



The Talent Management Imperative: A Best Practice Approach

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White Paper

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Purpose of this Paper

One of the hottest topics in business today is *Talent Management*.

The term Talent Management recognises that organisational talent is a valuable resource that must be actively managed. What is surprising is that many organisations are getting caught up in the hype without developing a clear strategy, underpinned by sound methodologies that work.

CompAssess is an international business psychology firm, and one of Australia's leading authorities in the field of Talent Management. CompAssess has successfully completed assignments to assist many Australian organisations improve their leadership bench strength and build the required capabilities for success into the future.

The guiding principles of CompAssess are:

Investment Value: We clearly understand the returns our clients anticipate from a relationship with CompAssess and ensure that we provide genuine value

Thought Leadership: We strive to be at the forefront of innovations and developments in the applications of people strategy, assessment and development technology, and Talent Management systems

Solution Quality: We deliver pragmatic, quality and commercial solutions to our clients that always meet or exceed agreed expectations

Service Responsiveness: We strive to meet or exceed our clients' expectations for responsiveness at all times and in all ways, from meeting project timelines through to returning phone calls

Reflecting our commitment to *Thought Leadership*, the directors and consultants of CompAssess have written this paper with the goal of capturing some of the key principles, practices and lessons that we have learned working with many of Australia's top performing companies.

This paper is not intended to be used as a remedial manual, nor a prescriptive tome. It is intended to be used as a source of information that facilitates informed discussion and dialogue. Nonetheless, we encourage organisations to freely use as much of the content as you find practical and useful.

Finally, before reading on, it is important that you note that we make a key distinction. When we use the word talent, we refer to the collective group of individuals who make the most positive contribution to organisational performance. This necessitates drawing a line between those whose talents are useful and more highly valued by an organisation from those whose contributions are considered of lesser value.

A Case of Supply and Demand

Average return for shareholders of the top talent-focused companies is more than tenfold that of the least talent-focused companies – War for Talent, 2000.

During the next five years, more than two million Australians will be in the normal age for retirement from the workplace. This is an increase of 25% (Australian Bureau of Statistics). If the economy continues to grow, the increase in demand for talent will outstrip the growth of the talent pool.

It is common in organisations today to experience a shortage of capability at a range of levels. This is driven by a number of factors including rapid growth and change, a rise in retrenchments due to changing role requirements, key people being 'poached' by the competition and a difficulty in retaining talented people. For example, recent research from DDI found that only one third of executives believed that their organisation's leadership capabilities look promising, while 82% of companies reported having a hard time finding qualified leader candidates.

But organisations do have choices. They can respond to these challenges in three ways:

1. Intensify their efforts to hire hard-to-find and increasingly expensive people from outside
2. Do little or nothing and probably experience competitive decline
3. Tap into the quality people already in the organisation thus growing and keeping their own talent.

The third option is, in our view, the most desirable. By finding effective ways to identify and grow their own talent, organisations can ensure that they have the people they need in an increasingly difficult business environment.

Many organisations aiming for a strategic yet pragmatic approach to Talent Management recognise that talent will play a large part in driving future organisational success. As leadership talent is becoming increasingly sparse in many sectors, much of the focus is being directed towards leaders as a discrete area of the talent pool.

We have noticed a number of irreversible and unavoidable trends in business today that we believe support the need for organisations to focus on managing their leadership talent:

- Overwhelming evidence points to an aging of the Australian population fuelled by baby boomer retirements. This will inevitably lead to shortages of suitably qualified and experienced business leaders. In 1970, 83% of the 55-64 year olds were still working. By 1990 that figure was 75% and today that figure is approximating 50%. Expressed another way, today there are six people employed for each person over 65. It is projected that by 2025, however, there will be only three people employed for each person over 65. And the trend is accelerating because investments such as

shares and superannuation have made a financially secure retirement obtainable earlier for many high achievers. Another factor in these accelerated retirements is the widespread availability of part and full-time jobs to supplement retirement income.

