

Talent Multiplication: Developing Leadership Capability



TALENT LEADERSHIP

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INTRODUCTION

"Talent is the one thing that is the most critical to an organization, and it is what makes the organization what it is," states Judy Corner, a consultant with Insala and panelist for the webcast. Many organizations agree, stating that people are their most valuable asset. Despite this importance of talent, it is not accounted for on the balance sheet. Organizations are thought of simply in terms of what they produce-products, services, and images, rather than the talent that creates those things. But organizations should ask themselves where they would be without that talent.

Robert Thomas, the Executive Director of Accenture's Institute for High Performance Business, will demonstrate the importance of talent to an organization by highlighting the following:

- How to manage talent in the new economic world. The rest of the world is becoming a huge talent showcase and land for discovering and developing talent.
- Today's challenges and the specific role HR should play.
- The evolution of talent management as it moves from being completely unconnected to business strategy to being tightly connected and aligned.
- Talent power - a new paradigm for talent management that demonstrates that talent multiplication is not just planning for leadership succession.
- Becoming a talent-powered organization.

THE TREASURE HUNT FOR TALENT

Many organizations find it challenging to find such talent, and as such, Corner calls this quest the "treasure hunt for talent." In the September 2007 issue of Outlook, a journal for high-performance business, Thomas co-authored an article where he states, "The currency of business success today is talent-an organization's people, from its current and future leaders to its front line employees. In an age of talent, the war for this precious commodity is not only fierce, but now, truly global."

The ability of an organization to find talent and put it to the best possible use is a continuing challenge. Based on studying hundreds of high-performing organizations, Thomas asserts that talent cannot be reduced simply to succession planning. Organizations must understand and leverage the capabilities of people throughout the organization, not just those as the top.

THE NEW ECONOMIC WORLD

Businesses must realize that they are operating in a new economic world. There is sustained growth worldwide, and the global economy is no longer being pulled along by a single economy, the United States. The economy is now impacted by several economic centers so the entire economy still moves and grows even when an individual economy experiences a slowdown. There are also new sources of value that represent the true value of an enterprise. These values are of an increasingly intangible nature, such as loyalty, brand, and reputation. The

new economy is also a multi-polar world with importance on economic, political, social, and cultural facets. Because of each of these, there is a global impact as individual economies grow and change.

The task of finding and managing talent has become more complex, turbulent, and contradictory than ever before. Each of the following is an important component in that complex mix:

- Global abundance but local scarcity of talent. Although there is an abundance of the lowest and highest levels of workers, there is a shortage in the critical middle group. This group contains first and second level supervisors who are responsible for controlling and coordinating the massive activities within the organization, particularly in manufacturing.
- Fewer young workers and more older workers. However, despite this change in the demographic structure of the workforce, many industries, such as energy, utilities, chemical, and government, are facing the threat of fewer workers moving into those industries.
- Rising demand for new skills with growing deficits in basic skills. Because of the increasing importance of technology in the workplace, the expertise within organizations is shifting from older, more experienced workers to younger employees, particularly those that grew up in the digital age.
- More diverse, distributed and mobile workforces. The World Wide Web has provided electronic interconnectivity that allows for work to be shifted around the globe.
- Need for more leaders at all levels, particularly at local levels. Thomas states that organizations should be "leader full, not leader few."

Each of these characteristics of the new economic world demands new thinking about talent management and leader development.

TODAY'S CHALLENGES

Today's challenges demand new thinking about talent management. Talent management must be much more strategic and holistic than ever before. For example, UPS has made a concerted effort to link the way they acquire, develop, and deploy talent with their business strategy. As an organization, they have moved well beyond a package delivery service, becoming an operation that synchronizes commerce worldwide.

To achieve this result, the talent management agenda must be expanded from a narrow and tactical focus on sets of HR activities around the employee life cycle to a broad and strategic focus on highly-integrated systems of capabilities fundamental to the business strategy and operations. In such, HR becomes more than just a "seat at the table" but a true business partner.

