Introducing Talent Management

A Dale Carnegie® White Paper

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How many times have we heard it said that "people are our organization's greatest asset?" Talent management is all about making that phrase more than mere lip service. Indeed, some contemporary observers of the business scene predict that HR departments will go away in the future—replaced by Talent Management departments.

But how is talent management defined? What model delineates its essential components and provides a roadmap to bring those components together? This Dale Carnegie® white paper addresses these questions. It also points readers to additional resources on issues raised in this paper.

How Is Talent Management Defined?

Talent management is a term in search of a meaning. For some people, it means the same as succession planning; for others, it means seamlessly-integrated efforts to attract, develop and retain the best people; and, for some people, it means efforts designed to integrate all components of an organization's human resources system to attract, select, develop, appraise, reward, and retain the best people.

The best advice: come up with a definition for talent management that meets your organization's unique needs (Krueger, 2007; Rothwell & Kazanas, 2003).

Insight ...

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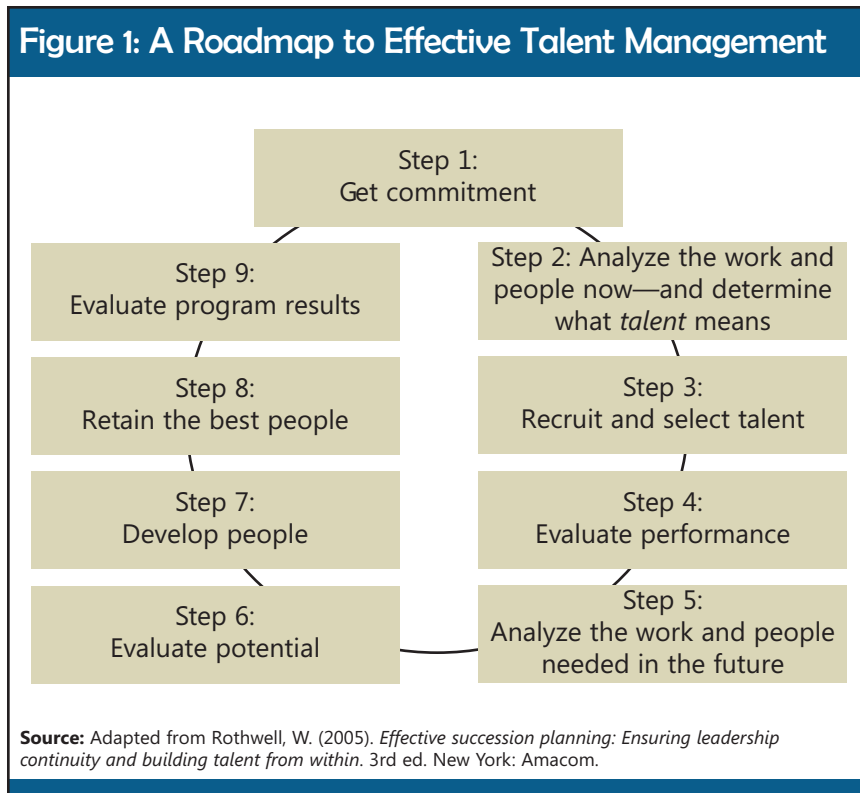
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What Model Delineates the Essential Components of Talent Management?

Any good talent management program will be guided by a roadmap that integrates all its components (Rothwell, 2005a; Zula, 2006). Figure 1 illustrates an example of a talent management roadmap. A step-by-step description of that roadmap follows.

Figure 1: A Roadmap to Effective Talent Management

Step 1:
Get commitment

Step 9:
Evaluate program results

Step 2: Analyze the work and people now—and determine what *talent* means

Step 8:
Retain the best people

Step 3:
Recruit and select talent

Step 7:
Develop people

Step 4:
Evaluate performance

Step 6:
Evaluate potential

Step 5:
Analyze the work and people needed in the future

Source: Adapted from Rothwell, W. (2005). *Effective succession planning: Ensuring leadership continuity and building talent from within*. 3rd ed. New York: Amacom.