- The 'psychological contract' of trust and loyalty between employer and employee has gradually weakened over the last decade and is now quite fragile in many organisations. This often results in a leadership population more keen to manage their own careers, rather than be guided by 'paternal' employers. Leaders today are more prepared to make moves between organisations and industries to pursue their own goals of self-development, financial security, challenge or lifestyle.
- Perhaps more than ever before, progressive organisations are looking to leadership talent as a competitive differentiator. Recent research from Hewitt Associates found that 81% of Chief Executives believe that the quality of leadership is one of the top factors in determining an organisation's ability to succeed. Competition for the cream of leadership talent means that even if organisations are not growing and are not projecting a higher percentage of retirements, there is still cause for worry. Other organisations feeling the impact of the talent squeeze are likely to try to 'poach' key personnel as they look to fill their own executive positions.

A recent landmark McKinsey study argued that the most important corporate resource over the next 20 years will be talent: smart, sophisticated business people who are technologically literate, globally astute, and operationally agile. They note that even as the demand for talent escalates, the supply will spiral downward, culminating in a corporate "war for talent." To win the war, organisations will need to be very skilled at hiring and promoting people and, even more importantly, be able to keep them.

Talent Management: The Economic Arguments

Fundamentally, there are three main arguments in support of effective Talent Management:

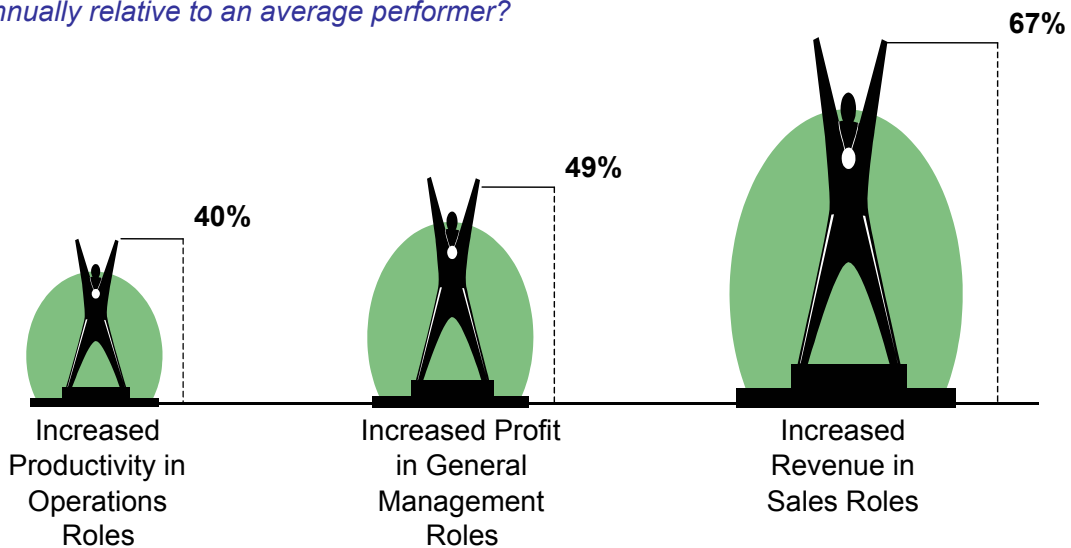
Argument #1: Recurring costs are reduced

Put simply, it is more cost effective to identify, develop and retain management talent than to replace lost talent with recruitment from the external labour market. Various studies estimate (conservatively) the cost of replacing an executive can run into several times the salary of that executive. For example, research from Ernst and Young estimates the average cost of replacement at \$1 million.

Argument #2: Economic outputs improve

Over the last several years, there has been a growing body of research and evidence that clearly shows the incremental economic value that talented, high performing people deliver.

How much more does a high performer generate annually relative to an average performer?

