Why You Need a Talent Strategy

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In today’s hyper-competitive global marketplace, the talent organization has emerged as the single most important element of sustainable differentiation.

Talent leaders can’t change global work trends or today’s economic reality, but they can change people strategies to respond to those trends and position a company to gear up for growth.

Led by the senior leadership team, organizations must apply the same rigor they use to create an overall business strategy to create a workforce strategy — not just a workforce plan. This strategy requires a comprehensive understanding of how complex trends and shifting business realities will impact business now and in the future. The resulting strategic blueprint provides line of sight into the talent choices available today that impact an organization’s ability to deliver on objectives.

The talent organization has emerged as the single most important element of sustainable differentiation. An organization’s products, services, business model and marketing campaigns all can be replicated quickly by any competitor, which leaves an organization’s talent and talent potential as the last true differentiator. Further, to ensure growth and competitiveness companies must invest specifically in leadership talent.

ON THE WEB
The impact of communication skills on talent strategy is often underestimated. See “Communication: A Core Component of Talent Development Strategy” to learn more at talentmgt.com/articles/view/2920.

A new era is upon business: the human age. Previous eras were defined first by the raw materials that transformed them: stone, iron and bronze. Then they were characterized by the domains people conquered with technology: industry, space and information. Now, human potential will be the catalyst for change and the global force driving economic, political and social developments. Talentism is the new capitalism.

Workforce demands and composition are shifting in response to economic, social and demographic trends. The need for more specific skills is creating a growing talent mismatch and scarcity of leadership talent. Multiple generations and cultures in the workplace have resulted in changes in motivations and preferences, which impact individual choice. Technological developments allow new ways of getting work done. These trends have created workforce
and workplace dynamics that make it more challenging to identify, access and manage talent.

Despite their varied implications, these trends revolve around one central theme — the need to empower the right people, in the right places, in the right ways to create business impact. This requires a sustained commitment to, and a strategic investment in, talent, and an alignment of talent strategy with business goals. Talent is the No. 1 impediment to or success factor in executing the business plan. Led by the CEO, a talent strategy must:

1. Articulate a comprehensive vision of where the company wants to go, what unique value it delivers and what effects it wants to have.
2. Organize work structures to unleash the knowledge, innovation and creativity of every employee to achieve that vision.
3. Examine, understand and deliver what employees want from their employer and work environment.

There are many options for talent acquisition, retention, development, redeployment and transition. The key is to
align the right talent approaches specifically for the business strategy. What follows are five practical components of an integrated talent management plan that will help build the workforce needed to execute on business strategy.

Components of an Integrated Talent Management Plan

When implemented rigorously, each of the following five integrated components will drive a comprehensive approach to talent management.

1. Assess talent. The workforce is critical to deliver and sustain competitive advantage. The ability to strategically assess talent available now — and the talent needed in the future — underpins the talent leaders’ ability to meet and exceed the organization’s goals. With the right workforce in place, brand building is more effective, goal achievement is more consistent and delivery of higher competitive value to customers and stakeholders is sustained.

From a CEO’s perspective, it is important to assess the organizational state today as well as the desired future state before starting to build the bridge between the talent strategy and the business strategy. Assessing talent can provide a gap analysis that roadmaps how to source, on-board, develop and accelerate talent, and align performance with business direction.

Assessing talent includes a number of different components:

• Competency modeling identifies the knowledge, skills, abilities, experiences, motivations and personality traits an organization’s workforce must develop to realize present and future strategic goals and enhance company agility, innovation, engagement and retention. Well-designed competency models provide organizations with accurate criteria to optimize performance management as well as talent assessment, hiring, development, redeployment, succession management and promotion systems.

• Organizational, individual and team assessments provide a clear understanding of how factors such as an organization’s strategy, communications, leadership skills, employee processes, engagement levels, retention rates and cultural alignment drive productivity and evaluate the capabilities of individuals, teams and their potential fit within the organizational culture and climate.

2. Develop leaders. To build global leadership capacity that is deep and wide, one must continually identify, develop, nurture and retain leaders as part of an ongoing talent development strategy. Building a pipeline creates the bench strength to fill leadership positions throughout the organization. Development is the first step to ensure a steady flow of leaders will be available to grow the company over time.