There must also be a dramatic paradigm shift from managing talent to support operations to multiplying talent to generate talent power to fuel high performance.

EVOLUTION OF TALENT MANAGEMENT

Talent management is also evolving from efficiency and effectiveness to talent power as demonstrated in Figure 1 on the following page.

The blue circle at the bottom left of this chart depicts how talent was viewed during the Henry Ford Era, when the real value of talent was to lower

costs. At that time, breaking through the \$5 a day cost constraint in factories was considered an enormous efficiency in decreasing labor costs. The next circle represents the next phase of talent management where the focus shifted to people development. In such, the economy saw the rise of non-union labor organizations, which added value by increasing quality. At that time HR activities became more aligned with the business, but HR was still viewed as an adjunct function to operations, siloed from the rest of the enterprise. Finally, today in high-value organizations, talent is managed for power, adding value to the organization by multiplying the impact. In such, the focus has shifted from individual workers to teams and even teams of teams. HR is also highly integrated with the rest of the organization.

TALENT POWER

Talent power means multiplying talent for high performance, which requires a different kind of mindset. This mindset is one of the five winning mindsets of a high-performance business. The notion of talent multiplication says that human capital has the potential to create extraordinary value and places increasing importance on intangible assets. For example, Bill Gates often states that "90% of the value of Microsoft goes home at night." This is a dramatic change from the era where value was placed primarily, if not solely, on tangible assets, such as capital equipment.

Talent management is considered strategic, so much so that when Wall Street analysts describe the differences in the valuation of companies, many of

the differentiators are intangible, such as the depth of talent, strength of ability to innovate, likelihood of the firm to outpace new competitors. None of these qualities are represented on the traditional balance sheet.

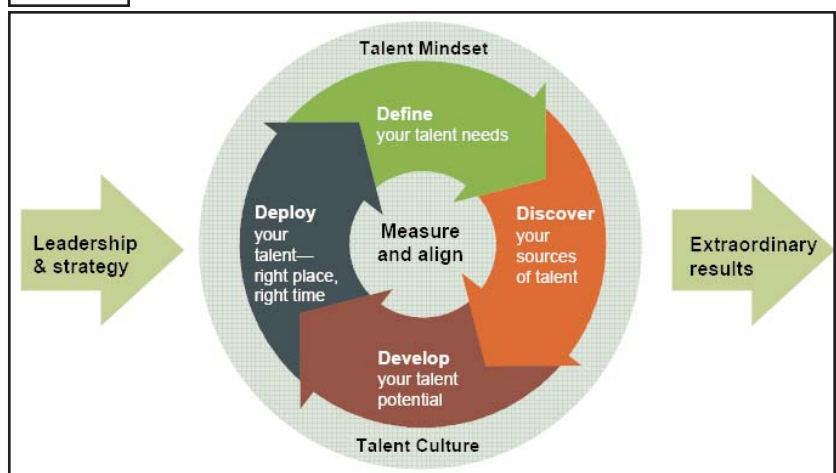
In practice, organizations multiply talent by combining and recombining skills, knowledge, and organizational processes. This increases adaptability, learning, flexibility, innovation, and performance and creates extraordinary value through people.

The talent-powered organization is set apart by building a distinctive capability in talent multiplication. This is achieved by embedding the talent multiplication mindset and practices into their strategies, processes, and operations. Creating talent power then propels the organization to high performance.

BECOMING A TALENT-POWERED ORGANIZATION

Building a talent-powered organization requires creating and aligning four talent management capabilities, as illustrated in Figure 2 below.

Figure 2



These four capabilities go beyond simply attracting and retaining employees. They are set against the backdrop of the talent mindset and talent culture of the organization, which is influenced by the organization's leadership and strategy and when well-managed, produces extraordinary results.

