



## What is Talent Management?

Talent Management is an integrated set of organisational processes designed to *attract, identify, develop, motivate, and retain people* who create a high-performing, sustainable organisation capable of realising its strategic and operational goals. It requires a systematic analysis of the current human capital needs and creative projection of future competency needs to create a staffing strategy to meet those needs effectively.

Talent management uses strategic human resource planning tools. It includes recruiting, developing, rewarding, retaining, and ensuring people perform. Talent management must link to the organisation's operational strategy and incorporate all aspects of Human Resource Management. There are different models in the area of talent management.

The Catholic Church and most defence establishments depend entirely upon the internal development of staff. Organisations with a short-term result orientation, such as used car dealers, depend primarily on replaceable labour that can be readily recruited from the market. The challenge is to strike the right balance between internal promotions and external recruitment depending on the nature of their business and the need to retain talent.

### The business case

There is a global talent shortage, and some fields experience severe shortages. The ability to attract and retain top talent is always a critical success factor. Organisations need integrated talent management processes to attract, identify, develop, reward and retain top performers and address skill shortages before they become critical. Often, disproportionate emphasis is placed on talent acquisition at the expense of retention and development. It is easier to acquire top talent than to retain it.

Successful organisations recognise their people as their sustainable competitive advantage and invest in strategic talent management to strengthen it. Ultimately, all competitive advantage resides in people as competencies. Even organisations with a competitive advantage created by their product/service envelope recognise that delivery and sustainability depend on their people. While technology can be replicated, people-dependent competitive advantages are the most difficult for competitors to replicate.



Talent management plans allow executives to make informed decisions on when, where, and how to invest in talent to ensure the organisation can meet its strategic goals. Succession planning, a part of talent management, is not just about identifying successors for a handful of leaders. It is about identifying the key competencies and skills an organisation needs to succeed in the short and long term. It is about identifying the company's high-potential and high-performing employees across all essential functions and grooming them for their next assignment and beyond. Organisations must know their top performers and design individualised programs to build and develop talent pools. Whether the organisation is growing, searching for a successor for a critical role, or downsizing, talent pools are vital.

One critical tool that supports effective talent management is the competency model. A competency model defines the specific mix of knowledge, skills, attitudes, and characteristics required to contribute to a job. Competency models underpin and facilitate employee selection, training, career development, succession planning, performance management and performance-based rewards.

