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TALENT *and* WORK:

Playing to your strengths

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TALENT *and* WORK:

Playing to your strengths

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For an increasing number of organizations, the talent crisis is no longer an abstraction. It's an all-too-real threat that's spurring executives, perhaps for the first time, to begin to treat talent as a vital business concern. But despite the best of intentions, business leaders often struggle to link their talent efforts to business strategy in practice. They have trouble identifying talent solutions that address business issues. Or the solutions they choose don't work well enough. Or even when the solutions work, they're too expensive or unwieldy to sustain.

These struggles often result from overlooking a key piece of the talent management puzzle: changing the way *work itself* is defined and done to align more closely with the employer's talent pool. A broader view of talent management that includes both workforce *and* workplace approaches can reveal an increased range of potential options for addressing talent-related strategies and achieving business results.

EXPANDING THE TALENT MANAGEMENT UNIVERSE

“Talent management,” one HR executive said in a 2008 *Personnel Today* article, “really is only excellent performance management.”¹ This remark illustrates the tendency of companies to turn to a growing list of silver bullets and point solutions that claim to solve the key problem driving the array of talent challenges companies face.

Such a narrow view of talent management is common among organizations today. At many companies, what goes by the name of “talent management” consists primarily of programs focusing on the employee life cycle — programs such as recruiting and hiring, learning and development, performance management, and succession planning. Some companies even focus their talent programs on point solutions *within* the employee life cycle, an approach encouraged by technology vendors who in the past few years have relabeled their single function HR software as “talent management” solutions.

Of course, employee life-cycle programs are critical. Companies rightly invest significant effort, sometimes even too much, in doing them well. But important as they are, they are only one piece of a much bigger picture.

Missing from the widespread view of talent management is the broader concept of *engineering the work to fit the available talent*, as well as the other way around.

MISSING FROM THE WIDESPREAD VIEW OF TALENT MANAGEMENT IS THE BROADER CONCEPT OF ENGINEERING THE WORK TO FIT THE AVAILABLE TALENT, AS WELL AS THE OTHER WAY AROUND.

In contrast to “talent-based” approaches that focus on helping the available talent better do the work in its existing configuration, “work-based” solutions focus on changing the what, when, where and how of the work being done to better accommodate the realities of the internal and external talent market. Because relatively few companies engage in work-based solutions, those that can effectively manage work-based *and* talent-based approaches would be better

positioned to gain a real competitive advantage over those that don't.

Work-based solutions can include anything that changes the way work is defined, how it is organized, and how and where it is done. They range from job redesign and process reengineering to virtual workplace and social networking initiatives. They can even involve changing a company's basic operating model to make its operations and work processes more conducive to employee productivity and engagement.

Both talent-based and work-based approaches can include what might be called “core” and “differentiating” solutions. Core solutions are activities that almost all companies perform. While some companies may be better at them than others, they generally do not fundamentally distinguish one employer from the next. They include most traditional employee life-cycle programs, as well as the essential work-based activities needed to organize work at any company, such as basic job and organization design.

Differentiating solutions, in contrast, distinguish an employer by delivering value in a way that relatively few other employers can duplicate. They focus on talent solutions that are linked directly to critical talent, customers, and specific business activities. Though the list of differentiating solutions is constantly shifting as new ideas arise and older ideas are more broadly adopted, current candidates include targeted talent-based approaches, such as accelerated development and global sourcing, as well as work-based solutions, such as virtual workplaces, social networking, and global mobility.

Finally, a company can invest in especially innovative, far-reaching approaches that can be described as “catalysts.” Catalysts are solutions that transcend the talent-based/work-based and core/differentiating distinctions. They embody a “talent-centric” approach that, similar to customer-centric external sales and marketing programs, focus on understanding employees’ needs, preferences and expectations to deliver an outstanding total employment experience. Because so few companies today have adopted such talent-centric approaches, catalysts that take “talent-centricity” to a high level can drive exceptionally strong differentiation.