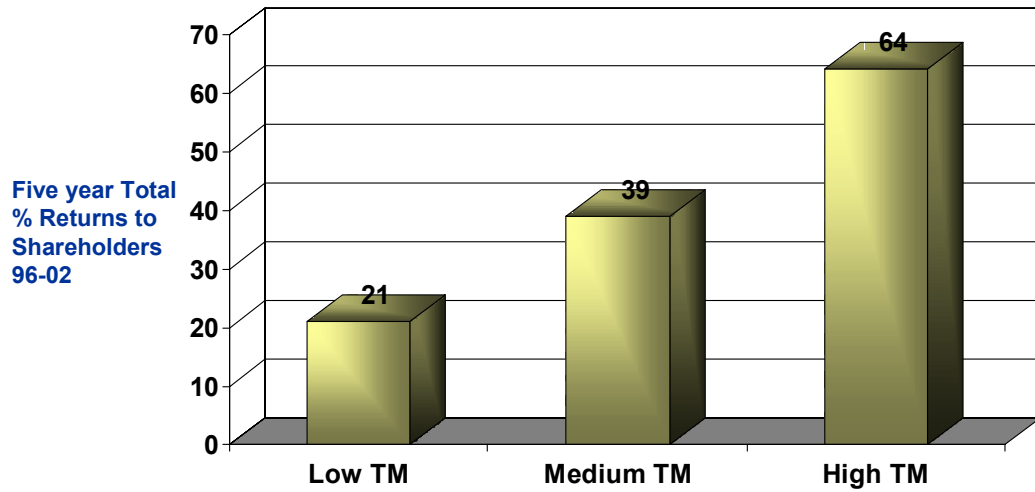


Source: McKinsey's War For Talent (2000)

Argument #3: Enterprise value is maximised

Research shows a major difference in average share performance between organisations with a culture of talent management, and those without. As shown on the following page, the difference is striking.

The better an organisation is at Talent Management, the better its return for shareholders



Source: Human Capital as a Lead Indicator of Shareholder Value (2002)

Key Talent Management Initiatives

Our experience with Australian and global organisations suggests that the typical organisational responses to the Talent Management imperative fall into three major clusters, depending on which part of the talent supply chain is broken.

Cluster 1: Acquiring New Talent

Attracting, sourcing and selecting the right talent addresses part of the talent imperative. Clearly this application has greatest impact where two conditions are met: (a) the talent required does not exist internally; and (b) the talent required could be acquired at a reasonable premium. The difficulty in finding IT professionals at the peak of the technology boom well illustrates this.

Provided these conditions can be met, focusing on one or more of the following areas can derive the best outcomes:

Attracting: Creating an employment brand or image in the marketplace that naturally attracts the attention of candidates who have a high level of fit to the organisation. While relatively easy for the likes of Microsoft and Coca Cola, this strategy is most challenging for companies who are relatively unknown, unexciting or who market controversial brands, products or services. In these instances, active employment branding and marketing in niche markets, such as within certain university faculties, may deliver benefits. Another strategy that has been employed to great effect by companies such as Australia Post is to promote its successful Human Resource programs within the Human Resource community, increasing the attractiveness of HR roles it may have to offer.

Sourcing: Using a variety of strategies for sourcing talent is useful. While recruitment companies and executive search firms provide part of the answer, using innovative alternatives also reaps rewards. For example, the brewer and wine company Lion Nathan rewards its employees with a commission like scheme when they refer past work colleagues and professional associates for roles that they are successful in winning. Not only does it decrease the cost of sourcing, it increases the likelihood of values fit between the candidate and the organisation because they have been pre-qualified or “screened” by the employees themselves.

Selection: Increasing the effectiveness of the selection processes can also deliver tremendous gains. Not only does a robust selection process reduce the risk of the wrong hiring decision (the Financial Review reported only a few years ago that one in three hiring decisions is wrong), it also increases the likelihood of being able to differentiate the high performers from the average performers. For example, a utility analysis conducted for Pharmacia showed that a robust selection process for sales representatives was likely to generate at least 10x return on investment within three years.

Cluster 2: Leveraging Existing Talent

Let us assume that unless your organisation has rampant staff turnover, you are probably refreshing less than 20% of your talent on an annual basis. Therefore, entirely rebuilding talent banks via natural attrition and replacement is not only likely to cost a lot of time and money, but it is also going to take a long time (between 5 and 20 years!). The reality for most organisations is that they need to leverage the talent they already have. They appear to be doing this in three key ways:

Maximising the value of high potentials: Talented individuals who have the potential to make an ever-increasing contribution to organisational success are identified early and provided with accelerated development. Typically fitting under the auspices of succession management, leaders with potential are actively managed through a series of diagnostic and development processes that allow them to develop their natural attributes, acquire new skills and engage in critical formative experiences.

