



Change agenda

REFLECTIONS ON TALENT MANAGEMENT

Introduction

Since McKinsey first coined the expression ‘the war for talent’, the term talent management has become increasingly common in the world of HR. But is talent management something new, and is it something more than the latest HR ‘fad’? In this Change Agenda we start to examine what talent management means and what is being done in organisations to manage talent.

‘Talent management is not a nice-to-have, it’s essential to our organisation.’

The drivers for interest in talent management seem reasonably clear, even if its specific meaning is less obvious. We continue to have a tight labour market in the UK and Ireland, with persistent skills shortages and changing demographics in the workforce. The expectations of the workplace are also changing, with more workers placing value on concepts such as work–life balance.

At the CIPD we have already completed extensive research into many of the people management practices that relate to talent management. This work highlights: ongoing recruitment difficulties; lack of confidence in the leadership potential of the existing workforce; a dearth of formal internal succession plans even for senior positions; and continued diversity issues, for example recruiting women into board positions.

‘The relatively low unemployment across the economy as a whole, and the need for continued growth, means that we increasingly have to compete for potential employees – attracting, retaining and developing talented people is crucial.’

But what makes talent management different? For many, talent management represents a shift from static succession planning processes towards ‘action-oriented’ activity. It’s also seen as a far wider-reaching, holistic approach that moves towards better ‘joining up’ of HR practices and the processes behind a clear business

In its broadest sense, talent management can be used to describe the:

- identification
- development
- engagement/retention
- deployment of ‘talent’ within a specific organisational context.

and personal set of goals. Others describe talent management as a ‘mindset’ that needs to permeate, and be owned by, an organisation.

‘It’s not so much about tick boxes or competencies – more about having a conversation.’

Should ‘talent management’ be focused on ‘high potentials’, in the sense of an elite sub-group of ‘future leaders’ of the organisation, or at least those capable of progressing through a number of promotions? An alternative, more inclusive definition might consider ‘organisational capability’. This definition recognises that there are various key positions that it is important to fill in any organisation and a future pipeline of the ‘appropriate’ skills to fill all of these positions needs to be in place. An example of these might be first-line, customer-facing supervisors in a retail organisation, care workers in a housing association and nurses in an NHS trust.

Finally, many organisations rely on ‘technical’ experts, for example researchers and scientists in various industries and academic institutions. These individuals might never be the ‘future leaders’, but does that mean that it is not appropriate to consider them as organisational talent (they are often in pivotal roles) and to plan future resourcing requirements accordingly?

These three examples are not necessarily, and nor should they be, mutually exclusive.

‘Our talent management activities are focused on high-calibre individuals who have the potential to develop into “bigger and bigger” jobs.’

‘Growing talent within the organisation can only happen effectively if talent is spotted early on at all levels and developed accordingly.’

One thing that does warrant agreement is that talent management is not just about upward career moves. Horizontal career moves that broaden an individual’s experience are also an integral part of many processes. For many, detailing a talent management strategy has seen a deliberate increase in the ‘sharing’ of talent within an organisation.

‘Talent management used to be mapped the way the business operated, in silos.’

‘What we need are people with the capabilities and aptitude to take on larger and different jobs across the organisation.’

Our work so far has shown a variety of different approaches to talent management. What is clear is that there is no single ‘blueprint’ for effective talent management that can be applied to all organisational contexts. Each organisation will have different resourcing requirements for its current and future talent pipeline, and also different issues concerning how best to meet these requirements. It is these that should determine the talent strategy that an organisation develops.

Talent development can only take place successfully if an organisation understands the capabilities it needs to ensure that it can deliver its strategy, understands how best these can be identified and, where gaps exist, how they can be closed. Any organisation needs a wide range of talents to succeed, not just those associated with leadership at the top, and the challenge for professionals in the field is to think through how to define these and how to develop them in those who already work for them, as well as those who may join in the future.

Chris Bones, Principal, Henley Management College

Taken from the essay ‘The talent paradox’ in *Reflections on the 2006 learning and development survey*, available at www.cipd.co.uk/surveys

This Change Agenda combines results from the talent management section of our annual learning and development survey report with a selection of organisation case studies. These illustrations demonstrate a number of initiatives and highlight a selection of key themes that have emerged. This marks the start of a wider piece of research into talent management which will aim to provide a better understanding of the term talent management and how it effectively contributes to personal and organisational success.

Developing your talent

The eighth annual CIPD learning and development survey (formerly 'training and development') included a section that looked at assessing current attitudes and practices in relation to talent management and development within UK organisations. Over 630 responses were received, and these results present an interesting picture of current activity and highlight some of the challenges that organisations face in relation to talent management.