Figure 1 shows the expanded universe of talent-based and work-based solutions. Using this model as a guide, executives can begin to systematically explore

Figure 1. The expanded universe of talent and work solutions



CATALYSTS: THE FOREFRONT OF INNOVATION IN TALENT MANAGEMENT

INNOVATIVE APPROACHES BEING PILOTED BY COMPANIES AND ORGANIZATIONS AROUND THE WORLD INCLUDE:

TALENT DIALOGUE. In talent dialogue — modeled on customer-facing market research strategies — an employer establishes a systematic, ongoing dialogue with its employees to better understand their views and expectations about the employment experience. Through a variety of channels, the employer explores topics such as employees' satisfaction with specific talent and HR programs, career goals, current and future life situation, salary and benefits expectations — anything, in short, that can help guide the employer's talent management efforts.

REWARDS TRANSFORMATION. Rewards transformation involves tailoring the design of a company's total rewards program to align with its employees' needs and expectations as uncovered through talent dialogue. By understanding employees' views on a broad range of work-related factors — including not just compensation and benefits but any aspect of the work environment that can affect employee behavior — employers can design total rewards programs that shape employee behavior more effectively than making changes to compensation and benefits alone.²

MASS CAREER CUSTOMIZATION. In Mass Career Customization, an organization trades the traditional corporate ladder model of career advancement for a more dynamic "corporate lattice" that allows for planned descents and lateral moves as well as upward climbs. Using the corporate lattice model, employer and employee collaborate to align employees' work responsibilities with their life circumstances in a range of ways that satisfies both parties' changing needs.³

EMPLOYER BRAND. An employer brand, analogous to a product brand, seeks to encapsulate the total value that employees gain from their relationship with an employer. By articulating and promoting an employer brand, a company can communicate the value of an integrated portfolio of benefits, helping employees appreciate the full scope of what the employer offers and enhancing the attractiveness of the employee-employer relationship.

the possibilities for developing talent strategies that extend beyond the employee life cycle to take advantage of work-based solutions, differentiating solutions, and catalysts, as well as the more traditional talent-based, core approaches. This expanded way of thinking can suggest new approaches that may deliver results more effectively than employee life-cycle solutions alone.

Backs to the wall

Consider what one industrial products manufacturer did when it realized that 70 percent of its engineers would retire over the next five years. In this company's case, intensive recruiting and hiring efforts weren't enough to make up the shortfall; schools just weren't producing enough qualified engineering graduates. Moreover, a fragmented information technology (IT) environment and a high reliance on manual work processes not only hampered engineers' efficiency, but made it hard for new engineering hires to reach competency quickly enough to replace the skills being lost to retirement.

Instead of simply intensifying its recruiting efforts, the company decided to change its work environment in a way that would not only help new engineers become more productive sooner, but lessen the need for new engineering talent in the first place. The company is consolidating its IT environment to simplify the engineering workflow, significantly reducing the training requirements for new engineers. It also is leveraging the skills of its retired engineers through a collective intelligence technology platform that allows retirees to work on projects as independent contractors. Drawing on improvements in work processes and enabling technology, the platform delivers work requirements to contractors in an organized manner, efficiently incorporates input and delivers feedback, and allows contractors to work on a very flexible basis. The company combined talent and work in an approach that lowered the need for new recruits and extended the productive life of soon-to-be and newly retired engineers, through the reengineered work processes, systems and platform. The approach also gave the company continued access to the valuable experience and skills that its retirees would otherwise have taken with them when they retired.

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RELATED DATA

TALENT AS A COMPONENT OF BUSINESS STRATEGY

Given the dynamic nature of business strategy today, talent strategies and solutions need to be grounded in business planning and operations more than ever. This is where a systematic approach to aligning talent strategy with business strategy can offer valuable guidance. Such alignment begins with articulating the company's business objectives and determining, as specifically as possible, the

nature of the talent needed to achieve each of those objectives. Once executives clearly understand an organization's talent needs, they can examine internal and external patterns of talent supply and demand, identify current and likely future talent gaps, and develop specific approaches for filling those gaps based on an understanding of what critical talent values and the company's own appetite for cost, risk and change.