Coaching as part of leadership development is essential. The best coaching integrates the unique needs of the leader, his or her manager or sponsor and the organization to achieve the desired performance outcomes. Coaching can accelerate leader development and deliver performance improvements that lift the entire organization.

Consider, for example, a U.S. sales and distribution division of a global automotive company that is concerned about sustainability and effectiveness of its leadership development initiatives. With 30,000 employees and a competitive marketplace, the company needs to identify and develop near-future leaders at a faster rate to outpace the competition. The firm invests in leadership coaching, and this enables nearly 40 percent of program participants to be promoted at or near the end of the program. Further, more than 70 percent of participants achieve or exceed their individual goals, and the return on investment is estimated to exceed five to one.

3. Implement and align strategy. Winning organizations create sustainable competitive advantage by aligning the workforce with business strategies. These companies pursue a well-articulated strategic direction in terms of execution, performance and workforce management. Having a strategy is only half the challenge: Strategy implementation requires a sustainable, proactive process to effect a smooth transition that will ensure employees understand and execute strategic imperatives and have operational support when doing their jobs.

There are three main components to implement and align a workforce with the organization’s strategy:

• Implement strategy effectively by first understanding the complexities of change and facing the realities of external forces putting pressure on the business. Prioritize critical issues, analyze root causes of performance inhibitors and identify capability gaps. Once strategy has been clearly articulated and agreed upon, clarify fit-for-purpose structures and roles, deploy people systems and processes, communicate with authenticity and regularity and assign capable leadership at all levels.

• Put strategy to work by identifying employee and workforce issues impeding strategy implementation. Prioritize workforce management strategies and align them with broader strategic goals. Use diagnostic tools to build executive team alignment around the organization’s greatest strengths and needs. Identify top priorities, gain team consensus around priorities, analyze gaps between the organization’s current state and the state of benchmark organizations, and build collaborative approaches with the workforce to get the job done.

• Manage change effectively by having talent managers and leaders take a greater role to ensure change is communicated and implemented effectively. Communicate openly and honestly, keep employees informed, solicit feedback from those impacted by change, and commit to meeting expectations. From the senior leader on down, the messaging must be consistent.

4. Engage employees. Talent managers can play a role by clearly and effectively articulating the business strategy, vision, mission and purpose to the entire workforce.
First, create a communications plan. A workforce that understands the strategy is better able to execute it. Equip senior leaders and managers to convey clear, consistent messaging that links every employee to strategy and drives engagement, productivity and success.

Invest in methods to engage and retain the workforce. Employees need to feel they have a stake in the company’s success. Help employees understand the significance of their role and how they directly participate in achieving the company’s business objectives and performance goals today and in the future. In a competitive environment, engagement can make the difference between an organization that thrives and one that barely survives.

5. **Align the workforce with business needs.** Competitive market conditions and changing business objectives often require talent leaders to reassess workforce needs. It is about strategically mobilizing and sizing the workforce to meet business needs, minimize turnover and maintain employee productivity.

Assisting employees affected by organizational change to make the transition to a successful career outcome also delivers real business value. Provide outplacement support to departing employees. Organizations offering effective outplacement support solidify their reputation for valuing employees and enhance the morale, engagement and productivity of employees who remain.

Also consider redeployment before executing layoffs. Sooner or later, every business has to reinvent itself. Consequently, every workforce has to adapt. Organizations that manage workforce transition successfully retain top talent, sustain productivity and employee engagement, and align workforce competencies with new organizational needs. Redeployment contributes to successful transitions by helping talent managers identify and reassign talented individuals to new roles or departments.

Invest in ongoing career development. Encourage employees to develop skills and competencies aligned with organizational needs. Provide assessments and coaching to help employees create a detailed career map and action plan to take control of their careers. Helping high-potential employees develop their careers offers the organization a powerful engine to drive workforce engagement, retention and productivity.

Global workforce and workplace trends have forced organizations to conceive competitive advantage more in terms of the talent they can identify, develop and retain and less in terms of what used to create a more traditional competitive advantage. The organizations that proactively align talent with business strategy by creating and implementing a workforce strategy will be the winners.

Many options for talent acquisition, retention, development, redeployment and transition exist. To promote a culture of success, the key is to align the right talent management approaches with the business strategy and create a continuing advantage by linking the workforce strategy to the business planning cycle. 

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