Key findings

- Fifty-one per cent of respondents undertake talent management activities, although only 20% report having a formal definition for it.
- Developing high-potential individuals (67%) and growing future senior managers (62%) are the two main objectives for talent management activities.
- In-house development programmes, coaching and succession planning are the most common activities.
- The most effective practices are in-house development programmes; internal secondments; and coaching. Succession planning, external secondments and action learning are considered to be the least effective.
- Ninety-four per cent agree that well-designed talent management development activities can have a positive impact on an organisation's bottom line.
- Forty-seven per cent agree there is currently a shortage of high-quality talent in UK organisations.

Adoption of talent management activities

Of the whole sample, 51% of respondents report undertaking some form of talent management activities. Sixty per cent of organisations have no formal talent management strategy, and even more (80%) have no formal definition for talent management. Table 1 reveals

that private sector or large organisations are most likely to have adopted talent management practices. In fact, further analysis shows that 75% of private sector organisations employing over 500 employees undertake talent management activities.

Table 1: Talent management adoption by sector and by size

	% undertaking talent management activities
Sector	
Private sector	56
Public sector	46
Voluntary sector	30
Number of employees	
500 or more	61
250–499	54
100–249	35
Less than 100	35

What are organisations' objectives for their talent management activities?

Figure 1 shows that the most common reasons for investing in talent management activities are developing high-potential individuals (67%), growing future senior managers (62%) and enabling the achievement of strategic goals (42%).

These findings suggest that talent management is a future-focused activity, with organisations using it to develop their workforce to meet the strategic needs of the organisation. But it's also clear that there is a focus on the development of employees considered to have 'high potential' or to be future senior managers/leaders.

Who is talent management aimed at?

The survey results confirm that organisations, for the most part, are choosing to focus their resources on select groups of employees. Table 2 shows that 40% of respondents aim activities at their high-potential employees, while slightly fewer organisations (26–32%) report including their managerial employees in talent management activities. Technical staff are the least likely group to be included in talent management activities. 'All staff' are included by only 28% of respondents, which demonstrates the relative rarity of an inclusive, 'whole workforce' approach to talent management.

Figure 1: Main objectives of talent management

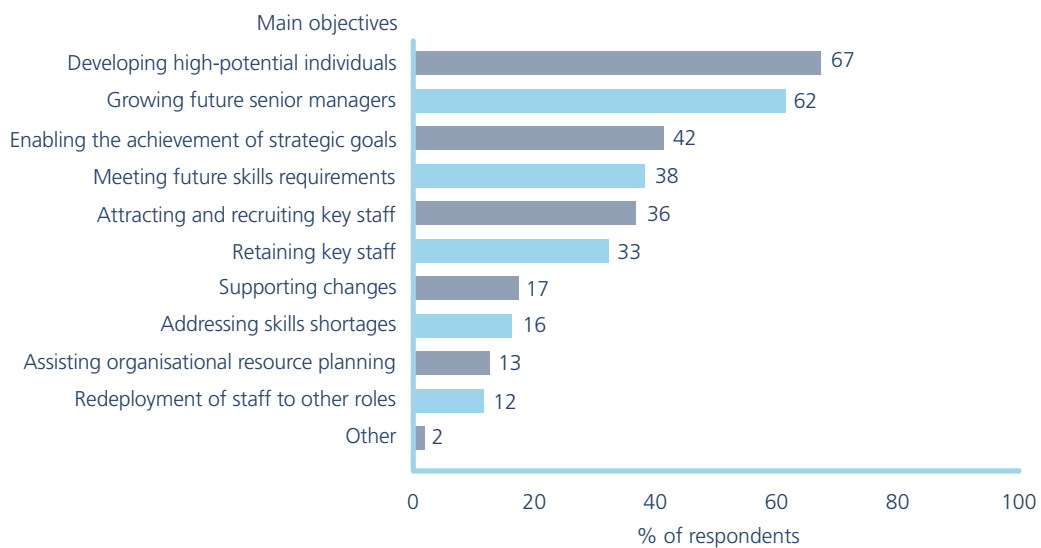


Table 2: Types of staff involved in talent management activities

Staff	% of respondents				
	All	Majority	Half	Minority	None
All staff	28	12	10	47	3
High-potentials	40	31	9	17	3
Senior managers	32	32	14	16	6
Junior managers	25	14	14	39	8
Middle managers	26	19	21	30	4
Graduates	28	12	9	21	30
Technical	19	21	10	34	17