Performance Management: Surprisingly, this has been one of the least discussed applications in the Talent Management arena, yet yields some of the most positive results. The reality for many talented high performers is that they typically crave challenge, regard goal achievement as important, and need to know how well they are doing so that they can self correct. Performance management systems can provide this stimulation. Unfortunately many organisations have never given their performance management systems real teeth, allowing them to be vague, inconsistent and subjective in their application. As a result many high performers do not receive the necessary feedback and reinforcement that a performance management system can bring. Recent research by Watson Wyatt and the Corporate Leadership Council clearly shows that performance management systems provide the best 'bang for your buck' when seeking to leverage the value of talented people.

Realign Capability: Successful business strategies must be regularly adjusted in order to respond to changing business conditions. As the strategies change, decisions on the deployment of financial capital also change. Similarly, decisions on the deployment of human capital must be constantly realigned to the business strategy. Key opportunities occur during mergers, acquisitions and restructures.

For example, when the ANZ bank began its highly successful transformation process six years ago, it decided to move its consumer and SME lending operations towards a stronger selling focus, seeking to maximise the business it did with each customer. To achieve this, it defined new roles and then identified the most critical capabilities lending staff needed to have, in order to drive and support a sales culture. Over a period of eight weeks, every lending role (close to 1400 positions) was spilled and all candidates for the roles had to be objectively evaluated against the target capabilities through the use of assessment centres. Immediately following the restructure, lending revenues increased dramatically. As a result, ANZ has one of the more successful consumer and small business lending operations among the banks, a key factor that has influenced its rapid share price improvement in recent years.

A different, but often tragically repeated, example is where two companies merge and the sales strategies, channels and functions have to be reworked. Usually this has a downstream impact on the sales forces, creating uncertainty and often requiring some redundancy and redeployment decisions. Unfortunately, this process may not be swift, and the more talented performers quickly feel out of touch with the new business

direction, becoming demotivated and disaffected. The result? Revenues decline and talent departs. McKinsey & Co suggest that the latest research on successful mergers indicate that the most important and immediate task is not to leverage the new efficiencies and scale, but to protect the revenues by quickly realigning sales capability.

Cluster 3: Retaining Talent

Keeping hold of your talent is not always easy where there are many employment opportunities for high performers. The types of initiatives that may be engaged to reduce turnover of talented people include:

Employment value proposition: Maximising the match between what your talented people want and what you can offer is critical. Tools such as employment value proposition surveys can assist the organisation to identify what people value and what keeps them there. Conversely exit interviews help to identify what drives people out of organisations. It is quite important however to be aware of two common pitfalls in this approach:

1. **HR skews the view**: Unfortunately some HR functions like to think they know what the company's employees value. In some instances this is true, but it is also true that in some cases the HR function merely overlays its own values set on the rest of the employees. To illustrate this, in 2001, researchers from the Corporate Leadership Council asked a number of HR practitioners what aspects of work high performers were most likely to value. Of course the HR practitioners said things like "remuneration" and "work environment". The researchers then asked a number of high performers the same questions. As you may have guessed, their responses were markedly different citing such things as "development" and "competent leadership". The lesson is to go straight to the source.
2. **Poorly targeted research**: Another common pitfall occurs when the diagnostic process fails to separate the views or responses of the talented people and high performers from the rest of the herd. As a result, what may have been clear data trends become distorted by the broader spread of views from what is a more diverse group of employees. For example, if 10 high performers rated "competent leadership" as the most important item, yet 90 average or below average performers rated "a clean cafeteria" as the most important item, it would be reasonable to assume that the unique values of the high performers would be lost in the survey results. This error most commonly occurs when organisations attempt to use their annual employee surveys or culture surveys as a defacto employment value proposition survey.

