

The Essence of a Talent Management System

By Bill Handschin, Ph. D., L.P.

Every CEO and executive wants happy, productive employees that function with exceptional effectiveness and efficiency. When companies get the best performance possible out of their people, organizational goals are accomplished, products and services are sold, and success is achieved.

So how is this type of organization developed? The over-simplified answer is this: by getting the right people in the right jobs doing the right things for the right reasons. It's the foundation of my talent management consulting practice.

Over the 22 years that I have worked with manufacturing and technology clients, I have found that most are familiar with the components of talent management systems and already have some of the pieces in place. The challenge lies in integrating these systems using the same language, all tied to the same strategy. This takes time – often years – and is typically accomplished in phases or by addressing one issue or objective at a time and building on those results.

I like to equate this to a sports analogy. Any successful professional baseball team became that way because it did a good job of talent management. If you have good batters you don't put them in the pitching position where they won't play the whole game. You put them in the outfield so they don't have to do as much when your team is pitching and they can concentrate their energy on batting. Your pitchers typically are not good batters; they contribute value in a different way. So it's not enough for everybody to be good batters. All players have to have other skills, as well. **Your goal, as the "coach," is not to optimize individuals regardless of everything else; it's to optimize individuals in the context of what the organization needs.** That's what wins championships – and market share.

This white paper will address the basis upon which an integrated talent management system is built – competencies, alignment and performance management tied to strategy – and the crucial need for senior management endorsement to ensure the endeavor's success.

Step One *Competencies*

Competencies are the critical skills, abilities and other personal characteristics that employees have and must use for the organization to successfully implement its strategy. They relate to the key tasks that, if they're not done well, create roadblocks to progress. One technique for guiding employees as they select these key tasks is called the "balanced scorecard." It's a way of identifying what's important to get done, and evaluating how well a person is doing. It's not just a listing of all the tasks a person does, but rather a weighting of those tasks by how important they are to the accomplishment of organizational goals.

What we typically find is that many companies have job descriptions, but very few think about jobs in terms of competencies – what really needs to get done? What really contributes to the organization's success? Job descriptions often address how the person spends time during the day; 50% at their desk, 50% walking around the plant, etc. And, typically, only about half of what people are working on actually contributes to the organization's goals. The other half can be considered busy work.

Step Two *Alignment*

Alignment is focusing on those activities that move the organization forward and eliminating activities that have nothing to do with attaining organizational goals. Doing this well can dramatically increase the efficiency and effectiveness of an organization, or of a department within a larger organization. Obviously, it's not easy, but it's time well spent. The effects can be exponential. I once met a consultant who received a handshake and a 7-figure check for one year's work for an organization. He succeeded in identifying critical competencies and getting employees to stop wasting time on activities that didn't contribute to achieving the company's goals. That department was well on its way to building a winning team.

Step Three *Performance Management*

Performance Management involves teaching employees to focus on critical tasks. Once you know what needs to be done you can develop a performance management system based on those competencies. The system enables you to:

- Help your employees understand what needs to be done and what they should stop doing
- Reinforce efforts that contribute to the strategic success of the organization
- Monitor what your employees are doing and how well they are performing
- Identify areas of weakness or misdirection
- Measure the outcomes of their efforts

Competencies become the common language with which employees and managers can evaluate and redirect efforts, identify developmental needs, and understand systemic or organizational changes that need to be made to fully support the desired outcomes or results.

Example: Competencies drive department reorganization

One of my clients took advantage of the opportunity to re-establish a department's infrastructure and realign its employees. The purchasing department of a large regional power company was slated for reorganization. The company analyzed its business processes, redefined the jobs that needed to be done, and asked all 45 employees in the department to reapply for the new jobs.

We began the process by identifying competencies – what do people in these jobs need to do? What are the critical things they need to pay attention to? Secondly, we developed an assessment process to help us understand who currently had the skills and knowledge to do the work and who was best suited to learn those skills. We were able to write our assessment reports based on the exact competencies the company had deemed were important for each individual job, using their own performance management forms.

The result was customized feedback describing each employee's potential and skill level as it pertained to the competencies required for the job. It ended up being extremely meaningful and useful to the company.

Now let's look at the four key principles of talent management.