Several concepts and techniques can be especially helpful in translating a broad understanding of talent needs into specific talent solutions. Perhaps foremost is the concept of “critical workforce segments” — employee populations that drive a disproportionate amount of business value, that are difficult

or expensive to replace, and whose skills are in high demand. (An example would be the engineers at the manufacturing company described above.)

Identifying critical workforce segments is the first step in setting priorities and talent investments. Focusing on critical workforce segments allows executives to allocate resources to various employee groups based on the value they generate for the business.

Another technique, and one with a great deal of upside, is the use of “workforce intelligence.” Just as companies collect, mine and analyze

customer data to better understand their markets, workforce intelligence applies advanced analytics to the huge amounts of workforce-related data typically found in ERP systems, HR information systems, and other repositories to help employers better understand their employees. Workforce intelligence allows employers to go beyond the lagging indicators offered by a simple view of HR data (which tells companies what problems they already have) to identify leading indicators, based on a broader range of workforce-related data, that can help companies predict and develop solutions to issues that they might experience in the future. For example, a predictive model built from a variety of data elements — anything from an employee's amount of overtime to the length of his or her daily commute to the turnover rate for similar jobs in the region — can quantify the likelihood of and predict reasons for an employee taking a particular action, such as leaving the company. An employer can then use these insights to proactively address impending talent issues.

IN A WORLD WHERE THE DEMAND FOR SKILLED WORKERS IS GREATER THAN THE SUPPLY, EMPLOYERS HAVE TO GIVE CRITICAL TALENT A VERY GOOD REASON TO WORK FOR THEM, STAY WITH THEM, AND COME BACK TO THEM.

The expanded universe in action

Companies across a range of industries are beginning to integrate this broader range of approaches — talent-based, work-based, core, differentiating, and catalysts — to design talent solutions to more directly address business challenges and strategies.

Talent dialogue drives more bang for the buck

A large regional U.S. hospital needed a new talent strategy to match a new set of growth and quality goals. To execute its strategy, the hospital had to deliver outstanding medical care, which meant that it needed to become the region's leading choice for health care employment, especially for highly trained and mid-career nurses. But executives also knew that controlling costs and improving profitability would be critical to the hospital's ability to attract affordable financing for its planned expansion. The hospital would have to find a way to significantly increase its attractiveness as an employer without increasing overall total rewards costs.

Executives decided to seek guidance from the source: their employees. Multiple interviews and focus groups with critical workforce segments helped identify several changes that would improve job satisfaction and engagement without necessarily increasing costs. For example, to accommodate the career aspirations of nurses who wanted to rise on the pay scale without moving into management positions, the hospital designed a career path for bedside nurses that allowed high-performing nurses to advance in the organization while remaining in patient care roles. The hospital also moved from a tenure-based to an experience-based approach to determine certain aspects of new nurses' benefits programs, making it a more attractive employer to mid-career nurses who could now take jobs at the hospital without being penalized for their lack of longevity.

Executives also conducted a hospital-wide survey that asked employees to rate not only their satisfaction with various aspects of their rewards programs but also the importance of each element — base pay, 401(k), time off, training and development, and so on — to their level of engagement. Separately, the hospital evaluated both the cost and the effectiveness with which it delivered each rewards element. Putting the pieces together, the hospital was able to reduce spending on several high-cost rewards elements that employees perceived as relatively unimportant, and reallocate the money saved toward improving other elements that were more important to employees but were being delivered less effectively. One of these opportunities involved scaling back certain health and welfare benefits while enhancing training and career development programs. Another was to restructure the disability coverage program to provide universal disability protection while reducing

the likelihood of employees' accumulating more coverage than they could use.

Thanks to the detailed input it obtained through talent dialogue, the hospital was able to reconfigure its rewards programs to improve attraction and engagement without significantly increasing total rewards costs.

Global mobility for global leadership

Top executives at one global company know that it needs leaders with a world-spanning perspective. Every year, the company spends nearly US\$100 million to support international job assignments, not just as a way to get the right people to positions in more than 100 countries, but also to give promising talent the international experience and global perspective they need to lead a worldwide organization.

