SOW TALENT MANAGEMENT, REAP EMPLOYEE ENGAGEMENT

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As a rule, companies do talent management for talent management's sake. We do succession planning to ensure continuity of leadership and expertise in key positions. We do leadership development to cultivate the capabilities current and future leaders will need to guide the enterprise. We do workforce planning to predict the skills and numbers of employees we'll need in order to compete. But there is an important residual affect of doing—or not doing—these things well, a perhaps unintended consequence that we ought to draw to the foreground and think explicitly about how to enhance.

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Talent management has a direct and powerful impact on what we've come to call "employee engagement." Often used as a synonym for "motivation" or "motivation and retention," engagement is really more fundamental. Engagement is an employee's decision to apply his discretionary effort to the goals of the enterprise, to accept those goals as his own and wholeheartedly commit himself to achieving them. Level of engagement affects not only retention, but performance, productivity, innovation, and capacity to learn.

Engagement is not the product of a single, discrete program. Capturing employees' full engagement requires a total, integrated approach to the many aspects of talent management that are usually managed in relative isolation. Let's look first, for illustrative purposes, at a few of the ways that talent management processes affect engagement. Then we can consider how to put it all together in a comprehensive strategy.

THE HAPPY INTERSECTION OF GOALS

Engagement happens when goals coincide—when what the employee wants from the organization harmonizes with what the organization wants from the employee. This happy state is easier to achieve in some enterprises than in others, simply because of the nature of their businesses. Non-profit organizations are an obvious example. Their employees sign up, usually, because of a desire to benefit society. In other organizations, some employees—scientists, for example—may be driven by a passion for their discipline, and, to the degree that the employer can help them advance the state of the art while reaping the financial benefits, the goals of employer and employee may resonate in harmony. But companies engaged in more mundane activities, such as building cars or preparing tax returns, or whose employees come to their jobs with an interest level something lower than all-consuming passion may have a harder time making their employees feel they are partners in an important undertaking that deserves strong commitment.

Even in the best of circumstances, where the company's mission and strategic goals match the employee's values and where what the employee loves to do is the very thing he is paid for, management can easily forfeit employee engagement by disappointing employees in some way that is tightly connected to their view of the value proposition. And this is where talent management becomes so important, not only for how it serves the organization, but for the value it delivers to employees. Well-planned and executed talent management programs demonstrate to employees that the organization

- Is well-managed and positioned to execute a clear strategy
- Understands the value of its employees' contributions to achieving organizational goals
- Offers employees opportunities to reach their own career and life goals

WORKFORCE PLANNING AND ENGAGEMENT

A case in point is provided by a large international non-governmental organization that works to eradicate hunger around the world. Employees told us they work for the organization because they believe they are making a difference in their societies (or, as one put it, "We're doing God's work"). Workers in the Rwanda office told us they felt they were helping to heal their country after the horrific genocide of the 1990s tore the people apart along tribal lines. Even with these powerful motivators, however, a number of this NGO's employees felt discontent.

When we dug into the reasons, we found a direct relation to deficiencies in the organization's workforce planning system. The headquarters office had determined the number of workers needed to deliver a certain level of services in the field. However, the planners had not taken into account how conditions in each location might affect those numbers. In China, for example, the long distances between delivery sites meant much longer than average travel time for field workers. In a place like Nepal, the distances might be shorter, but they were up steep mountains, also posing logistical problems that increased demands on staff. Consequently, workers in locales such as these found themselves working very long hours, unable to attend to family needs, find time for development that might lead to career advancement, or engage in the moonlighting required to contribute to the support of their extended families as expected in their cultures.

The dissatisfaction we had uncovered in this particular NGO usually did not, in fact, lead to turnover because, in many locations, these jobs are the best to be had. But certainly the affected employees were distracted and less than fully engaged. As emerging economies develop and labor markets in these countries become more active, even non-profits will not be able to rely only on the intrinsic value of the work to overcome deficiencies in workforce planning and other aspects of the talent management system.

DEVELOPMENT AND ENGAGEMENT

By contrast, the large oil refining company, Valero Energy Corporation, offers a lesson in how careful workforce planning not only prepares the company to execute its strategy, but pays dividends for employee engagement as well.

Valero is the largest independent refinery in the US, with revenues of over US$90 billion and over 22,000 employees. One of the workforce challenges Valero is facing is how to fill the gap that will be left by impending retirements of a significant percentage of the skilled and managerial workforce. When Valero's talent management team analyzed the average age and years of experience in its refineries, it found a large percentage of older employees followed by a "cliff," a gap of approximately 15 years of experience. Inserting this data into predictive models enabled the company to project specific areas and time frames in which employment gaps would impact operations.

