view/en_US/us/Services/additional-services/talent-human-capital-hr/Talent-Library/talent-edge-2020/index.htm.