

Talent Management in recession and resurgence

Karen Ward, head of Ashridge Consulting's Strategic HR and Talent Management practice, shares research findings into how people identified as high potentials have experienced the organisational response to the need to manage and value talent during a recession.

Just over twelve months ago *Converse* reviewed the Talent Management (TM) research that Ashridge conducted in partnership with the Chartered Management Institute, reflected on the TM landscape in the midst of the deepest recession in a generation and noted some fundamental assumptions and key themes. These included:

- People hold onto safe jobs in an uncertain world
- Most organisations define talent through some reference to potential
- TM systems can be dangerously static.

Some complementary research that first started in 2005 and is ongoing¹, has enquired into these themes from the perspective of individuals who have been identified as high potentials. Just what has been their experience of the organisational response to the need to manage and value talent during a recession?

'People hold onto safe jobs in an uncertain world'

First, the fundamental assumption that talent does not leave during a recession has not been played out – indeed the opposite has proved to be true in many cases. Individuals with high potential know their worth and have clear ideas about the type of organisation and the type of work they want to engage in. As part of the

ongoing research¹, a recent poll of global high potentials by Talented Psychology Consulting (TPC) indicated that 63.5% of the sample have left an organisation or role because they were 'under-challenged or bored'. The research has highlighted that the organisations which responded to the recession by limiting opportunities for challenge and creativity and who played it safe, have damaged their ability to thrive as recovery returns, by alienating the very employees who create superior value.

'Most organisations define talent through some reference to potential'

Second, research yielded up some interesting insights into the issue of potential². The key issue that the recession has brought to the forefront is one of quantity and quality. Talent pools have been shown to be rather shallow when it comes to people with potential to lead in times of ambiguity, complexity and rapid change. Research by the Corporate Leadership Council has shown that less than a third of those identified as 'talent' actually has 'potential' and Ashridge research (Blass, 2007) indicated that only 31% of managers were confident that their appraisal system is capable of identifying high potentials. So that even when organisations had developed succession plans and talent pools, they often lacked the right person for key strategic change leadership roles, when they were most needed.

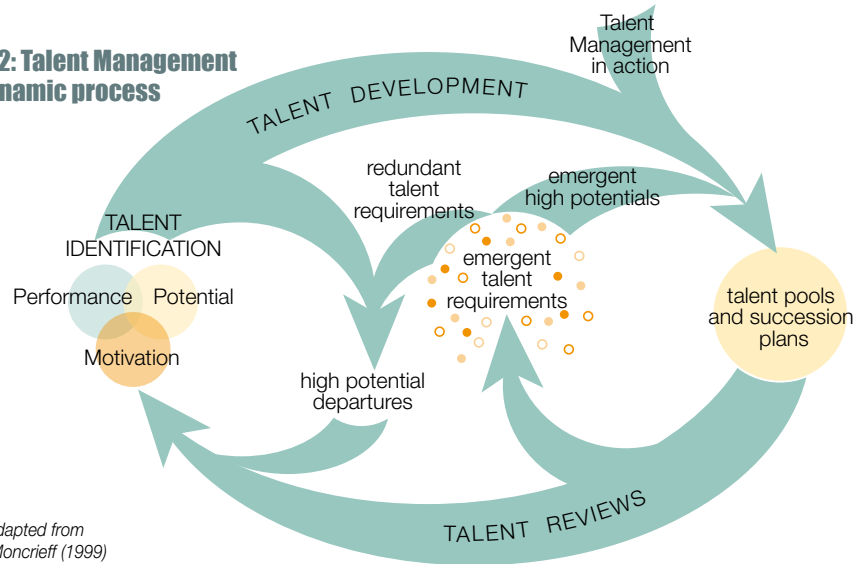
For the last five years TPC has been undertaking research into the criteria that predict leadership potential in times of ambiguity¹. Co-founder of TPC, Dr Mary Elaine Jacobsen, is the world expert in gifted adults and has been applying her considerable wealth of experience of the gifted educational world to the organisational arena. Her research with identified high potentials has demonstrated that many organisations have significant bias against the very individuals they claim to want to retain and develop. They want the value they contribute to the organisation, but do not want to invest in understanding what motivates and engages them.

'TM systems can be dangerously static'

Some organisations, where HR is involved in true strategic leadership, have begun to have a more sophisticated approach to their TM: they explicitly link the acquisition and development of talent to the strategic priorities of their businesses. They have sought to create vertical alignment from the people processes to the business performance outcomes and have also focused on the horizontal alignment of the resourcing and development activities as illustrated in Figure 1.

