

————— *The* —————
Executive Guide
————— *to* —————
**HIGH-IMPACT
TALENT
MANAGEMENT**

**Powerful Tools for Leveraging
a Changing Workforce**

DAVID DeLONG AND STEVE TRAUTMAN



New York Chicago San Francisco Lisbon London Madrid Mexico City
Milan New Delhi San Juan Seoul Singapore Sydney Toronto

Contents

Acknowledgments ix

Introduction xi

1	The New Role for Leaders in Managing Talent	1
2	An Executive Framework for Talent Management	27
3	Aligning Talent Investments to Support Business Strategy	43
4	Prioritizing Talent Management Risks	71
5	Evaluating Existing Initiatives—What Role Does Culture Play?	105
6	Innovative Solutions: Recruiting, Retention, and the Role of Technology	131
7	Innovative Solutions: Accelerating Knowledge Transfer and Leadership Development	153

8	Creating Measures That Matter in Talent Management	175
9	Sponsorship, Urgency, and Integration: The Executive's Role in Producing Results	203
10	Managing Talent in the New Economy: Six Lessons from the Leading Edge	235
Appendix A Checklist for the Effective Executive: Questions That Make a Difference in Managing Talent 253		
Notes	265	
Index	277	

Introduction

Organizations today need top executives who know how to lead strategic talent management efforts that maximize the performance of a dramatically changing workforce. No matter what you call the problems of recruiting, developing, and retaining great people, the challenges of talent management are well known throughout organizations today. Most executives recognize the importance of developing and sustaining a workforce and leadership team to support their strategy. They also know that the talent pool is changing. More and more baby boomers are retiring, and highly qualified midcareer leaders and technical talent are becoming harder to find. In addition, those new to the workforce definitely have different work styles and expectations about using technology on the job. If you're an executive, you've heard all this before.

You also have heard from your human resources (HR) department or your talent management staff about all the investments the organization has made—or needs to make—to support the development of your workforce. There are some pretty sophisticated “best practices” out there now that can make hiring more efficient, accelerate onboarding and leadership development, improve performance management, and increase retention of highly engaged employees. In fact,

talent management programs and their related IT systems have become big business. So what's the problem?

The problem is, if you're a leader outside of HR, you most likely have a nagging feeling that your organization isn't getting its money's worth when it comes to talent management. Sure, the organization is spending a lot on its "people processes," but are those processes delivering what they're supposed to?

- Are your recruiting, performance management, and retention processes helping you achieve your short-term business objectives?
- Is your talent management strategy helping you build the workforce and leadership team you need to drive the business in the future?
- Do you even have a talent management strategy?
- Are you comfortable with the role you're playing in influencing it?
- Or is it better to just let HR run this talent business?

If you answered "no," "not sure," or "maybe" to any of these questions, this book is for you.

The problem, as our research and client work shows, is that executives have not been providing the leadership needed to build capabilities that will be required in the future. Leaders recognize the problems with talent management, but they are extremely frustrated when it comes to knowing what to do about them. This book answers the following questions:

- What is the *real* role of leaders (outside HR) in shaping and driving the organization's talent strategy?
- When it comes to talent management, how do you know you're doing your job well?

- Given limited time, how can executives maximize their impact in shaping the organization's talent processes?
- What specific actions can you take to collaborate more productively with your HR or talent management staff?

The Executive Guide to High-Impact Talent Management provides a logical framework and the practical tools leaders need to directly address these questions. This book helps readers translate their belief in the importance of investing in people into concrete actions that directly affect business performance.

Of course, the challenges of recruiting, developing, and retaining high-performing employees have always been important. But with massive changes coming in workforce demographics, the number of candidates in the age bracket that normally fills leadership roles will drop 30 percent by 2015, according to recent research. Assuming even moderate growth, this means many organizations will be left with about half the leadership talent they need.¹ Major corporations are also worried that the demands are so great today on senior executives working in fast-changing, complex, geographically distributed companies that fewer talented young managers are aspiring to senior leadership roles. Some evidence of this is found in the decreased mobility of high-potential candidates, who are less willing to move than in the past.

A shortage of leaders is only part of the problem. In knowledge-intensive sectors such as high technology, health care, aerospace and defense, energy, and even government, the development and retention of engineers, scientists, and other highly skilled professionals is an increasing challenge. Shortages of systems engineers, network architects, physicians, petroleum engineers, accountants, and risk manag-

ers all threaten the ability of organizations to compete and grow.

Thus, the role of leaders in managing talent has never been more critical. In the future, any executives serious about improving their organizations' performance must directly address the challenges of developing workforce and leadership capabilities if they are to avoid the unacceptable costs of major talent shortages. The question for most executives is, what do I do?

This book is based on the premise that the primary reason leaders are not more effective in directing or collaborating with HR on these issues is that they simply don't know where to begin—given all the other demands on their time. This book changes the game. It is written with a proactive orientation for top managers who want to know what practical steps they can take immediately to improve the impact of talent management practices, programs, and processes. *The Executive Guide to High-Impact Talent Management* helps leaders balance strategic and tactical considerations about the talent-related risks facing their organization. Readers in other roles, however, will also find help here.

Human resource and talent management professionals will find a section at the end of each chapter with suggestions and questions they can use to adapt the tools and frameworks in their own work. It will also show how HR professionals can most effectively share the book's ideas with line executives. For example, if line leaders aren't pushing an in-depth conversation about the strategic context that should drive talent initiatives, a section at the end of Chapter 3 shows how to begin engaging executives in that discussion.