Table 3: Delivery methods for talent management

Activity	% of respondents			
	Frequently used	Occasionally used	Rarely used	Not used
In-house development programmes	63	28	4	4
Coaching	43	38	13	6
Succession planning	34	40	18	8
Mentoring and buddying	32	36	19	13
Cross-functional project assignments	26	38	15	22
High-potential development schemes	26	37	14	24
Graduate development programmes	25	21	9	45
Courses at external institutions	25	51	20	5
Internal secondments	23	50	15	12
Assessment centres	20	26	14	41
360-degree feedback	20	33	16	30
Job rotation and shadowing	18	32	26	23
Development centres	15	26	16	44
MBA's	12	44	29	14
Action learning sets	11	24	21	44
External secondments	6	23	29	43

Use of talent management activities

Organisations report using a wide range of different activities to develop their talent. Table 3 shows that around two-thirds (63%) of organisations frequently use in-house development programmes for talent management – the most popular method. Coaching, succession planning and mentoring are frequently used by around one-third of those who invest in talent management. External secondments, action learning and development centres are among the least commonly used practices.

However, use of different activities varies depending on organisational size. Small organisations (less than 250 employees) report that coaching is the most popular method of developing talent (44% of the relevant sample). But larger organisations (250 or more employees) report that in-house development programmes are far more popular than other methods (66% of the relevant sample).

But which are the most effective practices?

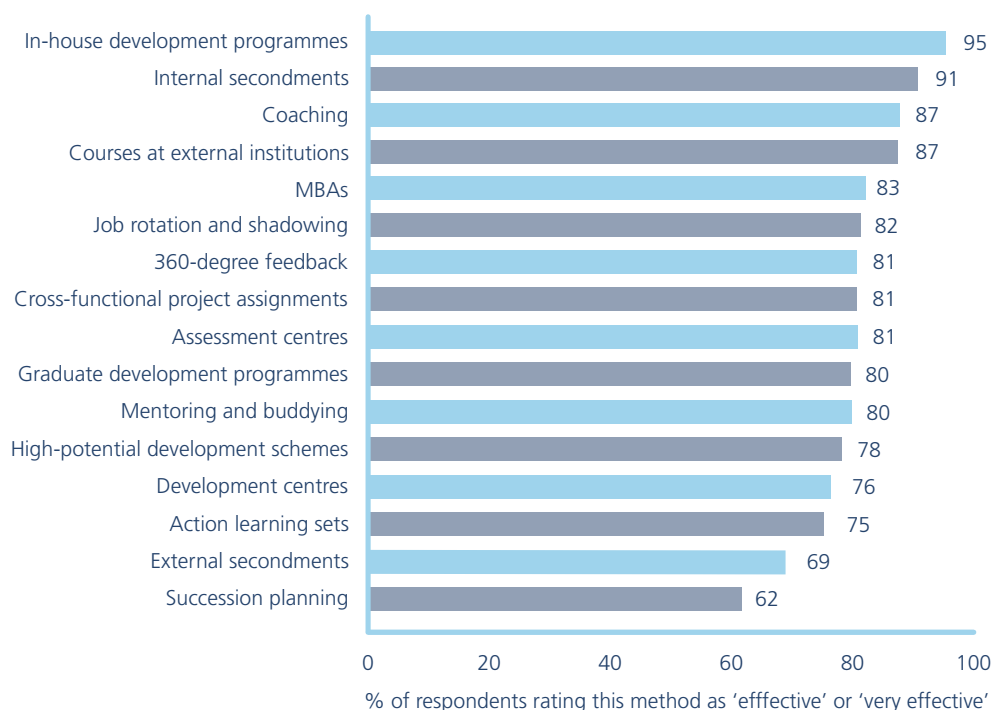
Interestingly, the survey reveals that the most widespread methods are not always the most effective.

In-house development programmes are the exception, being used frequently and also considered to be highly effective (95%). This is not always the case for other frequently used practices listed in Table 3. Succession planning, for instance, is the third most frequently used talent management activity, but is considered the least effective of all the practices shown in Figure 2 (overleaf).

The most effective practices are believed to be in-house development programmes, internal secondments and coaching, while succession planning, external secondments and action learning are considered to be the least effective. It should be noted, however, that all practices received relatively high ratings of effectiveness.

Looking at activities as a whole, we find that 65% of respondents rate their organisation's talent management activities as 'very effective' or 'effective'. The remaining 35% – a fairly high proportion – feel that their activities are 'ineffective'. Some of the barriers to talent management reported by survey respondents include a lack of resources (money and time), poor management buy-in, and a lack of a formal, cohesive strategy. It therefore seems that organisations can achieve positive

Figure 2: The effectiveness of delivery methods



results from talent management activities but the strategy, commitment and resources need to be firmly in place for it to be successful.