- Define your talent needs. This is essentially translating the business strategy into human capital needs. The focus is long-term. Organizations should ask themselves, "What kind of talent do we need in five to eight years and what are we doing now to get it?"
- Discover your sources of talent. This includes internal and external sourcing. For example, UPS catalogs and understands the talents of people and seeks to utilize them.
- Develop your talent potential. Organizations should combine the right kinds of talent with appropriate training, leveraging employees' on and off-the-job experiences for the benefit of the enterprise.
- Deploy your talent in the right place at the right time. It is imperative to understand the skill sets the organization has and needs to determine the appropriate people allocation in roles.

DEFINING TALENT NEEDS

To effectively define talent needs, organizations must articulate current and future strategic goals and continually assess both current and future talent needs. Organizations should ask themselves, "If we want to be this kind of company, what do we need to do now to have the talent we need in the places we need it?" They must also identify mission-critical jobs and understand key workforce skills and competencies.

Three companies have done some very interesting work in defining talent within their organizations. First, Harley Davidson's core market is North America but believes their core future growth will be in Europe and Asia, China in particular. To achieve this goal they are reaching out to build not only a facility in China, but also the Harley culture so they can ensure consistency of practice and people management across a new global business.

Another example is Gruppo BBVA, a Spanish financial services giant, who developed a goal and strategy to reach beyond Spain to become one of the world's top ten financial services companies. Their strategy entailed having the right people in the group to reach their goal to ensure they were not too "Spain-centric."

Best Buy is a traditional "big box" retailer that developed a strategy of "customer centricity". To achieve this goal, they rely heavily on customer facing employees to understand customer needs and creatively providing products and services to meet those needs. This requires quick learners and self-motivators who take the initiative to learn about products and services outside their prescribed area so they can make critical connections between all Best Buy offerings to solve customer needs.

DISCOVERING TALENT SOURCES

In discovering sources of talent, it is imperative to understand what competencies, not just what jobs, are needed to achieve the business objectives. Organizations should access diverse talent pools both internally and externally. An example would include considering global sourcing for radiology experts.

The right talent must be sourced efficiently, effectively, and strategically. Organizations should pursue novel options for accessing talent, such as discovering diverse talent through marketing and recruiting channels. They should also consider creating customized employee value propositions to every worker. One way to do this is by demonstrating a sense of corporate responsibility, which is an increasingly popular way to attract workers.

DEVELOPING TALENT POTENTIAL

To develop the full potential of talent, organizations should invest in building people's skills, knowledge and competencies in ways that enhance both individual and collective capabilities.

- Integrate development into daily work, rather than just putting people in rote assignments and training courses.
- Make strategic use of assignments and experiences to further develop individuals' talents. For example, workers should be encouraged to leverage their skills and capabilities in other ways, such as community and political endeavors.
- Align people development with your organization's growth strategy to build the capabilities needed to achieve future strategic goals.

An excellent example of an organization that has done this successfully is Avaya, a leading communications systems, applications, and services company. They moved beyond defining its learning value as the "amount of training delivered" to developing solid business cases, identifying the anticipated return on investment and selectively measuring the

investment versus the value delivered. They institutionalized a principle called "business interlock", which is a formal business function with services, interactions, metrics, and application capabilities that link learning outcomes to business objectives. It also links learning content development and delivery to their new product development process. In such, the company's in-house learning center, Avaya University, has delivered significant cost savings to the company and successfully supported the corporate business strategy of new product introduction.

DEPLOYING TALENT

It is critical to deploy talent in the right place at the right time to align employees' strengths and aspirations with the goals of the organization. Workers should also be given meaningful opportunities in roles and experiences that have strategic impact for the organization. It is also important to shape teams in such a way to leverage the diversity of thinking styles, experiences, and perspectives. Successful organizations will also encourage and enable knowledge sharing and best practices to encourage continuous renewal.

LEADERSHIP SHAPING OPERATING MINDSETS

Companies that successfully create and align these four crucial talent management capabilities find a way to connect their talent-powered model to leadership values and passion. Two key examples of this are Marriott and UPS. Figure 3 below demonstrates how these companies have translated specific leadership values into how they do business.

At Marriott, for example, leadership reinforces the "people are our asset" philosophy with annual excellence awards. These values dictate how management "guides the ship" in tangible ways.