Step 1: Get Commitment

No talent management program can work unless it enjoys the full support of the senior executive team—and especially the support and personal commitment of the CEO. Talent management is not an HR program; rather, it is the CEO's program. The CEO is the chief customer and constituent.

Several action steps are necessary to gain commitment:

- Clarify and communicate why a talent program is needed for the organization, based on its business needs

- Specify the measurable results desired from the program

- Gain agreement from, and the full support of, the senior executive team and CEO for the talent program

- Decide what action steps will be taken to meet the program needs

- Clarify the roles and behaviors of the HR department, top managers, middle managers, and workers in the talent program

- Establish methods of holding people accountable to meet measurable talent management objectives

While the objective of a talent program would appear to be clear—to prepare people for promotion to higher levels of responsibility—that is only one of many possible objectives. Among many others are: (1) preparing individuals for future challenges along a continuum of technical expertise (a dual career ladder); (2) identifying, capturing and passing on institutional wisdom and memory (technical succession planning) (see Rothwell & Poduch, 2004), and (3) pinpointing key social relationships and mentoring future successors to have access to important people in the future (social relationship succession planning). See Rothwell (2007c).

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Insight …

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Step 2: Analyze the Work and the People Now—and Determine What *Talent* Means

It is impossible to implement a talent management program without clarifying what work people do now, what kind of people are successful doing that work, and what *talent* means in the organization.

Analyzing the work is accomplished through systematic work analysis, carried out to prepare current job descriptions that realistically summarize work requirements. While job descriptions have many flaws, they are still necessary to clearly explain the work activities and results essential to good work performance. Without that, organizational leaders will not be sure what people do, how they do it, or what measurable results workers are expected to achieve.

Analyzing the people is carried out by competency modeling, which profiles successful performers at every level and/or in every department of the organization. A competency model is a description of the individual who is adequate—or best in class because they are most productive—in doing the work. Competency models thus stand as mirror images of job descriptions, which focus on the work. Competency models are important because they do not date as quickly as job descriptions and do a better job of covering otherwise hard-to-define interpersonal requirements of different jobs or of people at different levels of responsibility (Dubois & Rothwell, 2004).

Determining what talent means requires organizational leaders to establish criteria for talent. There are actually different kinds of talent. For instance, individuals who are doing a good job where they are and are also promotable are called *high potentials* (HiPos); individuals who are the most productive of anyone doing a job are *high performers* (HiPers); and individuals who are the most knowledgeable about a specific area of the organization's work are *high professionals* (HiPros). Managers must decide which—or how many—of these groups to focus on.

Traditional talent management programs emphasize efforts to groom people by building the competencies they need to be considered promotable. But cutting-edge programs may also give attention to leveraging the talents of high professionals and maintaining the skills of high performers.

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The Dale Carnegie® Perspective …

*Everyone has **talent**. But it is up to managers to find it, encourage it, and develop it. Managers create a **self-fulfilling prophecy**. If they believe people have talent, then they rise to the occasion. Likewise, if managers doubt workers' ability, they live **down** to that expectation. Good talent management starts with managers managing their own expectations. A manager's challenge is to find the best in people, find how they can contribute, make them part of the team, and build on their strengths.*

Step 3: Recruit and Select Talent

There are basically only two ways to source talent. One way is to develop it from within the organization. The other way is to recruit and select talent from outside the organization. In a robust talent management program, recruiting and selecting talent from outside is fully, seamlessly integrated with developing talent from inside the organization. One reason is that, after recruitment, individuals must still be developed if they are to keep their skills current and be successfully prepared for future, and more demanding, responsibility.

Much attention in recent years has focused on employee recruitment methods. While many organizations continue to rely on the time-honored methods of classified advertising and other traditional methods of recruiting (such as college recruiting), other organizations are becoming increasingly innovative. One new development is so-called *e-recruitment*, which relies on websites to attract applicants and ease the workload of HR professionals. Another is the emergence of *employment branding*, which refers to the reputation of an organization as a preferred employer. Much can be learned about an employer's brand simply by asking applicants and new hires what attracted them to apply for a job at the organization. The information that applicants and new hires provide reveals much about the organization's existing employment brand.

