

Berkshire Consultancy Limited Talent Management Research Report October 2011

"It's crucial for each organisation to identify what it means by talent and for this meaning to fit its particular needs and circumstances. This is the starting point for developing a coherent talent management strategy". CIPD 2007

Summary

The results of our study into talent management within organisations drew responses from over 70 individuals across the public, private and not for profit sectors, those with management responsibility and without. There is overwhelming evidence from this research that a large number of those polled did not know what their organisation defined as talent, if there was a talent pool at all, or even what they would need to do to be considered 'talented'.

60% of employees felt that their potential was not being fully utilised by their current employer.

This report explores some of the specific responses given, and offers a perspective on the importance of communication, consistency and staff engagement in the development of a successful talent management strategy. It will also look at the benefits of an effective talent management process for succession planning and morale, and the implications of a lack of such a strategy. Finally it will consider what is needed from both managers and staff to ensure that organisations are forward planning to attract and retain the best possible individuals to ensure their continuing success and growth.

Introduction

In 2010, Berkshire Consultancy conducted a study into the levels of employee engagement within organisations. One of the most striking results to come out of that research was that **60% of employees felt that their potential was not being fully utilised by their current employer.** This led us to begin to ask questions around how talent is managed in organisations- do staff and indeed leadership have a clear definition of talent?

Only 16% felt that their companies knew who their high performers were (McKinsey)

Continuing our commitment to in depth exploration of issues affecting organisations today, we embarked upon a follow up study into how talent is defined and managed within organisations. What has become clear is that it is no longer sufficient to simply recruit 'talented' individuals - in the current highly competitive environment, those individuals need to be nurtured and motivated to reach their full potential. The past few years of drastic economic downturn has seen a risk averse approach from some individuals and organisations to career development. As the dust settles, however, this is a great opportunity to identify and nurture your key talent to maintain their energy and enthusiasm and give them some security and aspirations as to their professional futures. This can also be an excellent way of maintaining engagement and motivation if pay rises and bonuses are not yet a viable option.

There has been a great deal of research into Talent Management in the past few years, with some staggering results. A McKinsey study in which 6,000 senior executives in 77 companies were interviewed, found that only **16% felt that their companies knew who their high performers were-** not surprising then, that just 10% of respondents in the same study felt their company retained their top performers.

We wanted to take this a step further: how do individuals believe that their organisations define talent? Are individuals clear on what they need to do to be considered talented, and if so, are they aware of the developmental opportunities open to them?



Our Key Findings

The key theme coming out of the responses to the question about how their organisations defined talent was a lack of consistency. Of those people who did comment specifically on how their organisations define talent, 21% felt that this was mainly a formal process, with an overwhelming majority of 79% seeing the identification and development of talent being done on a far more informal basis.

Over a third of respondents did not know what their organisation defined as talent

“We have just started to give attention to talent management but with a very shy approach!”

Many respondents mentioned that the identification and development of talent was perceived to be done through the appraisal system, or Performance Development Reviews (PDR). The danger of using this approach in isolation is that if people do not know what they need to do to be considered talented, how will they know what they need to be working towards? Will the competencies and behaviours expected of them be different? And what will good ultimately look like if this is the case? Of those respondents who commented specifically on skills, over 80% felt that current performance was the strongest factor in establishing individual potential (“your involvement in the last big win”), rather than future potential, whereas **just 18% spoke of the ability to display potential as a strong factor in the identification of talent.** When asked for examples of how their organisations defined talent, the results were extremely varied. These ranged from very informal measures such as looking very generically and inconsistently at past performance and future potential, to specific contribution to longer term vision and objectives, with specific and consistent rating systems for high potential across the organisation.

Many respondents felt that if there was a talent pool that had been defined (and the majority were not aware of one) this would consist of people who “go the extra yard”, “have intellectual skills”, “achieve targets”, “add value”, “get good feedback from manager”. All good indicators of what could be seen as talent, but the key issue here is around consistency of message. The majority of responses indicated that talent was identified and defined informally, not a serious problem on its own- talent management is ever changing, and needs to be able to adapt and change depending on the change in strategic direction and priorities of the organisation. What should not be informal or unclear however, is the way in which this is communicated.