Publicly Invest: Talent Management is a powerful vehicle for identifying the people with the greatest potential and securing their retention by providing systematic and targeted development opportunities for them. Interestingly, the development opportunities provided may be enough in their own right to improve the retention of high potential talent. Moreover, nomination and participation in a Talent Management program may serve to communicate the message: 'We recognise your potential, we will develop you

and we will create opportunities for you to realise your career goals – you are one of our leaders of the future.’ As evidence of this effect, recent internal analysis by one of Australia’s ten largest companies showed that the employee turnover among their succession management participants was five times lower than that of the general employee population.

CompAssess Talent Management Principles

Based on our experience, research and observations, we have identified a number of principles that can be applied for effective Talent Management processes to work at leadership and management levels.

1. Generate Organisational Support

Only start if you have CEO sponsorship	CEO stewardship for talent management is critical for generating the profile, commitment and focus on the management of talent.
Gain line management support	Line managers are expected to coach and support their talented direct reports towards development and career goals, a process that should cascade from the CEO and senior executives.
HR must act as facilitators	HR's role is to facilitate the management of talent and to act as coaches and consultants to the line managers. For it to be truly successful, talent management cannot be seen as simply an HR initiative.

2. Ensure Robust Implementation

Start with the end in mind: define the desired contribution to business success	Organisations need to identify what leadership and management capabilities are required to deliver the business strategy. These "targets" should then be codified and subsequently underpin all Talent Management initiatives.
Create talent "pools"	Talent Management is not about identifying likely successors to a range of "at risk" management roles. Rather it is about creating a pool of talent where the individuals have been selected and developed against an organisational standard as opposed to a defined set of role-specific competencies.
Ensure talent pool selection is by merit: select for potential, plan for development	<p>Talent management programs need to be fair, equitable and objective. Legally defensible criteria should be applied to the selection of program participants. Most importantly, this should be based on an assessment of potential rather than development needs.</p> <p>The following criteria may be considered for selection:</p> <ul style="list-style-type: none"> ▪ Demonstrable alignment with organisational values ▪ Motivation to lead ▪ Motivation for self-development ▪ Interpersonal skills ▪ Cognitive ability ▪ Demonstrable results ▪ Retention risk* <p>*The demand for, or relative uniqueness of the individual's skills set; the threat of 'poachers'.</p>

2. Ensure Robust Implementation (cont.)

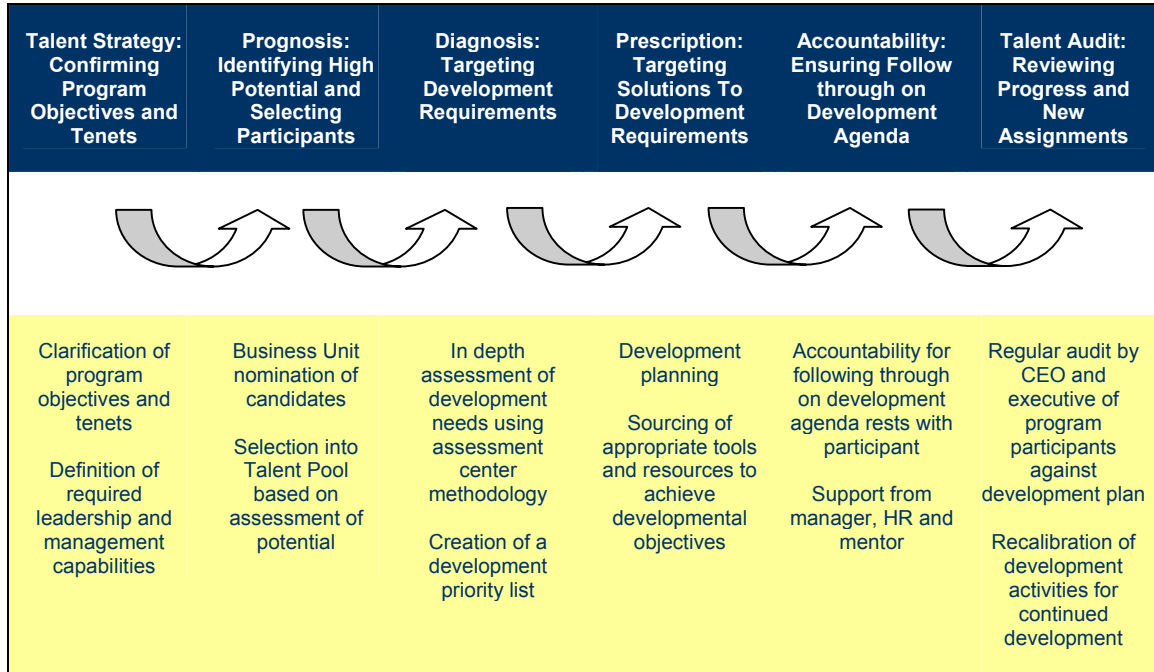
Be clear on what attributes of talent are difficult to develop and then select them in	Some attributes of talented people cannot be developed easily. Initiative, judgement and energy are common examples. It is important to select these attributes into the organisation or into talent pools in the first place. Using reliable assessment tools makes a difference.
Use robust diagnostic assessment for development planning	Diagnostic assessment plays a pivotal role in identifying key strengths and opportunities for development.
Create targeted individual development plans	Development planning and implementation should be clearly focused on development gaps that emerge from the diagnostic assessment process.
Promote on merit	Talent Management is about preparing high potentials for the organisational demands of the future, rather than creating a 'right of passage' for participants. Our view is that selection of talent pool members to vacant positions remains a merit-based exercise. We would expect, of course, that program participants be at some advantage given their accelerated development. Equally, there may be candidates outside of the program with a merit-based claim to the position, or indeed candidates from the external labour market.
Focus on retention	Use sound diagnostic processes to identify what will keep your talent in the business. Then seek to leverage your organisation's natural assets against these things, and work at closing the gaps on the things you don't do so well.