The right people

When you know something about the organization's culture, what it needs to get done and where it's going, and you understand in some detail the tasks involved and the skills, knowledge and abilities that people must bring to those tasks, then you can focus on finding the right people to do the work. Most organizations have some kind of process for selecting people to move forward. The problem is, all too often it's based on performance in their current job rather than on their potential to become effective at the core competencies of the next job. In effective talent management, competencies must lead the way.

In the right jobs

To effectively match people with jobs we have to first understand the jobs using a common language. Again, we start with competencies – what people need to do, both on a day-to-day basis and in critical situations, to get done what the organization needs to get done. Once identified, these critical pieces of the day's work are expressed in a common language that employees, managers, human resource professionals – everyone – can use to communicate with the employee about how well they're doing and what they need to do differently.

Doing the right things

This is about getting people's activities aligned with organizational goals. In most organizations, a lot of things that people do may be interesting, useful or challenging, but they don't contribute at the end of the day to helping the organization move forward toward its goals. The process of alignment – getting people doing those things that will help the organization move forward – is an important part of the talent management process.

For the right reasons

Here we're talking about people's motivations – why they're doing what they're doing. This has to do partly with reward systems, but it also has to do with culture and with that part of organizational goals that has something to do with more than just making money. The championship baseball team performs exceptionally well both as individuals and as an overall team. Each team member has personal motivation and drive to contribute their best to the endeavor.

It's not only important to get the right people aligned in the right jobs, you also have to plan for employee development and succession.

Identify "A" players

A common way people talk about employees is "A" players, "B" players and "C" players. "A" players are the people in key roles and the people with the highest potential to contribute to the organization. You might think that you'd want "A" players in all your categories, but that's not wise. "A" players are often ambitious and want to move ahead, and there may not be room enough for all of them to move up. But there are some people in your organization that have to be "A" players if you're going to be successful. Sometimes they are people with specified knowledge of the history of the organization or technical knowledge about how to make things happen.

Focus development dollars

You want to invest your development dollars where they're going to give you the biggest bang, which is in helping the superstars get better. Development dollars should be allocated either on the basis of potential or actual contribution.

Don't ignore your high potential people. Most of the high potential people have a fair idea of who they are. If you don't give them opportunities to improve their skills and move ahead they're going to become de-motivated. They'll begin to look around, and they'll move.

Now, here's the balancing act. What happens to the people who aren't on that list? What other kinds of motivational issues do you have to deal with? Well-designed development programs will include proportional rewards for the people who are doing a good job day by day. There has to be something in it for them, even though it may not be preparation for the next level. The beauty of this is that many of the rewards you can give to people to signal that they're doing a good job don't have to cost a lot of money. Some examples are special recognition or titles, opportunities to cross-train or to train others, opportunities to learn special skills, or identification as a troubleshooter.

Plan for succession

Once you identify the "A" players you need to have backups that not only have the potential to do the job, but have been given the experience of doing major parts of the job so that they are currently competent. This is something that most organizations do not do very well. Ideally, you don't want to ever be in the position where you don't have a superstar in a key role. Succession planning is the process of identifying the key backups so that if an "A" player leaves, retires or gets hit by a bus, there's somebody in line who is ready – not just to start the 2-year process of learning the job, but to step in *that day* and start *doing* the job.

It takes time

Building an integrated talent management system takes time. Most organizations have some form of the systems they will eventually need, but typically, those systems are not integrated. Effective talent management ties a lot of separate initiatives together, coordinates and integrates them, and puts them into a common language. It's a lengthy endeavor because it involves developing new processes or refining existing processes. We start with competencies and then build systems for performance management, selection, development, team building and succession planning around the competencies.

Success requires buy-in

It's absolutely critical to have the commitment of executive management. If it's not there, it's best to not even start the first project. The ideal situation is this:

- Top management recognizes there's a problem and is committed to fixing it
- Line managers realize the practical implications of solving the problem and are committed to working on it
- Human resource staff are involved and bring to bear everything they know about the organization in a way that helps integrate the results into the larger organization
- Other stakeholders are identified and integrated along the way

To discuss how Talent Management Consulting can help your company develop a Talent Management Program, contact Dr. Bill Handschin at info@talentmci.com or 651-731-0211.