However, the most sophisticated response we have encountered to date (and it is not widespread, nor comprehensive) is from those organisations that recognise that talent management goes beyond a linear supply chain of talent and is both a dynamic process and a two way dialogue between the organisation and its high potential employees. It recognises

Figure 2: Talent Management as a dynamic process



Source: Adapted from Pidgeon/Moncrieff (1999)

that talent conversations are part of the DNA of the organisation, rather than one-off annual processes, and that talent can and do make choices. They aspire to respond to the needs of their high potentials by exploring what they are looking for, rather than presuming that what the organisation has to offer currently meets the need.

An environment where talent thrives

What are the key characteristics of an organisation that is going beyond the norm and creating an environment where high potentials thrive? There are a number of factors that were commented on by our research participants.

Talent identification

It was noted by interviewees³ that where they felt valued, their organisations recognised that there are three elements to be considered when considering talent identification.

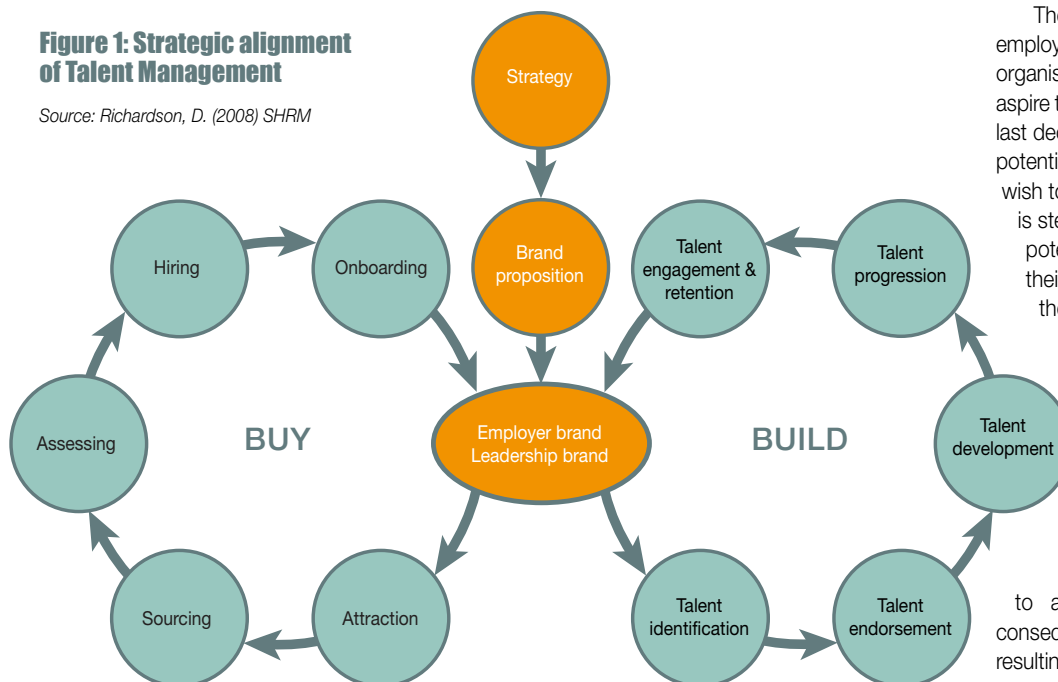
First, the issue of high current **performance**: many organisations have reasonable robust processes for knowing who their current high performers are; although evidence from high potentials in global organisations still demonstrates an HQ or Corporate Centre perspective on what constitutes performance. This may mean that as market opportunities shift to different parts of the globe, the organisation may be slower to respond with appropriate depth and breadth of talent.

The personal **motivation** of the individual employees is often overlooked. Many organisations assume all their talented employees aspire to senior roles, yet action research from the last decade indicates that the percentage of high potentials on talent development initiatives who wish to take up senior posts in their organisation is steadily declining. In our interviews with high potentials, less than 10% had been open with their organisations about their intentions. So the reasons behind this decline are neither apparent or being explored, as there is no real dialogue taking place between individuals and organisations.

The area that is least developed in nearly all the organisations reviewed is the third area: **potential**. The vast majority of organisations still rely on line management judgements to assess potential, despite the negative consequences for the requisite variety of the resulting talent pool. Even more critical from the

Figure 1: Strategic alignment of Talent Management

Source: Richardson, D. (2008) SHRM



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high potential perspective is the context within which the identification process takes place – who is involved? Is it transparent? Are the talent consulted or are their needs assumed? Does the TM system seek to fit square pegs into the pre-existing round holes or does it genuinely look to identify talent and then create opportunities for that talent to add value?