3. Integrate into the Business

Conduct regular talent audits	This information needs to feed into the business planning process. Based largely on GE's 'Session C' approach, the CompAssess view is that organisations should conduct regular audits of leadership talent to plan leadership development and succession. The CEO and senior executives need to agree and sign-off on developmental actions for each individual.
Centrally own the talent	This helps to minimise a silo mentality, facilitates the efficient allocation of development resources and reinforces accountability. In effect, the organisation's HQ "owns" the individuals in the talent pool and "leases" them to the businesses.
Hold participants accountable	Accountability for following through on development projects, assignments and challenges is with the participants themselves. Honouring their side of the learning 'contract' should be a minimum pre-requisite for continued participation in the program.

Of course while the principles we have described above may be applied to any Talent Management scenario, they clearly reflect the strong focus by many Australian businesses on the issue of succession management. To assist organisations, we have included on the following pages a more practical and ordered model that seeks to articulate the major phases in implementing a Talent Management model oriented to leadership succession.

An Implementation Framework



Phase 1 – Talent Strategy: Confirming Program Objectives and Tenets

Confirming Program Objectives

The first step in any formalised Talent Management initiative is to gain clarity regarding the specific Talent Management program objectives and success criteria. We have already referred to the imperative of CEO stewardship and Executive support. Consultation with senior stakeholders presents an invaluable opportunity to develop their buy-in, and an understanding and commitment of their role in the program.

The program should be framed with specific objectives and success criteria, for example:

Program Objective	Success Measures
To increase the retention of high potential employees	% turnover among high potential employees
To improve the bench strength of internal talent	% of promotions filled by internal staff

Defining Required Leadership Capabilities

If an organisation does not have a clear and well-defined profile of what it values in future leaders, there is little scope for effectively developing either existing leaders or high potential people for future leadership roles, other than by chance.

Organisations need to define carefully and accurately the characteristics of the leadership that will underpin future success.