Views about approaches to talent management

Finally, we sought to capture respondents' views about a number of different facets of talent management by asking them to agree or disagree with a variety of different statements (Table 4). The responses provide an interesting perspective on organisations' philosophies towards this area of activity.

The vast majority of the sample agree that talent management is a business priority for their organisations (87%). It's likely that this is a result of the high level of belief in the value of well-designed talent management activities – 94% of respondents agree that it can have a positive impact on an organisation's bottom line.

The investment in talent management activities is further explained by the 47% of respondents who agree that there is currently a shortage of high-quality talent in UK organisations. To counter this, organisations appear to be adopting talent management activities as part of their wider attraction and retention strategy

(63% agree this is the case). It seems there is now a widespread acceptance that organisations need to 'grow' their own future talent rather than simply relying on the wider marketplace to provide it.

Despite earlier findings in this section indicating that organisations were focusing their efforts on high-potential employees, a contradictory view emerges here. Less than a third of respondents (29%) agree that activities should be focused on high-flyers or high-potential employees. And two-thirds agree that using the term 'talent' can be demotivating for employees not selected to take part. This more inclusive perspective on talent management is further supported by the 52% who also agree that special attention needs to be paid to identifying and managing talent within certain groups of workers such as women, ethnic minorities and older workers.

Table 4: Views on talent management

	% of respondents who agree
Well-designed talent management development activities can have a positive impact on an organisation's bottom line	94
Using the term 'talent' is demotivating for employees who aren't selected to be part of that group	67
Talent management is a key part of our organisation's attraction and retention strategy	63
Special attention needs to be paid to the talent management of certain groups of workers, including women, ethnic minorities and older workers	52
There is currently a shortage of high-quality talent in UK organisations	47
Graduate recruitment/development programmes deliver a good return on investment to the organisation	38
Talent management activities should be focused on high-flyers or high-potential employees	29
Talent management is not a business priority	13

Conclusion

More than half of respondents undertake talent management activities, although definitions and formal strategies remain fairly elusive. There is a high level of belief in the contribution of talent management – over 90% agree that activities can positively affect an organisation's bottom line. Talent management appears to be a future-focused activity, with the most common objectives being growing future leaders, developing high-potential staff and achieving strategic goals. The vast majority choose to focus their resources on select groups of employees – namely, high-potential and managerial employees. Inclusive 'whole workforce' approaches to talent management remain comparatively rare.

These findings have been reproduced from the CIPD ***Learning and Development: annual survey report 2006***. The full survey report can be downloaded at www.cipd.co.uk/surveys

Talent management in action

The final part of this initial CIPD publication provides an insight into how the NHS, The Royal Bank of Scotland, PricewaterhouseCoopers and IBM are tackling this issue of talent management. The case studies below are the results of exploratory interviews with HR people with responsibilities for talent management in the respective organisations – and are intended to give an indication of the range of approaches to talent management being taken in different business settings.

A fresh approach

Organisational context is vitally important to our first case study, as it takes forward its approach to talent management. As the largest employer in Europe, the scale of the NHS makes communicating and sharing talent at local levels challenging. Regulatory demands and the extent to which the organisation must respond

to new government policy initiatives also shape the talent management environment.

While a huge number of job roles and professions make up the NHS, the following case study describes the work of a project designed to address the resourcing of senior executive roles in the organisation.

NHS

'We face a challenging reform agenda. We want to have the best people where they can have a disproportionately positive impact on corporate NHS performance.'

Mike Atkin, Programme Director, NHS Talent Management

Talent management: the context

In October 2004 the NHS set out to establish a new and systematic approach to facilitate executive career development and succession planning. The NHS Talent Management team was set up to help address the leadership challenges that the NHS faces in delivering a demanding reform agenda. A robust strategy needed to be developed and delivered to secure high-performing leadership for the future. As the largest employer in Europe (1.3 million staff), the NHS recognised that to successfully meet its challenges a radical reassessment was required in the level of investment made in developing future leaders and in the skills and behaviours necessary for these leaders to shape and deliver world-class healthcare.

NHS Talent Management aims to establish an executive talent pipeline that identifies, tracks, develops, positions and retains critical leadership talent within the service.

Talent management is becoming more prominent in the NHS. Key drivers have been: the scale of the reform agenda (the way in which healthcare will be delivered in the future); the fundamental changes in

NHS (continued)

the operating environment for organisations; demanding greater breadth and depth of leadership; and the requirements of regulatory bodies which place emphasis not only on what is achieved but also on how this is achieved in order to create sustainable improvement in delivery.