UPS promotes a philosophy of constructive dissatisfaction where success is never final. In such, they have been able to transition from being a parcel service to a global leader in commerce. They also

Figure 3

| Marriott | | UPS | |
|--|--|--|--|
| Leadership Values <ul style="list-style-type: none"> • Take care of associates and they will take care of customers • Value the organization more than individual players • Attention to detail • Team work • Fact-based decisions • Success is never final • Humility | Strategic Stories <ul style="list-style-type: none"> • Annual Award of Excellence publicly recognizes exemplary employees • Executive visitors tour the kitchen and employee areas first • J.W. Marriott inspected beneath the beds as a reminder to pay attention to detail • "Hot food hot and cold food cold" (J.W. Marriott) • "Success is never final. I don't care how good you get here, in a positive way, you're only as good as what you're going to do next." (Bill Marriott) | Leadership Values <ul style="list-style-type: none"> • Constructive dissatisfaction • Growth with purpose • One company, one vision, one brand, one to one • Ours is a noble purpose • In God we trust, everything else we measure • We are owned by our managers and managed by our owners | Strategic Stories <ul style="list-style-type: none"> • Stories of the early days of the company featuring founder Jim Casey • Launching new business: "It's a huge market place, and you can capture a majority of it. Have fun!" • Managers who have rented trains, planes, and boats because that's what it took to get it done – and asked for forgiveness later • "When you first get your stock, there's usually a ceremony to it. You spend some time with your boss talking about the culture of the company. You learn about the UPS legacy." |

Figure 4



put emphasis on aligning their employees work with their owners' success. Thomas asserts, "Talent is something you manage and grow, not something you simply control."

UPS has also developed a "winning team" imperative, as detailed in Figure 4 above. They maintain a large part of their workforce as part-time employees, such as college students delivering packages during school breaks, who become future full-time employees. They make very clear to candidates that they are hiring them for a career, not just a job. This is in stark contrast from the way the economy is moving where people only stay in jobs for a short time before moving on to other opportunities. They strive to develop the person, not just the business. UPS' philosophy is that every day they could be hiring their next CEO.

BECOMING TALENT-POWERED

Becoming a talent-powered organization requires a subtle, but substantial, shift in mindset. Talent should not be thought of as labor, but rather as a strategic resource. As Thomas states, "Investing in talent is investing in the future of what the company could be." It also requires a shift in culture from one in which talent management supports operations to one in which talent management is considered strategic.

Becoming talent-powered also requires strong, visible leadership throughout the organization. C-suite executives, functional leaders, and line managers must share a deep conviction about the power of collective talent. The talent mindset must be deeply embedded in the organization's strategies, processes, and practices.

An excellent example of this is Procter and Gamble. They look out four generations of leadership, not just the next replacement. The fourth generation leaders are currently 30 to 35 years old, so they must seek to understand those employees' definition of success and career goals so they can shift training opportunities to grow that next generation of leaders.

CONCLUSION

There are five imperatives for becoming a talent-powered organization, including:

- Put talent at the heart of your strategy. Capability, creativity, and know-how are critical to success.
- Make diversity a key strategic asset. Getting the skill sets and combinations the organization needs is only a result of diversity.
- Build organizational capabilities in learning and skills development. Understanding that not everyone learns and develops skills in the same way is crucial.
- Make leaders and line managers accountable for engaging employees. Remember the adage, "People don't leave employers, they leave managers." This is true.
- Enlist your entire organization in identifying and nurturing talent. Companies need to recognize that people bring many more skills to work from other life areas. Organizations should leverage these other skill sets for the benefit of the enterprise.

Thomas states, "If people learn through experiences, for people to leave experiences on the table and not use them effectively at work is probably the

biggest failing of the traditional approach to talent management. Talent management should bring the whole employee to work, not just the piece for which we pay them."

Based on the Human Capital Institute webcast, *Talent Multiplication: Developing Leadership Capability*, December 11, 2007.