We have found that a well-defined leadership capability profile should contain four types of information:

1. **Competencies** – what leaders need to be capable of. These are clusters of behaviour that are related to success in a leadership role.
2. **Executive Enablers and Derailers** – the personality traits that might facilitate or hinder success as a leader even when everything else is effective. Cognitive ability is sometimes included here as it is, in the broadest sense, a personal attribute.
3. **Key Knowledge** – what leaders need to know. This refers to the degree of understanding that leaders need to have about how the organisation operates and includes areas such as:
 - Functions (marketing, sales, production etc)
 - Processes (core, business, support)
 - Systems (long-range planning, budgeting, remuneration)
 - Products and Services
4. **Key Experiences** – What leaders need to have done. These describe the kinds of situations that someone entering a leadership role or progressing to a more challenging leadership role should have experienced or at least have had some exposure to. For example, by this we mean:
 - Been involved in an organisational-wide project
 - Negotiated agreements with other organisations
 - Managed a team of at least six people

There needs to be a process for determining the competencies, enablers and derailers, key knowledge and key experiences associated with leadership success. This process should include high performing existing leaders and group meetings with executive management regarding their vision for the organisation.

Phase 2 – Prognosis: Identifying High Potential and Selecting Participants

To identify suitable participants for inclusion in the program, each Business Unit nominates a set number of potential candidates against pre-established criteria. The Executive then screens the candidates and makes decisions regarding who to approve for entry into the pool based on set criteria. These criteria are centred on identifying the future potential of the candidate and should include, but not necessarily be limited to, the following:

- Demonstrable alignment with organisational values
- Motivation to lead
- Motivation for self-development
- Interpersonal skills
- Cognitive ability
- Demonstrable results
- Retention risk.

Tools such as Drotter's Performance Potential Matrix can be useful in this part of the process.

By collecting valid data against each of the selection criteria, the Executive make decisions regarding suitable program participants.

Successful candidates are offered places in the Talent Management Program, supported by open communication regarding the program objectives, activities and mutual accountabilities, ensuring all participants who 'sign-up' have clear expectations.

Phase 3 – Diagnosis: Targeting Development Requirements

As previously noted, to accurately assess the development requirements of program participants, organisations must be clear regarding exactly what constitutes effective leadership. These knowledge, capabilities and attributes form the bedrock or platform for any data collection through assessment, essentially identifying individual gaps between leadership expectations and current capability.

A marked difference here from traditional replacement programs is that the focus for understanding leadership requirements is generic rather than role specific. That is, traditional succession planning approaches focus on preparing likely successors in key roles. The focus for talent pools is the development of a pool of talented, suitably experienced senior leaders who may readily slot into vacant roles as required. Of course, Talent Management is not the sole bastion of executive leadership. Those organisations with a strong focus on the growth of human capital may consider talent pools at business unit and corporate levels. Regardless of the scale, the program must be anchored in a cogent and shared view of leadership effectiveness.

Diagnosing Strengths and Development Needs

Once an organisation has identified and selected the high potential candidates for the Talent Management program, the next step is to conduct a diagnosis of strengths and development needs.

The developmental diagnosis can involve a range of assessment tools. When several complementary assessment tools are used to measure the various aspects of leadership capability it is much more likely to be accurate because there will be a more holistic understanding of the person. The exercises may include a combination of:

- Business Simulations: exercises that simulate the sorts of challenges likely to be encountered in leadership roles.
- 360° Surveys: these allow a comparison of a person's self-perceptions with the perceptions of others who are familiar with his or her behaviour.
- 360° Interviews: these are a systematic means of gathering competency and derailment information from a number of people who work with the person being assessed.
- Personality Questionnaires: objective measures of underlying personality attributes.
- Competency Based Interviews: interviews that investigate how past work experience relates to a participant's leadership capability profile.

The purpose here is not to detail the relative merits of different approaches to diagnostic assessment. The important thing is that some kind of diagnostic process should be put in place as a means of identifying strengths and development needs.

Prioritising Development Needs

Assessment of strengths and development needs produces a great deal of data for the individual and the organisation. But before development activities can be agreed and targeted, participants must have a firm grasp of the areas in which they have strengths and those that they need to develop.

To do this, leaders and potential leaders must accomplish four things. They must:

1. Understand the contents of the leadership capability profile and why it is important for leadership success
2. Understand the findings from the diagnostic assessment as they relate to the leadership capability profile and to past feedback and performance
3. Develop a list of strengths and development needs in each of the four categories in the leadership capability profile
4. Prioritise development needs.

Then the process of building and implementing an effective development plan can begin.