Middle managers will discover skills they need to improve their own competencies and reputation in managing talent.

Tools like the Knowledge Silo Matrix and the “Big Picture” strategy questions can be used immediately with departments and teams to improve onboarding, skill development, and the quality of decision making.

Consultants and vendors will find the book gives them a language and framework to talk with potential executive sponsors by breaking free of burdensome HR jargon that often puts leaders on the defensive. For example, Chapters 4 and 8 will help suppliers show line executives how they can help mitigate talent-related risks that clearly threaten business performance.

Management professors and leadership trainers can use this book as a valuable supplement in leadership courses, where it can be used to educate new managers about competencies they will need to advance their careers. In the years ahead, virtually every manager will be judged on his or her ability to manage talent. It will become a core competency, and this book can serve as a resource in developing those skills.

The Executive Guide to High-Impact Talent Management is organized into three sections. Chapters 1 through 4 will help you clarify the talent problem in your organization from a leadership perspective. Chapter 1 provides a checklist of the most costly talent issues that executives fail to address. Problems such as a dangerously thin leadership pipeline, failure to develop capabilities needed to drive a new strategy, and poor productivity of new hires are explored. Chapter 2 offers an executive framework for talent management, highlighting the activities where leaders can have the greatest impact in shaping future workforce capabilities. This model is a core part of the book and can serve as a checklist during future initiatives. Chapters 3 and 4 provide powerful tools for diagnosing

talent-related risks and for aligning business strategy and talent processes. These tools have demonstrated their value in many organizations and industries.

The middle of the book focuses on evaluating initiatives and innovative solutions to talent management challenges. Chapter 5 provides practical approaches for evaluating the performance of existing investments, whether a full-blown inventory or the assessment of a specific program. Perhaps more important, Chapter 5 shows how organizational culture often determines the success of talent initiatives. It includes a useful diagnostic that executives can use to communicate cultural principles that should drive their company's recruiting, development, and retention programs. For example, some firms are committed to promoting leaders from within, and thus need to make sure all initiatives are aligned to support this cultural norm.

Dramatic changes are coming in the global talent pool, and a great number of companies are already aware of the threats they face. Thus, it is surprising how many organizations continue to pursue relatively routine, "me-too" talent management solutions. Chapters 6 and 7 describe some of the most innovative solutions we've found in our research and work with clients. What defines success in all cases here is the clear impact on business performance. It may be Microsoft's use of an internship program that directly improves its long-term *quality of hires*. Or maybe you can learn from a North Carolina hospital whose program to reenergize high-performing nurses has a 97 percent retention rate, essential for supporting hospital growth. With more than one-third of new senior executives failing in their new roles within 18 months, the cost to organizations of unsuccessful transitions is enormous. Chapter 7 also includes the story of a custom-

ized program, first developed in Pfizer Pharmaceuticals, that has proved highly effective at increasing the success rate of executive transitions. The solutions described in these two chapters won't make you an expert in talent management, but they can help you better understand your own challenges and analyze the solutions presented to you.

The book's last three chapters are loaded with ideas and frameworks to clarify the executive's role in implementing talent initiatives. Ultimately, to improve recruiting, performance management, leadership development, and employee retention, leaders need to change the behaviors and decisions made on a daily basis in their organizations. Driving this change first requires effective measurement systems. Chapter 8 shows how to cut through the tidal wave of HR metrics that threaten to overwhelm any leader trying to make a difference. This chapter contains the key questions executives must ask to get the relevant information they need that will ensure talent investments are contributing to business outcomes.

Chapter 9 provides action steps for the executive's three most critical tasks in implementing talent initiatives: clarifying sponsorship roles and activities, creating and sustaining urgency around a project, and driving more integrated solutions. This chapter outlines the questions leaders need to ask their HR staff to make sure the organization's larger needs for integration of talent management processes are being addressed. Finally, Chapter 10 reports on six lessons from our most recent research that show current talent-related issues in which executives can have an immediate impact.

This book's ambitious goal is to provide an executive perspective on talent management that is relevant across sectors, business units, and functions. The highly contextual nature of talent and the wide range of variables involved make nar-

row quantitative studies irrelevant to executive decision makers. Rather, we share nuanced insights based on our intensive experience working with clients and on interviews with more than 70 senior executives and talent management experts in dozens of organizations around the world.

The Executive Guide to High-Impact Talent Management is a practical book, but it's not a cookbook. You won't find any formulas or recipes here. That's because every organization's strategy, culture, competitive environment, and geographic location dictates a different talent management strategy. Where and how you focus your efforts will depend on your role in the organization and the state of your existing talent management infrastructure. There are no simple solutions, but we will give you lots of ideas on what works and how to have an impact fast.

In the past decade, many excellent books have described different aspects of the changing workforce.² This book is not one of them. Nor is *The Executive Guide to High-Impact Talent Management* another book that aims to serve a general HR audience. There have been plenty of those, some excellent.³ But they don't speak to the needs of the senior line executive. This book is for leaders.

As a leader, you face countless requests for your time and your support. Ultimately, your success depends on your ability to relentlessly focus your organization on the few priorities that are critical to success. If your intent is to manage talent more effectively, this book will provide the frameworks and tools you need to take effective action—starting today.