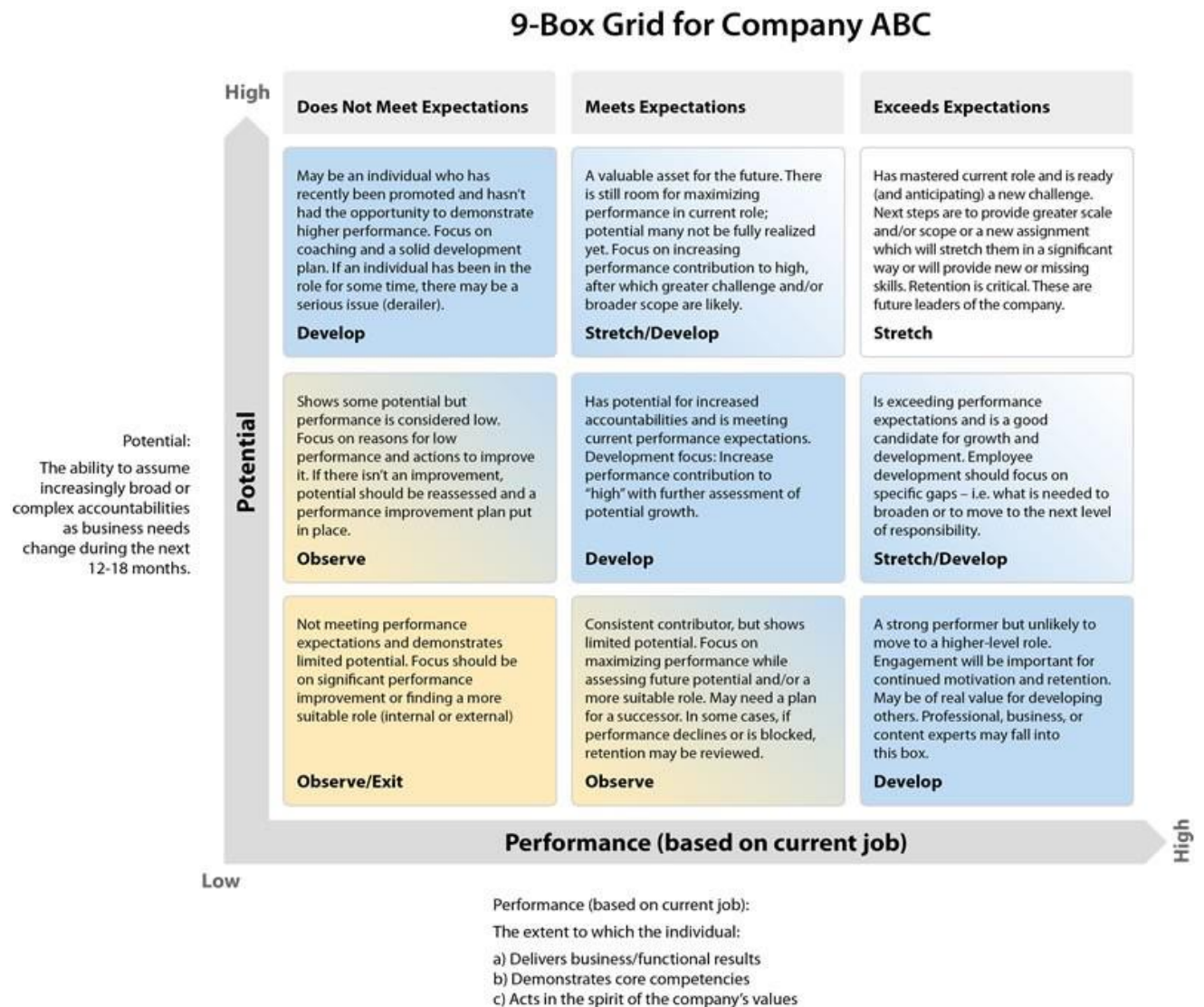
### Concepts and tools

Multiple tools are used in successful talent management strategies. These include organisational analysis, selection tools such as behavioural interviewing, compensation and rewards, long-term incentive programs, coaching, developmental assignments, and leadership training. Nothing can replace open and transparent communication with staff regarding their plans, opportunities, and responsibilities for self-development. Many organisations lose key talent because they never communicate their plans regarding staff members' potential and career options for the future.

One comprehensive model is the 9-box grid or matrix.<sup>1</sup> This tool enables organisations to assess individuals' and groups' potential and prioritise their investment in people development. It allows the assessment of individuals on two dimensions - performance and potential. Performance is more straightforward and can be measured using existing performance appraisal systems. The trickier one is potential. The organisation must come up with a clear definition of potential in recognisable terms such as unable to move to the next level, able to move up one level, or able to move up two levels or more. Psychometric tests, career development workshops, secondments, project assignments, and workgroup leadership are tools used to assess potential.



The following is an example of a 9-box grid:





When used effectively by an organisation, this tool provides management with a snapshot of its talent profile. It facilitates reviewing talent distribution by individuals, programs, projects, departments, gender or other diversity criteria.

A talent management system defines and reinforces the organisation's values and defines what actions and behaviours are expected, encouraged, nurtured, and rewarded. Organisations must ensure openness, objectivity, and management strength to create positive and negative consequences and take decisive action when required. Without these, such systems quickly deteriorate into bureaucratic paper-filling exercises that staff members do not trust or believe in.

A large part of the accumulated corporate knowledge in organisations is implicit and is held by individuals or teams. A talent management system facilitates identifying competencies and retaining core staff members.

### Critical success factors

Talent management is an expensive and long-term affair. So, the following factors should be considered before deciding on the system and associated investments.

- The senior leadership team must fully commit to the talent management system as it is a multi-dimensional tool that impacts organisational culture.
- The process should be overseen and supported by an experienced and strategically focused HR Leader. While a good consultant can do much of the design work, implementation success depends on a solid and committed management and HR team.
- Invest in a Competency model. A robust competency modelling system underpins an effective talent management system.
- Integrate the talent management system with other HR processes spanning the career life cycle of staff members through recruitment, induction, performance management, compensation, career development, succession planning and exit.

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<sup>i</sup> Developed by McKinsey for GE