Almost half the respondents were not aware of any ‘talent pool’ explicitly identified

“There is no clear definition of talent management, only individual recommendations”

All staff need to know what they have to do to be seen as talented, what their next steps should be if they have already been marked as talented, and what the potential career paths and development opportunities open to them are – particularly as these are the people you will want to retain going forward. This raises some interesting issues around how to keep individuals engaged and motivated to progress and succeed if they do not know whether their efforts have been recognised formally and if they have been ‘earmarked’ as a talented individual.

This lack of consistency also poses a potential diversity issue. Without a clear process and competency based selection, there can be a risk of selecting people ‘like me’ or to lean more towards the extroverted, outgoing individuals who draw more attention. This can mean you miss out on selecting the more introverted people, less likely to push themselves forward, often an issue among ethnic minority groups.

More than half of respondents felt their organisation was not attracting and retaining the right kind of leaders to support their growth

One of the key benefits of a well designed talent management strategy is the potential for a cohesive, well thought through and timely succession planning process. Identifying those you see as having high potential allows you to begin planning their development to enable them to step up to more demanding or more senior roles. At the same time, being able to talk about your strategy for recruiting, developing and ultimately retaining top talent will be attractive to potential employees, and will make it easier to retain those key staff and leaders to enable you to continue to grow, adapt to change and develop as an organisation.

Over a third of respondents did not know what they would need to do within their organisation to be considered as 'talented'

There is a communication piece inextricably linking these two points. Naturally, if individuals do not feel they know what to do to be considered talented, then they will not be aware of – or seek – further development to get them to their desired stage. This can be remedied through publicising your talent management strategy, both through

the formal PDR process, company intranet and training programmes, or using methods of cascading as part of communicating your organisational strategy/ goals and objectives. Underpinning this research and our previous research into employee engagement is the issue of motivation and staff engagement- you need to be able to retain your key staff and those with high potential. By not communicating your talent management strategy effectively, you are missing out on the opportunity to engage talented individuals through more than simply the traditional performance management methods. Give them a target, something to aim for and let them know both what is expected of them, and what they could achieve. You may be pleasantly surprised by the results.

More than half of respondents did not feel they were receiving sufficient developmental support from their organisations

Implications and Dependencies

58% of those surveyed did not believe that their organisation was doing enough to attract the right people to support future growth.

"They talk about talent management but do not define it or try to retain key staff"

There are serious implications of not identifying and nurturing your talent. When you are managing the inevitable changes due to both the recession and the public sector cuts, succession planning, ongoing strategy development, and communication are key in retention of talented staff and recruitment of potential 'high flyers' integral to your continuing growth and success.

But the most robust and well communicated talent management strategy will not be successful if the individuals working within your organisation do not have the necessary skills, capability and drive to make it happen.

Leaders and Line Managers:-

Responsibility on the part of the line manager to spot, nurture and coach talented individuals in order to succeed - this includes defining key performance indicators and competencies for their staff to work towards, and the ability to have effective conversations around aspirations, career development and performance management where necessary. This involves a need to have difficult conversations and provide:

Challenging feedback - something not all line managers are equipped to deal with, focussed as they may be on the day to day operational ability of their direct reports. These managers will require specific development support themselves on being objective – have individuals had the opportunity to show potential?- and consistent, to enable them to have these conversations and fulfil the necessary coaching role to make the most of their top talent, whilst maintaining motivation at the same time.

Sufficient time to personal development - which is also an issue. Particularly following the economic downturn where people are being expected to do more with less, the day to day job can very quickly become a priority which is inflexible. It is important to make staff development a priority from the top – there are direct organisational benefits to internal mentoring for example. This gives senior people the opportunity not only to spot talent but also get involved in the development of that talent, effectively having the opportunity to 'mould'

individuals into the leadership of the future. Without this leadership from the top, you risk your organisation becoming very vulnerable to future proofing, and potentially inadaptable to change. You can build training and development opportunities for your staff into their day to day role - making it project based, and working on real life examples and scenarios to develop their behaviours and test future management responsibility and capability. This will create a development plan which caters to the needs of the individual and their future progression, as well as enabling them to become even more efficient and effective at their day job at the same time- surely a win/win situation?