Employee selection is the next step after recruitment. During selection, an employer narrows down a finalist list from a larger applicant pool. The goal is to find the best candidate. Many employers are now experimenting with many forms of testing to assist in the selection process.

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*A good recruitment and selection effort begins with knowing what you want. Dale Carnegie® offers **Profile XT™**, a product that helps decision-makers clarify what kind of people they need to achieve the desired results. For more information, see http://demo.profilesinternational.com/potw/ProfileXT.htm*

Step 4: Evaluate Performance

Step 4 refers to *performance management*, the process of planning, managing and appraising worker performance over time. This step is important in a good talent management program for the simple reason that organizational leaders do not want to promote people who are not performing their current jobs effectively. To do so spoils the credibility of any promotion system. On the other hand, success in a current job is no guarantee that an individual will perform well in a future job at a higher level of responsibility with different work expectations.

If this step is to be effective in a talent program, workers must be evaluated based on the results they achieve (current productivity) and on the competencies and behaviors they demonstrate. In that way, step 4 is integrated with step 3.

Step 5: Analyze the Work and People Needed in the Future

It hardly needs to be said that the business world is a dynamic place. Change is the only constant. For this reason, the job descriptions and competency models prepared today do not necessarily indicate what work requirements and competencies will be needed in the future, if the organization is to achieve its strategic objectives.

In step 5, organizational leaders take the time to forecast work requirements and the competencies that will be needed in the future, if the talent management program is to align with the organization's strategic objectives. Indeed, an organization's strategic objectives imply the kind of work to be performed, the key performance indicators (KPIs) that will be required in the future, and the kind of personal characteristics (competencies) essential to success.

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*The Dale Carnegie®
Perspective …*

Good performance management is results-oriented. Dale Carnegie® offers a host of products to help identify key performance indicators in Key Result Areas (KRAs), the most important outputs or results desired from the work. Planning, managing and evaluating objective KRAs is much of what a good performance management system is all about. Dale Carnegie® offers the PRD, the performance results description, to help clarify KRAs for any position.

Step 6: Evaluate Potential

How do an organization's leaders determine whether individuals are promotable? That question frames the challenge of step 6.

It is not enough to determine promotability based on past performance (Rothwell, 2007b). After all, higher-level jobs require competencies that an individual at a lower level does not possess and may not even be aware of. Some individuals want promotions simply to secure higher salaries and may have no concept of the work demands that may face them if promoted.

An objective way must be found to assess how well an individual will perform at higher levels of responsibility. This is called *potential assessment*. Of course, that can be difficult. After all, organizational leaders may have never seen individuals being considered for promotion functioning at those higher levels of responsibility. How, then, can they make informed judgements about their ability to perform?

Common ways to assess potential include supervisory nominations, 360-degree assessment based on the competencies required at higher levels of responsibility (not the current level), assessment centers, psychological tests, work assignments/rotation experiences, and others. But no method is foolproof. Each approach has advantages and disadvantages. For instance, supervisory nominations may be subject to the *like me bias* in which supervisors tend to regard clones of themselves as the best candidates for future promotion. The best advice is to use several approaches, along with past performance, to provide a weight of evidence about who is best qualified.

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Step 7: Develop People

Step 7 focuses on closing gaps. There are really two gaps to be concerned about.

First is a *performance gap*. That is the difference between current actual performance and desired results. If individuals are not performing effectively in their current jobs, they are usually not regarded as promotable. Instead, efforts are made to increase current work performance to acceptable levels.

Second is a *developmental gap*. That is the difference between the individual's present competencies and those required to perform a job at higher levels effectively.

Many organizations rely on several practical approaches to pinpoint gaps and plan to close them. One way is to use performance management (appraisals). Potential assessment is carried out to assess individuals against future requirements at higher levels. Then, individual development plans (IDPs) are used to close developmental gaps by finding actionable strategies to build requisite competencies.