Executives worried, however, that the global mobility program was not delivering the development benefits the company needed. Fully half of the program's annual international assignment budget went to support assignees who fell outside the company's target talent profile. What's more, in many cases the jobs people were being sent to fill not only had alternative local talent solutions, but didn't align with assignees' development needs. Most troublesome of all, the company had no formal procedures to evaluate the impact of an international assignment on an assignee's development.

To better use global mobility as a development tool, the company created a program that identifies high-potential leadership candidates, evaluates their development needs, and places them in positions across the global organization that will help them gain the skills they need to take on leadership roles. One of the essential attributes the company has identified for successful global leaders is "having a global mindset," and an international assignment is mandatory for all participants in this new career path. A structured decision-making process helps senior leaders systematically assess the fit between program participants and open positions, and the program actively measures and evaluates how effectively each job placement shaped each employee's development.

These changes have put strong execution capabilities behind the company's strategic view of global mobility as a talent investment. The proportion of international assignees fitting the company's target talent profile has increased, and the total cost of the program has decreased by 15 percent as assignments involving people outside the target talent profile have ended without being renewed. Most importantly, the organization is now able to effectively develop the leaders it needs with the right skills and perspectives to create innovative opportunities and drive growth in new businesses and geographies.

An “alternative” solution to a “real” issue

Ask most executives how to cut real estate costs without shrinking headcount and they’ll probably tell you to move to a cheaper location, double up personnel, or rebuild using smaller offices and cubicles. But that’s not how one global financial services company sees it. As part of an enterprise-wide reengineering effort, the company is targeting real estate cost reduction through a large-scale alternative and mobile workplace program. Executives expect this program to not only drive significant savings from shedding excess office space, but also improve employee attraction and retention, increase productivity, and support the company’s corporate responsibility and sustainability efforts by reducing its carbon footprint. Above all, they hope to reinforce a performance-oriented culture that focuses on what people do, not where they do it.

Combining an analysis of high-cost real estate areas with a detailed examination of job function, business suitability, and cultural norms around work flexibility, mobility and choice, the company identified a target pool of about 35 percent of its employees in locations around the world to participate in the program. These employees are being offered a variety of options for remote and mobile working based on their preferred work style, their job responsibilities, and the company’s real estate goals. In a parallel effort, the company’s IT infrastructure is being standardized in a way that will enhance employees’ ability to work from any location. To help make the cultural shift to the new work environment, affected employees and managers will receive training on how to work in, manage and evaluate virtual teams that might include members from a variety of locations, cultures and backgrounds. The entire effort is being backed by a comprehensive communication package that ranges from simple executive memos and project Web sites to videos and town hall meetings.

The ongoing shift to a more mobile workplace has required a high degree of collaboration among the company’s corporate real estate, IT and HR departments. The project leadership team includes the COO of real estate, a global HR executive and a global IT executive who work closely together to coordinate the required technology, talent and real estate activities. To further drive the necessary cross-functional involvement, the company has developed a detailed implementation

ASK MOST EXECUTIVES HOW TO CUT REAL ESTATE COSTS WITHOUT SHRINKING HEADCOUNT AND THEY’LL PROBABLY TELL YOU TO MOVE TO A CHEAPER LOCATION, DOUBLE UP PERSONNEL, OR REBUILD USING SMALLER OFFICES AND CUBICLES.

guide that describes the specific responsibilities of real estate, IT and HR professionals in each local rollout. And to hold all relevant stakeholders accountable for progress, the project's outcome metrics include not only the extent of real estate savings, but participation rates, technology deployments and other metrics tied to each business unit.

TALENT IS A BUSINESS PROBLEM, NOT AN HR PROBLEM. TO HAVE AN IMPACT ON BUSINESS ISSUES, TALENT STRATEGIES NEED TO START WITH BUSINESS ISSUES — NOT WITH EMPLOYEE LIFE-CYCLE ISSUES.