Ongoing measurement of progress against targets and expectations -

which is extremely important when developing staff to their full potential. Leaders and managers need to ensure that each talented individual has in place a defined and well communicated development plan, with milestones, key deliverables and expectations. This could include secondment opportunities, building a network, maintaining a strong focus on continuing professional development which is defined and regularly updated and an expectation of the specific skills and behaviours you are expecting them to display. And if these are not being met, this needs to be able to be quickly identified and robustly managed, to keep the engagement and motivation of the member of staff, and prompt them to move forward when they stumble or plateau.

Individuals:-

As well as this **support and guidance on the part of management**, individuals need to take **personal responsibility for their own career progression**, and development and subsequent utilisation of their talent. This will be achieved through:

Proactivity – you cannot expect career development opportunities to fall in your lap. Ask questions, be curious: if your organisation has a talent pool, what do you need to be in it? And if there isn't one- why not, and what are the other opportunities for progression and development? Visibility is a key component of talent management. If you are not yet regarded as 'talented' ask yourself why, what do you need to do differently to get noticed and recognised? This, and both of the points below require you to make time for your professional development, and to be clear and focussed about what you want and what you need. Be firm about these expectations and make them heard, but be fair and prepared to be flexible where needed- it is yet another skill to help you stand out as a high potential individual. Also be aware that the ability to demonstrate a return on the investment made in you is paramount if you are given the opportunity, especially in these times of economic constraint.

Build a network – following on from the above, expand your network outside of your team and manager. Look at the individuals who may have started at the same time as you, have similar qualifications, have moved from your team or department- where are they now and what/who helped them get there? Gaining a new perspective can be invaluable, and the ability to see how your current function fits into the outputs of the organisation as a whole can enable you to better target where you want your next move to be.

Find a mentor – some organisations will have a mentoring strategy in place, if so, get involved. If not, there is nothing to stop you finding your own mentor. This does not have to be a formal process, but links well into the point above about building a network. If you have met someone who you admire, or who has made a successful transition in a similar field, getting their thoughts, opinions and guidance is a great way of continuing your professional development, and shows that level of proactively, communication skills and ambition that could really set you apart and put you in contention to be included in your organisation's talent pool or similar.

Why Berkshire Consultancy?

As our research has identified, all talent needs to be nurtured and effectively utilised if businesses are to develop the agility increasingly needed in today's uncertain operating environment. Businesses also need to pay particular attention to identifying, developing, deploying and retaining their top talent. These individuals have most impact on the business and most choice regarding their employment.

Our approach is to engage business leaders in developing a tailored solution that actively supports their strategy and builds high profile sponsorship.

Key features of our approach are:

- **Achieving Top Management Sponsorship and Engagement** - supporting leaders in considering the effectiveness of their talent management strategies and enhancing their implementation.
- **Accelerated Development Programmes** - highly talented people need significant stretch to accelerate their development through real opportunities that demonstrate their potential in new and testing situations.
- **Leadership Development** - we encourage leaders to recognise and build on their particular strengths to develop their unique leadership style, whilst building sufficient consistency to provide inspiring and performance-orientated leadership across the business.
- **Assessment and Selection of Top Talent** - we have developed an innovative approach, using techniques such as self reflection by participants following an exercise, which is significantly more engaging for participants and leads to greater application of learning, compared to many assessment centres/processes, and leads to better, more informed decision making.
- **Communication and Engagement** – we believe that employee engagement happens when employees understand the purpose and value of their role, feel appreciated and have the space to be innovative. Managers have the most crucial role to play in enabling this to happen. We work with a variety of clients, looking at what engagement means to the organisation and what conversations managers need to have to inspire, engage and support their staff.
- **Action Learning and Self-Directed Development** - our approach enables leaders to take effective control of their own development to ensure learning is directly relevant, and makes a real difference to performance.
- **Connecting Talented Individuals** - we support the development of networks between talented people so they remain highly motivated and the resulting synergy is utilised to the business' advantage.

We have worked successfully with a wide range of businesses to identify and develop their top talent in order to prepare them for more senior and demanding roles, help them to meet their personal aspirations and to fully engage them in the business. This has included designing and delivering scientifically robust assessment and development centres to identify and recruit talent, and both Leadership and Executive Development programmes to then nurture and develop that top talent to reach their full potential.

“The programme has given me tremendous confidence and combined with my new and refreshed skills, I feel ready for anything”

“At last after 7 years I feel part of a global company and not an employee of a department battling the world”

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