Phase 4 – Prescription: Targeting Solutions to Development Requirements

At the conclusion of the development needs analysis, the CEO/senior executive sponsor and each program participant agree and 'sign off' on a development action plan. These actions are designed to address the areas in which the individual needs development to assume leadership roles across the organisation.

Developmental assignments, short-term experiences, training, coaching and reconfigured existing responsibilities can all serve as vehicles for leadership development.

Assignments

Assignments are significant responsibilities given to a participant. They typically take the form of a job or position on a task force and can last for a significant amount of time. Assignments offer people an opportunity to meet a combination of development needs and may include:

- Responsibility for a complex project
- An expatriate assignment
- Working in another division or business unit.

Short Term Experiences

These can provide a number of development opportunities and are helpful in building knowledge, as well as providing key experiences and opportunities to work on a competency or executive derail. Examples include:

- Observing a role model such as an excellent coach or presenter
- Leading a committee
- Learning how a different part of the organisation operates.

Training and Education

These development options are self-explanatory and can prepare people for key experiences and job challenges. Examples include:

- One-on-one training
- An executive development program
- Modular competency-based training.

Coaching

Coaching is becoming increasingly popular and involves one-to-one meetings with a skilled and experienced coach normally over a three month period. Coaching typically focuses on these areas:

- Competencies, derailers and other critical personal attributes
- Organisational strategy and planning
- Day-to-day tactics and decision making
- Help through difficult assignments and relationships
- Assimilation of new leaders into new work environments.

The following table summarises the best match between development objectives and development interventions:

Development Objective	Development Intervention
Key Experiences and Challenges	Assignments
Key Knowledge	Assignments Short Term Experiences Formal Educational Programs
Competencies	Training Skills Practising and Feedback Coaching
Personal Attributes and Derailers	Coaching Training

Human Resources may play an invaluable role here in helping source and qualify the development activities that will meet each individual's development objectives.

Phase 5 – Accountability: Ensuring Follow Through on the Development Agenda

Responsibility for completing, documenting and executing the development assignments belongs with the program participant. A mentor, manager or HR professional simply provides counsel, opens doors and makes resources available as required.

Continued involvement in the program is dependent upon each participant honouring their side of the learning 'contract', and meeting development milestones incorporated into the development agenda. Failure to demonstrate sufficient motivation, effort and application may disqualify individuals from further participation.

Phase 6 –Talent Audit: Reviewing Progress and New Assignments

Every six months, the CEO/Executive sponsor conducts a 'Talent Audit' to formally evaluate the progress of each program participant against the agreed development goals.

The Talent Audit may consider the following objectives:

- Consideration of the strategic outlook for the business and talent implications
- Review of the performance of key personnel
- Identification of rising talent
- Cross-calibration of talent across the organisation*
- Formulation of tactics for handling the top 20 percent and bottom 10 percent of performers
- Planning of further development for high potential managers, including additions to the talent pool
- Removal of managers from talent pool for either lack of progress or motivation
- 'Graduation' from the talent pool and appointment to suitably challenging roles in the business.

* This is achieved by using a standard behaviourally anchored rating scale against a common set of organisational leadership competencies/attributes

The Talent Management process may then take the form of a rolling cycle completed each 6 or 12 months.

Conclusion

The Talent Management time bomb has exploded on the Australian corporate stage in recent years. Few organisations will have the luxury of ignoring the compelling arguments presented in this paper and in other publications, including:

- The aging population and retirement of 'baby boomers'
- Strong economic growth coupled with low unemployment. Robust economic growth is projected to continue until at least 2007-2008. Further, it is worth noting that the current unemployment rate is below the six percent benchmark that historically has been considered 'full' employment, and is projected to stay there for the foreseeable future
- The relative costs of filling business critical roles externally or from within.

We do recognise, however, that the situation, impact and implications of the talent squeeze will vary from industry to industry, and from organisation to organisation. While we advocate the adoption of talent management and cultivation as a Key Result Area for each Chief Executive Officer and Human Resource Director, the approach offered in this paper is not intended to prescribe a 'one size fits all' prescription. But, having said this, those organisations who choose the 'do nothing' option, do so at their peril.