

How to get talent management on track

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Talent Management Essentials

- Develop a corporate-wide people-focus on performance
- Adopt a data-driven, evidenced-based philosophy for talent management
- Address talent acquisition, performance aligned to goals, performance-related pay and workforce planning
- Invest differentially in A, B and C performers
- Build a unified system that includes all talent-related information
- Use the system to implement continuous appraisal
- Look at early wins in recruitment costs, quality of hire and performance improvement
- Ensure any system is as easy to use as Google, Amazon and other consumer sites

Something in the corporate world does not add up. Virtually every Fortune 500 and blue-chip company survey shows that talent comes consistently high on the CEO's agenda. Yet few companies have made talent management central to the way they manage their businesses. Currently, there is a yawning gap for most companies between the sense of urgency at the top and downstream policies and practices that would address the problem.

There are good reasons why CEOs are preoccupied with the talent issue. Since the Nineties, underlying trends have steadily increased the pain felt by companies.

"Demographics spell out part of the problem," says Michael Gregoire, President and CEO, Taleo. "Declining populations, particularly in the most productive age range, 25-49 year olds, pose a problem for all employers."

On top of the relentless pressure from workforce demographics, globalisation, competition and demanding expectations of the rising generation of millennials make it ever harder for companies to capture their share of the best people. What most companies lack is a coherent talent management strategy to gain control of this growing problem.

But first there will need to be some changes in the way companies view and manage the people dimension of business, starting at the top.

"Most CEOs in their 50s have a financial orientation to performance management," says Gregoire. "They haven't got a people focus." Unlike the financial model of business, there

is no analogue for the people dimension of performance. That is not the only obstacle to making talent management a mainstream business practice.

One of the most serious is the prevailing corporate mindset. Basing his observations on talent management front runners such as Deloitte, JP Morgan and Honeywell, Gregoire believes that there must be a shift in corporate attitudes everywhere: "Under the old way of thinking, talent management was HR's responsibility. The new way is for all managers to be accountable for strengthening the talent pool." Comparable changes need to occur in other areas:

- The employee value proposition. Traditionally, this was built round good pay and benefits. The new way is to shape the company and its strategy to appeal to talented people.
- Recruitment. Until now, this was treated more as a purchasing activity. It needs to be treated more like marketing.
- Developing leaders. The transition needs to be from training programmes to the provision of stretch jobs and assignments.

Finally, Gregoire sees a greater degree of differentiation in the way people are treated according to their contribution. Leading talent management companies are more likely to say, "We affirm the value of all our people, but invest differentially in A, B and C players."

Beyond that, there are some operational and resource issues to be resolved before talent management can take off.

Organisations typically lack a centralised, integrated information source for people, competencies and skills. "There has been an absolute failure of systems for talent management," says Gregoire, "All the information is held in different silos across the organisation. Most companies do not have a data-warehouse covering people," says Gregoire.

Sorting out the data issue should be the first step towards effective talent management, he argues. "Start with the philosophy that you are going to be a data-driven company. Those who can point to objective evidence are the kinds of companies that are winners."

With well-marshalled people data, companies have a solid base from which they can tackle the four enablers of talent management: talent acquisition, performance management aligned to goals, pay tied to performance and workforce planning. Underlying that, there must be reliable, easy-to-use systems.

Today, companies have a choice of in-house build or the use of an on-demand software solution. The latter does away with the need for up-front costs, and delays. There is also an added flexibility for users. Connecting to data housed remotely gives anytime-anywhere access to any authorised user linked to the Internet. Aside from anything else, companies can be up and running in weeks because there is no need to build dedicated applications and

networks to deliver the solution to desktops. The rental, per-seat subscription basis on which on-demand services are delivered also changes the investment and cash-flow demands.

Beyond systems, there are still some other blocks to be removed before organisations can gain all the benefits that talent management has to offer, says Gregoire. One long-established practice in particular needs to be consigned to the trashcan.

“The annual appraisal is an irritant, and most employees find these appraisals useless,” he says. The new order requires continuous feedback on performance and goal achievement.

This is linked to another important principle of Third Millennium business for Gregoire: “Employees are in control.” A talent management system that gives individuals regular access to their own development and career plan should be part of the new deal.

There is also something else companies can do to address the most common reason why people leave for other jobs. “The number one reason that people leave is not pay, but because there is no progression for them in the organisation,” says Gregoire. The antidote is to provide people with career and skills development paths, things that are much easier to handle once there is a comprehensive talent management programme in place.

There are now numerous websites for disaffected staff to scan for fresh opportunities. “Yet only a few companies advertise their jobs internally for staff,” he says. “This is a missed opportunity.”

Training and development is another area of opportunity. The old argument that excellent training was an effective subsidy for under-spending competitors is no longer relevant, argues Gregoire. “There is now a renaissance in training,” he says. “The attitude is more along the lines of: We want well trained people, but we’ll also create a great place to work so that they won’t want to leave for another company. Google is an example of this.”

There are plenty of other options for companies that want to offset the effects of the demographic squeeze on workforces, he suggests. Such as positive policies on employing more women, something that Deloitte has successfully done since the Nineties. Or the better use of over 50s.

But the choice of particular solutions such as these is only part of the answer. There needs to be a context in which the right questions can be asked. Building a talent management strategy is a way of identifying the real issues.

“Talent management is a strategic system. It allows you to differentiate yourself from other companies,” says Gregoire. While HR takes care of the transactional processes, talent management enables companies to concentrate on the big picture. It is a message that should resonate with CEOs who want to sleep more soundly at nights.

For more information about Business Intelligence's Talent Management Strategies report, which provides comprehensive coverage of planning and implementing talent management initiatives:

<http://www.business-intelligence.co.uk/reports/talent/default.asp>

For more information about Taleo: <http://www.taleo.com>