As the economy emerges from recession and nudges its way into recovery, what should organisations be paying attention to if they want to retain and maximise the potential of their top talent? Certainly, the TM environment should be dynamic, with the right ways of identifying who should be in the pool of top talent, aligned to the strategic needs of the organisation. However, there are a number of other issues which our research suggests should be considered.

Talent development

A recent survey of global high potentials¹ illustrated that over a third of them had left an organisation because the talent development programme did not meet their needs. Research³ has demonstrated that high potentials continue to walk out the door of organisations because they do not feel the development process is mutually beneficial. Too often there is a one size fits all approach to developing key talent. The focus on Return on Investment (ROI) in learning and development has made the process lopsided in favour of organisational outcomes, rather than exploring what would be valuable to high potential employees, thereby creating a talent win-win. High potentials want to be engaged in the process of designing the development they participate in – they prefer learning processes that actively involve them in co-creating their own learning: for example coaching; peer reviews; action learning and live case assignments.

Emerging requirements for talent

TPC's research¹ indicates that not only do talent pools contain too few individuals with real potential, but that they are also overpopulated with the capabilities the organisation needs today, rather than in the future. A key question for the owners of the TM strategy is to what extent does your current talent process enable you to scan the horizon and hypothesise what capabilities will be in the ascendant three to five years from now? Are you close to the boundaries of your organisation, listening to what customers and suppliers are asking for? How are you future-proofing your talent process? Feedback from high potentials¹ in growing BRIC markets indicates many organisations may suffer from talent blindness in many instances.

Redundant talent

An interesting paradox emerged in our conversations with high potentials: how often does someone get taken off a succession plan or out of a talent pool? Given the rapid pace of change in our external environment, one might conclude that this would be a relatively frequent occurrence. Yet evidence suggests otherwise. For example:

In one organisation involved in our research, an individual had been identified in the corporate succession plan as 'Ready Now' for promotion to the next level for the previous three years, but in that time had been unsuccessful in every promotion he applied for. When challenged about this apparent contradiction, the Talent Review Committee responded – 'but we don't want to de-motivate him'. It had never occurred to them that the mismatch between the intent (of being in the talent pool) and the action (being turned down for promotion) was de-motivating the individual anyway. When interviewed for the research, the individual knew things were not working and just wanted someone to be honest with him about his real potential to progress within the organisation so he could make some choices about his career. He was willing to hear what he needed to do differently and was open to needing development. Without feedback he felt unable to make progress and was actively considering leaving the organisation, despite possessing key capabilities that the organisation needed and having key elements of the potential to progress.

How honest are your talent conversations?

Talent pools and succession plans

Once an organisation has matured into an organisation where high potential thrives, we notice clear differentiations between the succession plans and the talent pools. The succession plan is a tactical, short term (up to three years) snapshot of who is available to step into key roles throughout the organisation – it will contain a mix of high potentials, high performers and safe pairs of hands. Its primary purpose is business continuity: how do we ensure we have a contingency for all our key roles so that we can deliver the business outcomes we have committed to key stakeholders?

The talent pool, on the other hand, is a network with permeable boundaries, which contains those individuals who have been identified as having the potential to take on roles outside their current areas of responsibility and to progress beyond their current level in the organisation. As the external environment changes, the capabilities

required for success will shift and consequently the makeup of the talent pool will reflect these changes over time. Ongoing talent conversations which are part of daily business keep open channels of communication and manage expectations accordingly.

Talent reviews

Consequently, in mature TM environments, talent conversations are an integral part of the daily business, rather than something hosted by HR in an external forum once or twice a year. Each time a new assignment is allocated or a new team created, the development opportunity presented is considered alongside the task outcome. The vertical alignment to the business strategy keeps the TM strategy relevant and forward-focused and the horizontal alignment of people processes that creates a culture that understands and utilises potential means the right people are in the right place when the business needs them.

So a year on and there is much work in progress and much to be hopeful about. However insights from the high potentials themselves indicates that there are lots of missed opportunities that could easily be spotted and too many organisations are still allowing high potentials to walk out their doors to create future competitors ■

1 Talent Psychology Consulting Alumni Consortium Action Research

2 Jacobsen, M.E. (2008) 'Giftedness in the Workplace – can bright minds thrive in today's organisations?' Mensa Research Journal, Vol. 39, No 2

3 Jacobsen, M.E. and Ward, K. (2009) 'Why I don't want to work for you: Top Talent speaks out' www.talentpsychology.com