Begun in late 2007, the alternative workplace effort is expected to yield overall run rate savings of hundreds of millions of dollars per year by 2011. Management also expects the benefits to employees — reduced commutes, greater control over work schedule and location, and a focus on the “what” of work rather than “when” or “where” — to improve the company's ability to attract and retain employees who value flexibility. Productivity is expected to increase due to decreased commute times, improved employee ability to use technology, and a work environment that accommodates different work styles and needs. Finally, thanks to its smaller physical footprint and the reduction in employee commutes, the company expects this initiative to help in its efforts to reduce total carbon emissions by 10 percent by 2011.

Toward an integrated talent management strategy

The acute talent and business issues facing companies today require an approach that provides new dimensions for solutions. A framework that includes both talent-based and work-based approaches, organized around core and differentiating solutions, can help business leaders develop an expanded talent management strategy that takes advantage of a much wider range of techniques than many companies currently use.

Some parting perspectives to consider on ways to put this expanded universe of solutions to work:

Talent is a business problem, not an HR problem. To have an impact on business issues, talent strategies need to start with business issues — not with employee life-cycle issues. For precisely this reason, in fact, some CEOs are appointing business leaders outside HR to head the talent function. But no matter who leads talent, the business challenges should always be front and center.

Break down silos. Many innovative solutions, especially work-based solutions, require close collaboration between functions to deliver effectively. In fact, one reason relatively few companies apply work-based talent approaches is

that the talent group typically lacks enough visibility into operations to develop appropriate solutions and the authority to make operational changes. A clear executive mandate, supported by multifunctional metrics and an explicit statement of each function's responsibilities, is often needed to foster the appropriate collaboration.

Focus on critical workforce segments. A surprising number of companies spread their talent programs across all groups of employees like peanut butter. Not only is this expensive, but it may also leave the company's most valuable and critical workers vulnerable and looking for opportunities elsewhere. For every business and every business strategy, there will be specific critical workforce segments that deliver disproportionate business value and that should command the lion's share of a company's attention and resources when designing a talent management strategy.

Recognize when "good enough" really is good enough. In certain areas, being good, not great, may be enough. Executives should carefully choose the nature and amount of a company's talent investment to deliver a valued premium for critical talent without overspending on elements that are less important. Not all talent solutions require the same level of investment.

Innovate to differentiate the employer brand. In a world where the demand for skilled workers is greater than the supply, employers have to give critical talent a very good reason to work for them, stay with them, and come back to them. That's why innovative, talent-centric approaches, such as the catalysts described previously, can make the difference between a so-so talent strategy and one that consistently delivers on its business objectives. Every company has a strategy to delight its most important and valuable customers in order to keep them in a long-lasting, mutually beneficial relationship. Innovation and talent-centricity can help employers do the same for their most important and valuable talent.

Build the right talent infrastructure for your talent strategy. Much of the talent infrastructure in use at companies today was built to administer HR — not to engage and develop talent. To accomplish the latter, it is important to recognize that "talent infrastructure" includes more than HR technology and service delivery. It also includes the technology that supports all aspects of work and collaboration, the change management and communications capabilities to engage employees, and the attitudes and values of the larger corporate culture, including factors such as ethics, corporate responsibility and sustainability, diversity, and leadership. Why? The work employees do, the tools they use, the people they work with, and the leaders they work with are the sea employees

swim in every working day. If the covert messages transmitted by these factors don't coincide with the company's explicit talent management efforts, employees may conclude that the company isn't willing to "walk the talk" — and they're likely to leave. Companies that master the twofold challenge of building a broad-enough infrastructure to provide the backbone for their talent efforts, while tailoring infrastructure investment to be just "good enough" in table-stakes areas and excellent in areas that differentiate the company, will multiply the power of their talent solutions in supporting their business strategy.

"Insanity," as Albert Einstein is credited with saying, "is doing the same thing over and over again and expecting different results." A broader approach to talent management — one that incorporates talent *and* work approaches, core *and* differentiating solutions, and catalysts — can help companies avoid such insanity in their talent efforts. By considering the expanded universe of possible talent solutions, executives can take advantage of a much broader range of approaches to help create effective talent strategies that more directly drive business results.

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Endnotes

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