

The War to *Develop* Talent



The talent management pendulum is swinging from recruitment to development.

Companies have long recognized the importance of developing talent within their organizations. For decades, corporate universities and life-long learning programs have sought to lead internal talent development. In the overall architecture of talent management, however, development has often taken a back seat to recruitment, compensation, and performance management.

As businesses struggle to fill critical positions at many levels, and as the requirements for the leadership pipeline change rapidly, companies are putting renewed focus on building capabilities, not just finding them. The “war for talent” is shifting – and is becoming the “war to develop talent.”¹

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What's driving this trend?

Struggling to fill talent gaps. Even though unemployment is stubbornly high in many parts of the world, businesses continue to struggle with sourcing the talent they need to fill key positions. Organizations are having trouble finding the right skills on the open market, and much-needed positions are going unfilled. In the US alone, 3.6 million jobs were unfilled as of December 2012.²

Raising the bar on talent development. The pace of change in technology and innovation is driving companies to develop talent. The old ways will continue; campuses will be searched and sifted, talent will be sourced and poached. But leading organizations increasingly understand that technical, managerial, and executive leaders must be developed from within.

Escalating turnover costs. When an employee departs, companies lose two to three times that employee's annual salary in terms of lost intellectual capital, client relationships, productivity, and experience, plus the cost of recruiting a new hire.³ As turnover costs mount, companies are looking to fill positions internally. This is especially true for leadership and executive roles, where both hiring costs and losses in productivity hurt the bottom line. What's more, high levels of turnover lead to a loss of institutional memory, and this takes an equal - if less quantifiable - toll on a business.

Seeking lifelong development opportunities. Careers are extending as individuals live and stay healthier longer. Generation X and Millennial employees must prepare for careers that will last five and six decades, and they are turning to their employers for development opportunities. But younger workers are not the only employees seeking to upgrade their skills; Baby Boomers and older employees see career development as a lifelong process. Businesses offering such opportunities will have a distinct competitive advantage.

Demanding engaging and meaningful work. While younger employees want development opportunities, they are also looking for employers who provide challenging jobs, meaningful work, and flexible environments. Increasingly, they also want an employer who is aware of the social and sustainable value of their operations.

Practical implications

We have reached a turning point in the ways that companies fill talent needs. Given both the global talent shortage and the rapidly changing requirements for skills, companies must move on several fronts – both internal and external – to win the war to develop talent:

Planning workforce development – with a future-oriented assessment of the types of skills, insights, and experiences required. This planning may be less concerned with finding more of what your organization already has, and more concerned with understanding what new skills need to be nurtured and developed. Learning how to use “big data” and analytics will play a crucial role here.

Designing open talent networks – that allow organizations to access scarce skills through new networks and sourcing strategies. This enables companies to combine skills within the organization with premium skills outside the organization and often results in mixed employment models that match internal talent with contingent workers, retirees, crowd-sourced talent, and emerging open source talent models.

Learning transformation – often requires a renewed focus on development and a radical rethinking of the internal “learning function.” This involves moving the leadership of the learning function closer to the boardroom and executive team than ever before and realigning and reconfiguring learning functions to make them more responsive to business needs. In the process, the role of the Chief Learning Officer is “coming of age” to lead the way.

Challenging leaders to lead differently – as well as managers and the workforce to integrate work, development, and meaning. Development is a key frontier for all organizations – and leaders who make it a front-line business priority will be in high demand.

Creating new career models – that recognize that most organizations today are less process- and function-based and increasingly project-based. This includes developing performance management frameworks that encourage and reward lateral movements as much as organizational advancement.

Traditionally, development has been segregated from a company's core business plan. Training was largely an activity-based enterprise, and educational efforts were built upon the belief that learning was, in and of itself, a valuable pursuit. Today, forward-looking organizations must converge development with practical business needs.

Cutting-edge talent development must bring together on-the-job learning, project assignments, talent networks, and formal education and training with individual experiences to create real behavioral change that is consistent with the business's needs and goals. It is a model of continual learning that focuses on enabling the individual to succeed at a number of tasks, challenges, and roles, many of which are not even apparent today.

These programs are answering the CEO's call for development to align with the talent pipeline and move the needle on business strategy.

Lessons from the front lines

It is clear that CEOs and boards are concerned about talent and leadership pipelines. A recent report by Deloitte found that, of all talent considerations, CEOs were most concerned with developing leaders and recruiting hard-to-find-skill sets.⁴ With critical skills in high demand, but a shortage of talent available, organizations are revamping their development programs to fuel business growth.

At a global conglomerate, the executive committee led an objective review of the organization's global learning and training programs. The end result was a major effort to rationalize the company's global training portfolio, including a redesign of its learning programs, infrastructure, governance and integration to better align with the company's strategic focus on innovation and growth markets.