Step 7 also includes both individual and group programs intended to close gaps. It is in this step that organizations establish leadership development programs, action learning programs, training programs, rotation experiences, mentoring programs, and other planned efforts to narrow gaps (Cecil. & Rothwell, 2007).

It is important to emphasize that development does not mean the same as training. *Training* is a short-term effort intended to equip individuals with the knowledge, skills and attitudes they need to do their present jobs. But *development* is a long-term effort intended to build competencies for the future, and most development occurs on the job. Both training and development are often necessary to help individuals build the competencies they need to function at higher levels of responsibility.

This step also includes talent inventories. A *talent inventory* is a profile of the key competencies of all the workers of an organization. It emphasizes what makes each individual unique. What are an individual's unique strengths and talents? The goal is to make it easy to find the best talent in the organization when it is needed on short notice, such as during a crisis.

Step 8: Retain the Best People

Once talented people are recruited, selected and developed, they must also be the focus of retention efforts. Decision-makers naturally want to keep people whom they have worked so hard—and invested so much time and money—to recruit and develop. Hence, as much time and effort should be devoted to a well-planned retention strategy as to recruiting and developing talent.

A common problem in retention is overcoming management preconceptions (Rothwell, 2007a). Managers typically like to believe that workers resign for higher-paying jobs elsewhere. The reason: workers often indicate in exit interviews that they are leaving the organization for a higher-paying job elsewhere (Rothwell, 2005b).

But is low pay the real reason that people leave? The answer is an emphatic "no." Much research supports the old, well-known saying that "workers quit their bosses, not their jobs."

In short, how managers interact with people is important in the "stay or leave" decisions of workers. When workers feel that they have been mistreated by a supervisor, they begin looking for alternative employment. In most cases, they do not leave their current jobs unless or until they find a better-paying job. And then, in exit interviews, they cite pay as the socially acceptable reason for leaving, since they worry that telling the truth may make it more difficult for them to return—or secure good references—from their current supervisors.

While much research has been done on effective retention strategies, organizational leaders are well-advised to start by interviewing workers about *why they stay*. It is particularly important to know why HiPos, HiPers, and HiPros stay, since awareness of their reasons for staying can shape themes for future recruitment. It can also suggest areas of focus to improve retention efforts.

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Step 9: Evaluate Program Results

How can the results of a talent management program be evaluated? That question has been the focus of much attention in recent years (Rothwell & Kim, 2005). Skeptical CEOs and other organizational leaders often ask, "what is the ROI of talent management programs?"

Few people know the ROI of talent management programs, even though some organizations already have such information available. One reason for this inattention is that the CEOs in organizations with successful talent management programs do not focus attention on ROI. Instead, they are more interested in the number and quality of talent available to the organization when the need arises (Kim, 2006). In short, the most important measures of success for talent programs may be these:

- How well is the program achieving the measurable objectives established for it?

- How many people are available, and ready to perform, when any vacancy occurs?

- How quickly can those qualified people be identified, selected, and oriented?

- What kind of people are available, and ready to perform, when any vacancy occurs?

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Conclusion

This Dale Carnegie® white paper began with a goal of answering two key questions: (1) How is talent management defined? and (2) What model delineates the essential components of a talent management program?

As the white paper has shown, there is no one right definition of talent management.

For some people, it means the same as succession planning; for some people, it means efforts intended to attract, develop and retain the best people; and, for some people, it means efforts designed to integrate an organization's human resources efforts to attract, select, develop, appraise, reward, and retain the best people.

The essential components of a talent management program include: (1) get commitment; (2) analyze the work and people now—and determine what talent means; (3) recruit and select talent; (4) evaluate performance; (5) analyze the work and people needed in the future; (6) evaluate potential; (7) develop people; (8) retain the best people; and (9) evaluate program results (Rothwell, 2005).

Dale Carnegie® offers many solutions to help you select and develop your people. For more information on how Dale Carnegie® can strengthen your talent management program, please contact your local Dale Carnegie® office at www.dalecarnegie.com

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