The drive is towards the NHS having as an outcome the most talented people in critical posts where they can have a disproportionately positive impact on corporate NHS performance.

Approach

A small national team has been set up to develop and implement a national operating framework and enabling strategy for talent management. The team is also tasked with promoting a culture that embraces the value of talent management and to identify and disseminate best practice in working with local health economies (Strategic Health Authorities) in which over 600 individual statutory organisations (NHS Trusts) are located.

The team, led by Programme Director Mike Atkin, are working to build practice at local and national levels by engaging with key stakeholders, in particular chief executives of Strategic Health Authorities (SHAs), who have a pivotal role to play in managing the performance of their health economies and ensuring an adequacy of leadership capacity and capability.

The strategy for the team has been to build an evidence-based approach which secures the integration of planning for talent with organisational strategic planning. The team is passionate that this is not perceived as merely 'another initiative with a short shelf-life' but rather that talent management is seen as a critical priority in enabling the NHS to 'develop and sustain world-class performance'.

Progress

The five elements of the talent management approach are to identify, track, develop, position and retain high-potential people, and progress to date is considered within this framework.

Identifying talent

A talent review process, introduced in 2005, will take place annually through each SHA. A local talent forum, chaired by the SHA chief executive, will review talent in the local health economy looking at all the levels of the executive talent pipeline. The process is supported by guidance which, rather than being overprescriptive in the detail of how to conduct reviews, highlights the critical 'ingredients' of the process and the outputs required to facilitate consistency across all health economies. The approach to talent review was shaped by input from SHA chief executives and has been limited in its initial application to focus on senior executives, ie existing chief executives and executive directors who are seen as having the potential and aspiration to succeed into more complex leadership roles.

Tracking talent

A web-enabled database capable of holding information generated through talent reviews and providing information on the aspiration, potential, and geographical preferences of individuals has been developed to support the talent management programme. The information will provide details of the depth of leadership resource at different levels across the NHS and assist in identifying potential deficits.

NHS (continued)

Developing talent

A career development programme for senior executives has now been running since July 2005, with four cohorts being currently engaged. The programme includes a range of diagnostics to help participants determine their future career preferences based upon an understanding of their potential, a development centre and a stretch opportunity in the form of a tailored experiential learning intervention. Participants also receive support through executive coaching and learning sets. Development of the programme has been collaborative – shaped by a group of senior executives and piloted through a learning set of chief executives. Feedback from participants to date has been excellent.

Positioning talent

In building up information on the database, the NHS will have an improved knowledge of the talent 'in its own backyard'. The NHS remains committed to open competition for posts, but better information will enable organisations to determine the most appropriate recruitment strategy to adopt. The talent management team will be able to act as an agent for organisations and for talented individuals. Where a number of potential candidates for a post exist, the organisation can advertise in the knowledge there are applicants likely to apply. Individuals on the database can be alerted to opportunities at an early stage and consider whether they wish to apply for a post. Should there appear to be a deficit of candidates for a particular post or geography, an organisation can more effectively engage executive search to assist with an appointment.

Retaining talent

The NHS approach to talent management recognises a need to maintain the motivation and energy of talented people. Their talent management proposition seeks to address this through developing, for example, opportunities for secondments/exchanges with other sectors and fellowships. These would serve to extend the depth and breadth of knowledge of leaders in the NHS while providing an opportunity to reflect and refresh skills or thinking.

Summary

These are early days for the NHS in its drive to embed talent management as an important part of 'the way we do things around here'. Emphasis is being placed upon building an appreciation of global best practice and tailoring this for effective application in the NHS. It is recognised that while building a robust and systematic methodology is critical in gaining ownership from stakeholders, the real benefits will only come through effecting cultural change evidenced in the adoption of a talent mindset.

Information supplied by Mike Atkin, Programme Director, NHS Talent Management, and Sue Newhall, Portfolio Manager, NHS Talent Management

Embedding talent management in the organisation

The next organisation – RBS (The Royal Bank of Scotland) – is working to effectively embed its talent management approach and processes. They are moving away from the more static idea of succession planning, to ‘action-oriented talent management’.

RBS is also keen to make sure that being identified as ‘talented’ is not something that happens once and is set in stone. They recognise that the business needs will evolve over time, as may an individual’s potential, ability and ambitions.

The Royal Bank of Scotland

‘It’s not “you’ve got a badge” – you’re on an escalator to success ... If you show potential, RBS want to give you the greatest opportunities to develop. If it doesn’t happen, you’re still a highly valued member of the Group.’