Deloitte itself is also a prime example. Beginning in 2008, we launched a major overhaul of our U.S. leadership and learning programs and then extended that effort globally. We began with a review of our corporate priorities, including integrating our services across internal divisions to better serve our global client base. Based on this review, we then revamped our career milestone programs, redesigned our overall curriculum and built the newly inaugurated Deloitte University, which opened outside Dallas, Texas, in the summer of 2011. Two more campuses are being planned, one in Europe and one in Asia.

What actions can businesses take to move to the cutting edge in the war to develop talent?

Re-imagine corporate learning. Corporate universities need to be aligned with business strategy, and they need to think more broadly to merge on-the-job learning with education. The development agenda requires more than tinkering at the margins. Development leaders should move away from traditional notions of training and strive to create behavioral change, fostering talent that can assume new and evolving roles. The focus should be continuous learning that harnesses structured experiences, with a goal of tying training to business and customer priorities.

Re-think the relationship between learning and work. Companies should reconsider how and where they deliver learning. Successful organizations are making use of experiential learning; on-the-job learning where experiences are harvested; and just-in-time learning.

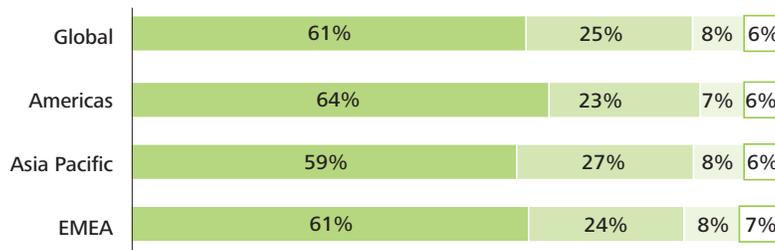
Develop and expect more from leaders at all levels. Leading organizations have moved beyond the notion that leadership development is only for the later part of the career. Some companies now include leadership development from day one. Companies are requiring leaders to focus on the development of critical skills, both within the company and across broader talent networks, and to be personally involved in mentoring and development processes across the organization at all levels.

Embrace the concept of "continuous development." Just like "continuous improvement" in operations, learning never stops. Organizations must make time in the workplace to capture or share learning. It is critical for development to move beyond "one and done" orientation and on-boarding models, where employees receive little assistance in adjusting to continuous changes and challenges. As careers lengthen, continuous development is important for each generation.

Integrate work, social and community opportunities. Employees in every generation, especially Millennials who are a growing percentage of the workforce, expect that their jobs and development will increasingly integrate their work with opportunities to serve their communities. The focus on development must also recognize employees' growing demand for meaning and social contribution in their work.

The War to Develop Talent: Survey highlights

Relevance by region



- Trend is highly relevant today
- Trend will be relevant in the next 1-3 years
- Trend will likely be relevant in 3 years and beyond
- Not applicable

| Region | Total |
|--------------|-------------|
| Americas | 315 |
| Asia Pacific | 582 |
| EMEA | 412 |
| Total | 1309 |

Digging deeper

- Public Sector (74%), Energy and Resources (65%) and Financial Services (61%) industries rank this trend as the most relevant trend today
- Larger organizations consistently rank this trend as highly relevant today. For example, in companies with 10,000 – 50,000 employees, more than six in ten respondents (63%) describe this trend as highly relevant, and fully two-thirds of respondents (66%) in companies with 50,000-100,000 employees said the same. Organizations with more than 100,000 employees report this trend even higher (71%) than the global average of 61%
- 65% of surveyed HR professionals rank this trend as highly relevant today in comparison to other business executives (56%)

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Endnotes

¹ Schwartz, J., Barry, L., Liakopoulos, A., "Reframing the Talent Agenda: The shift, the race, and the riddle," *Deloitte Review*, Issue 12, 2013.

² "Job Openings and Labor Turnover December 2012," February 2013. <http://www.bls.gov/news.release/pdf/jolts.pdf>

³ "Managing Talent in a Turbulent Economy: Keeping your team intact", Deloitte, September 2009.

⁴ "Talent Edge 2020: Redrafting talent strategies for the uneven recovery," Deloitte, January 2012. http://www.deloitte.com/assets/Dcom-UnitedStates/Local%20Assets/Documents/IMOs/Talent/US_TalentEdge2020January2012_010612.pdf

Resetting horizons: Global human capital trends 2013

Looking beyond continued uncertainty, the world's leading organizations are raising their sights, and pivoting from the great recession to the new horizons of 2020 with a focus on talent, globalization, growth, and innovation. This report introduces 13 global trends that are driving critical business and human capital decisions. The report provides information on these trends across global markets through results of a survey of over 1,300 business and HR professionals from 59 countries. www.deloitte.com/hctrends2013

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