PRESENTER

Robert Thomas

Executive Director

Accenture Institute for High Performance Business

Robert J. Thomas is executive director of Accenture's Institute for High Performance Business and a senior executive based in Boston, Massachusetts. He specializes in leadership, organization design and transformational change. In addition, he is the John R. Galvin Visiting Professor of Leadership at the Fletcher School of Law and Diplomacy at Tufts University and has recently served as senior lecturer in the M.I.T. School of Engineering. Before joining Accenture, Dr. Thomas taught at the University of Michigan and the Massachusetts Institute of Technology (Sloan School of Management) for 13 years and worked as a consultant to industry for four years. While at M.I.T., he was a founding faculty member of the Leaders for Manufacturing-an industry/university consortium-and pioneered a two-year leadership development program for the Institute. During his years of university teaching and research, he taught courses in management, organization design and human resources, and worked with union management committees in the automotive and agricultural industries.

PANELISTS

Judy Corner

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Insala

Judy Corner has consulted and provided specialized human resource consulting services to medium to large organizations for 21 years. Her clients are both national and international in scope. Numbering among some of these major clients are International Truck and Engine, ITW Corporation, Intel Corporation, Microsoft Corporation, Environmental Protection Agency, Nebraska Department of Roads, Walt Disney World Company, Citigroup, ASM Lithography, NCR, Pfizer Pharmaceutical, Kansas City Power & Light, Allstate Insurance Company, Ford Motor Company, Coors Brewing Company, U.S. Sprint, Fremont Investment, and Lever Brothers of Canada. Specifically in the area of Mentoring, during the last twenty years, Judy has designed and delivered Mentoring Workshops, Mentor and Mentee Training, a complete Mentoring Process product - Hi-Impact Mentoring® - in both Handbook and on-line versions, various focused and subject tailored Mentoring products, and published a range of articles on the subject of Mentoring. In addition, she is a speaker at various organizational conferences and functions and has delivered the entire Mentoring Process within varied industries for many Fortune 1000 organizations. Another major area of expertise surrounds the concepts of integrated human resource systems. In this manner she consults with an organization's business and human resource departments to ensure that the recruitment, selection, succession planning, career pathing, performance management, training, and reward segments are integrated and functioning together. All offerings are based

upon the behavioral identification and classification of skills/competencies required to perform the job.

Lisa Thompson

Ala Mesa

Lisa Thompson has over 20 years of experience in business management, counseling, executive coaching and human capital consulting. Her skills as a coach along with her corporate background allow her to address both organizational and individual development needs in a practical and realistic manner. Prior to Alta Mesa Group, she was in a leadership role with a major human capital consulting organization, running a successful multi-million dollar regional operation. Earlier in her career she worked in sales and corporate account management with a major management consulting and employee benefits corporation, with clients across a wide spectrum of industries. Her executive coaching work includes assessing and assisting leaders and high potential executives to improve performance and effectiveness. She specializes in coaching assignments that align the organizations leadership development strategy with the business strategy and goals.

MODERATOR

Joy Kosta

Director, HCI Communities

Human Capital Institute

As Director of Talent Development and Leadership Communities at The Human Capital Institute, Joy brings twenty-five years of experience in multiple facets of organizational development, human resources and business management with an emphasis in customer satisfaction, service quality, process improvement, and applying the Malcolm

Baldrige Criteria for Performance Excellence. As founder and President of Performance Partners in Health Care, a company dedicated to building better patient experiences, she has authored several curriculums in leadership and staff development, and co-authored with Harold Bursztajn, MD Senior Clinical Faculty member, Harvard Medical School, *Building a Treatment Alliance with Patients and Families*.

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ABOUT THE HUMAN CAPITAL INSTITUTE

The Human Capital Institute is a catalyst for innovative new thinking in talent acquisition, development and deployment. Through research and collaboration, our programs collect original, creative ideas from a field of top executives and the brightest thought leaders in strategic HR and talent management. Those ideas are then transformed into measurable, real-world strategies that help our members attract and retain the best talent, build a diverse, inclusive workplace, and leverage individual and team performance throughout the enterprise.

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