Liz Bowman, Head of Management Development, RBS, and David May, Head of Executive Development and RBS Business School

Talent management: the context

The Royal Bank of Scotland (RBS) is currently making the move from succession planning to what it describes as ‘action-oriented talent management’. They see this as a more fluid and holistic concept when it comes to getting the ‘right person, in the right place, at the right time’.

The talent management process is about identifying, developing and mobilising talent. Where in the past RBS had frequently sought external talent, there is a focus on ensuring senior leadership roles are being effectively filled using leadership capability within the organisation.

RBS has group-wide principles in relation to talent management, as well as a common vocabulary to enable them to describe leadership potential across the group.

The approach to talent management

RBS believes talent exists at all levels in its organisations. However, it’s not ‘you’ve got a badge – you’re on an escalator to success... If you show potential, RBS want to give you opportunities to develop. If it doesn’t happen, you’re still a highly valued member of the Group.’

The organisation also recognises that ‘an individual’s potential, ability and aspirations may change over their life’. Equally, they are conscious that their leadership requirements will evolve in line with business needs.

The Royal Bank of Scotland (continued)

In addition to the commitment to filling senior vacancies with internal talent, there is also a commitment to sharing talent. Divisional and function leaders are described as having a 'clear line of sight' to individuals across the group with the potential to reach senior leadership roles.

RBS describe themselves as taking 'calculated risks with individuals who demonstrate leadership potential' by appointing them to 'stretching roles and giving them the support to succeed'.

Talent forums

RBS is now moving to a 'deeper' approach to talent management. About three years ago they introduced talent forums in each division. They involve peers collectively:

- agreeing who the talent for the future is – in terms of senior management
- defining clearly 'what is going to make them ready – so, for example, that in three years' time, they're not still in the "ready in three years' time box"'.

A full review takes place on an annual basis, with a six-monthly interim review as part of the talent management process business cycle. This discussion is guided by:

- succession plans
- the input from the independent assessors (from talent assessment workshops assessing against their Leadership Excellence Profile competencies)
- general discussion, as matrix management is widespread at RBS.

The use of talent forums is now cascading down the organisation, as RBS is committed to the idea of 'understanding what you've got, who is "talent"'.

Accountability and measuring success

The RBS executive and line managers are accountable for building the stream of future leaders in the organisation and ensuring the strength of management capability.

The focus is on their effective 'execution' of talent management, with HR acting as gatekeepers of the process (for example, playing the role of facilitator at a talent forum).

The metrics used to measure success in talent management include the percentage of successors identified and the progress made in undertaking actions to ensure their readiness.

An emphasis on dialogue

RBS is seeking to move from succession planning towards 'more simple, action-based dialogue' relating to talent management.

The aim is for conversations with all employees to be 'adult-adult' – not just the ones that managers have with 'high-potentials'. This requires highly skilled managers and having to be 'very honest'.

The Royal Bank of Scotland (continued)

Current priorities

One challenge, in talent management terms, relates to RBS becoming more international. RBS's operating model now includes the Far East, Europe and parts of the United States, and 'it's about giving individuals the opportunity to rise to the surface and move across the group'.

The organisation is embedding talent management in the organisation – for example, ensuring the same approach could be found in one of their call centre operations. RBS is also working to make the process of talent management focused on 'conversations' and administratively light.

Finally, they are working on how best to recognise managers who most effectively manage talent and 'making it worth their while to do something on this'.

Information supplied by Liz Bowman, Head of Management Development, RBS and David May, Head of RBS Business School and Executive Development

A graduate focus

The third illustration of how an organisation is tackling talent management is PricewaterhouseCoopers (PwC). As a professional services firm, its product is its people. Each year they recruit very high numbers of graduates – who become the main focus of the company's talent management activity.

It includes a consideration of talent management issues facing HR professionals in the firm's 'human capital' function.

PricewaterhouseCoopers

'The business is essentially a talent seedbed. It's fundamental to our future effectiveness that we put real energy and commitment into it.'

Tim Richardson, Head of Development, PwC Assurance

Talent management: the context

As a professional services firm with 14,000 employees in the UK, PricewaterhouseCoopers (PwC) doesn't 'make' anything. Its product is its 'people and the quality of their advice'. So talent management is central to the firm's success.

What's more, it's something that potential new recruits expect them to be doing – and a part of their brand offering.

Talent management is a term that is being used increasingly around the business. In the assurance business, talent management is a key strategic priority forming a major part of the business's resourcing plans that have senior executive sponsorship. And while interpretations of the term itself vary, people are beginning to understand that talent management is not just about the firm's 'high-potentials' – it's about connecting with PwC's business needs.

A graduate focus

For PwC, talent management is strongly linked to its graduate intake and their development through the firm. PwC is the largest private employer of graduates in the country, taking on around 600 graduates each year. This raises the question, 'How many do you want to make it through to partner, and how do you make sure they are the right ones?'

They already recruit from among the 'straight-A', top end of the graduate market – so intellectual capability is assumed. However, some new graduates will operate much better than others in a business environment. Managing the expectations of this population as they develop is therefore important – with a need to be honest about their potential as well as their current performance rating.

PricewaterhouseCoopers (continued)

The 'talent piece' in the assurance business – the largest of PwC's divisions – currently kicks in post-qualification as an accountant, usually into their fourth year with the firm, when they will have more leadership responsibility and manage a team – although there has been some discussion that this talent-spotting could, and maybe should, start earlier.

Identifying talent

Twenty years ago, an individual being placed on a high-potential scheme might have simply followed a 'tap on the shoulder'.

Today, PwC has identified key criteria and attributes that are recognised globally throughout the firm which help add some consistency to the way talent is identified and developed. The firm has been running a 'future leaders programme' for the last two years and invites managers who can show drive, capacity to learn, change orientation and flexibility, among other criteria, onto the programme.

In addition, working with an external provider since 2001, PwC has built a successful benchmarking and development event for senior managers. This includes simulations, coaching and feedback. The outputs of this event form a robust development plan for individuals that they discuss with line managers, and can also be an indicator of key strengths that the business can help leverage over time.

There is also much more openness regarding who is on key leadership and talent development programmes, although some business leaders are more overt than others when it comes to discussing programmes of this type. This increased transparency raises issues around how you handle those not initially included on such programmes and who may subsequently feel that their talent has not been recognised, or that they may not receive as much development attention from the firm. That said, the firm has been working on some innovative learning and development offerings, some in partnership with a major business school, and these are available to all its people.

There can be a tension between the need for honesty regarding the individual's future promotion prospects and a desire to retain people who are making a good contribution to the business. However, if an individual is not given honest feedback throughout their career, particularly during benchmarking and development events, their potential may never be fully realised. A key issue for the firm is ensuring that they keep challenging and motivating the people that want to stay with PwC and grow, rather than leave them in the dark about their potential value to the business so that they leave at a stage in their career that is bad for them and the business. In some cases it will be entirely right for someone's career to progress outside PwC and, likewise, 'we want to be honest about that'.

Succession planning

At PwC, succession planning is part of business as usual. Regulations mean there are limits on the time that individuals can spend with particular clients, so people inevitably roll on and off assignments. Succession planning still requires careful attention – and from time to time 'it can creep up on us'.

PricewaterhouseCoopers (continued)

In broader terms, each of the businesses has a three-year succession plan known as a 'pipeline'. This allows planning for things like key client roles, which will always exist, as well as key internal leadership and management roles. However, as the business changes – for example, with post-Enron regulatory pressure – new roles are emerging for which it is much harder to plan.

In many businesses, there is a talent panel with partners and senior people, including Human Capital (HC), who look at the whole talent population.

Current issues and challenges

Within Human Capital (HC), there is a challenge around promoting the idea of 'dynamic lists' of talented people that can change over time. 'People progress at different times and pace ... There is always a danger of people going "off the radar" – because they haven't yet found their niche, or they're developing at a different speed.'

There are also challenges around the changing needs of expectation of tomorrow's graduate population. 'Only a third of people graduating are actively looking for a job – others want to go travelling or continue with further education. They are not after a job for life as they may have been, say, 15 years ago.'

Graduates are looking for so much more from their work and career now. They are looking for a variety of experience, travel, personal learning and development, alongside gaining a qualification. So anything that remotely 'feels like an impersonal process' may well encourage people to question their decisions.

Tim is also concerned with looking ahead and preparing for the unexpected: 'How do we identify talent for roles we don't know exist?' Tim thinks this is likely to be less about tools, systems or being boxed in by competency frameworks – and more likely to be about mindset, attitude, flair and approach to learning: 'What if talent doesn't fit the framework – can we still use it?'

Information supplied by Tim Richardson, Head of Development: Assurance business, and Suzanne Deery, HC Leader, Central and Eastern Europe

Managing and deploying talent in a global context

Our final case study is an international organisation. Operating across over 174 countries, IBM is working towards a consistent approach to the way it manages development and talent management. Its leadership competencies are used as a development tool for employees across the globe, not just those identified as having high potential.

Different types of talent are identified within IBM – and the approach taken to their development varies accordingly. These talent types include: ‘executive resources’ (including executive and some senior management positions); ‘technical resources’ (for example, specialists in IT); and ‘top talent’ identified early in their career.

IBM

‘Leaders in IBM can manage small, discrete teams or very large organisations of several thousand people. Leaders can manage large call centres, small software teams or even an R&D department. But whatever their role, all leaders have a common responsibility – that is the responsibility to identify and nurture talent.’

Jonathan Ferrar, Director of Human Resources, Commercial Engagements, Europe, Middle East and Africa

Managing and deploying talent in a global context

IBM is the world’s largest information technology services and consulting provider. It comprises some 329,000 professionals in more than 174 countries working to help the organisation’s clients integrate information technology with business value.

IBM wants to make sure it truly is a global operation, rather than a collection of local entities making up a global company – and this culture is reflected in its approach to talent management.

The overall aim of talent management within IBM is ‘to develop the leaders of tomorrow’. Part of what makes them a global company is the importance they place on high-potential people gaining international experience, for example ‘running a small profit and loss centre or managing a small operating centre’.

For employees, being identified as talent therefore drives many opportunities in the company.

Every leader in the company ‘has responsibility for identifying and nurturing talent’. There are some very specific areas for them to look for:

- aptitude
- potential
- the ability to grow and develop.

IBM (continued)

The identification of talented individuals is based on their performance against ten leadership competencies which are consistent globally. The leadership competencies are used as a development tool for employees at all levels in IBM, not just those already highlighted as having potential.

Readiness for promotion to executive roles is linked to competencies. For example, if an individual 'needs to get client relationship-building skills – then their next job has to include that'. Readiness is categorised in terms of 'next job' or 'two jobs away' rather than a number of years.

Types of talent

Jonathan describes IBM as 'a company full of talented people who we continually develop and enable to reach their highest potential'. For individuals at various points in their career who require a more focused framework, there are specific talent programmes, which are Executive Resources, Technical Resources and Top Talent.

Executive Resources

These are senior management, covering all of IBM's executive positions (about 1% of the employees) and a further 1% of the senior management who are looking to get into these top positions.

Technical Resources

These include the technical specialists (for example, systems specialists or IT architects) who are not looking into positions of senior general management but rather to continue to develop their technical IT expertise.

Top Talent

This group covers individuals early on in their career (typically first identified at the end of the 18-month graduate programme). This scheme extends from postgraduate programme level up to mid-management and typically includes the top 10% of that population.

Responsibility for talent management

For Executive Resources, each of IBM's geographic areas (Americas; Europe; Middle East and Africa; Asia-Pacific) has a central function responsible for talent management and succession planning. These teams use globally consistent processes and have access to information about individuals in this talent pool from the same database worldwide. These teams work with the business general managers, who have overall responsibility for talent and succession planning at this level.

With regard to Technical Resources, the most senior technical officer in each IBM business line manages the talent pool and also provides a mentoring role.

Top Talent is managed in smaller units within the relevant business stream. A senior manager may have responsibility for a pool of approximately 50 Top Talent.

IBM (continued)

Current issues and challenges

Over the last two years IBM has been working to review, and make applicable, its leadership competencies across the business. One of the things IBM is considering looking at next is re-examining how it defines 'potential'. This is something which Jonathan describes as 'almost impossible to predict consistently in every country and business unit'.

There is the temptation for managers to make an assessment of an individual's potential based on their own experiences or on one or two existing prominent role models in the company (for example, a young, fast mover) – even if this personality is 'few and far between'.

There is also a need for realism about seeking to predict future performance. There are only ten professional levels and four executive levels in IBM, and graduates join at level five. Looking forward from an individual's current position to two formal grades higher is something 'managers can deal with', but looking much further is not so reliable.

IBM is also becoming a much more 'flexible working company'. They 'allow a great deal of personal flexibility' to help their people achieve the 'right work-life balance' – at the same time as encouraging people to reach their own professional goals.

There is increasing recognition that 'you don't necessarily have to work abroad to have experience abroad'. Jonathan's job, for example, has a multi-country dimension, which normally means working abroad every second week.

Information supplied by Jonathan Ferrar, Director of Human Resources, Commercial Engagements, Europe, Middle East and Africa

Next steps

This Change Agenda has brought together the findings on talent management from this year's *Learning and Development: annual survey report 2006* and a selection of illustrations of practices in talent management within organisations. We hope that this publication will stimulate debate and focus thinking on some of the key areas relating to talent management.

We are currently commissioning more detailed research examining how organisations are tackling talent management – and the issues and challenges they are facing. The findings will be communicated through the CIPD website and events as they become available.

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Further reading

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