As a result of its workforce planning exercises, Valero decided to change its basic strategy for hiring engineers, the backbone of its skilled workforce. Rather than rely on experienced hires, which would be difficult to find and attract in the numbers required, the company shifted its efforts to bringing in new graduates of college engineering programs. This decision, in turn, spurred development of a number of new initiatives to recruit, assess, and develop these young engineers to get them up to speed as quickly as possible and prepare some of them to take on managerial roles. New engineers entering Valero have a targeted personal development plan. They are rotated through positions in various aspects of the operation and given hands-on opportunities to learn and to take on levels of responsibility unusual for engineers so early in their careers. Those who have management as a career goal are also expected to rotate into corporate jobs where they meet corporate executives, gain a deeper understanding of business concerns, and expand their networks.

The results of this concentrated focus on accelerated development for fledgling engineers? A pipeline of key talent prepared to take over from their retiring mentors, totally immersed in "the Valero way" and convinced that the company is their oyster.

SELECTION AND ENGAGEMENT

Despite its eagerness to staff up its engineering function in the face of impending retirements, Valero has adamantly refused to relinquish any of its unique and very pervasive culture. Although it competes in a mature industry, Valero cultivates the personality of a "dot com," pursuing fast growth through acquisition and expansion. In this environment employees are expected to work hard, take on responsibility, and deliver results. In return, the company is committed to "employees first, shareholders second" and rewards performance handsomely.

While Valero's culture may not be comfortable for everyone, the company is consistently cited as one of the country's most respected employers, ranking 22nd on *Fortune Magazine*'s 2007 listing of the "100 Best Companies to Work For." How does it manage to maintain its strong character and still attract and retain in-demand talent? One way is through smart branding. Over the past couple of years, Valero has made over its employment brand to showcase its advanced technology and its unique culture. The new image deliberately targets the hard-driving, innovative, and ambitious types of people who tend to thrive in the Valero environment. The slogan across the company's home page—"The energy to take you there"—not only promises value to customers and investors, but also suggests to prospective employees that the company can help them reach their goals.

On their way to employment, candidates pass through a number of tests that give the company an opportunity to assess how they'll fit into Valero's culture. Most engineering prospects are identified between their junior and senior years in college and participate in a three month summer internship. Over the summer they are supervised by high potential engineers who introduce the interns to the Valero way and evaluate their performance (and, not incidentally, get some supervisory and coaching experience for themselves). Candidates also undergo personality assessments to predict cultural fit.

CSR AND ENGAGEMENT

A few companies (for example, Ben & Jerry's and Timberland) have made contributing to society a central tenet of their missions. As in non-profits, many of their employees are attracted to the company because they want their work to serve a purpose higher than just making the company profitable and earning themselves a paycheck. In the last several years, many other companies, while not perhaps going as far, have made substantial commitments to "corporate social responsibility" (CSR), in some cases going well beyond adhering to basic standards of corporate citizenship to actively partnering with NGOs and governments to support and staff capacity building projects in local communities. In addition to funding, these companies provide opportunities for their employees to work alongside professional development experts and local beneficiaries.

The payoff? Employees learn cross-cultural team work and leadership skills, companies cement their relationship with employees who share their principles, and local communities view the employer with greater trust and even affection. In fact, the impact of corporate social action on a company's reputation within the workforce and the surrounding community can be so strong that some companies, such as Alcoa have made community service the backbone of their talent management strategy, especially in regions such as Eastern Europe where CSR is especially valued by the populace.

PUTTING IT ALL TOGETHER

These examples should be enough to make the point that talent management processes can strongly influence the desire of employees to invest their best efforts in service of the company's goals. Let's be clear. The point is not that the primary purpose of talent management systems is to bolster employee engagement. But neither should engagement continue to factor into the equation only as a fortunate accident. The potential for talent management to strengthen employee engagement, and the obvious benefit that engagement has for the ability of the organization to fill its talent needs, should be recognized explicitly as two sides of the same coin.

The difficulty in purposefully managing talent management and engagement together is that so often the processes we've discussed—recruiting and staffing, employee development, CSR, brand management—not to mention performance management, communications, diversity and inclusion, labor relations, employee relations, expatriate assignments and so on—are managed by different functions and organizations.

Although most of them may come together in the portfolio of the chief HR officer, seldom are they aligned under a common overarching talent management strategy and even more rarely do the people leading each function work together as one team. Oh, they might touch base on particular initiatives or programs, and they might come together occasionally in staff meetings and off-site retreats, but they don't really operate on a day-to-day basis as elements of an integrated system.

The key to integrating talent management processes and functions is a single strategy designed to meet common goals. Those goals will address both issues of supply and demand (have we succeeded in supplying the right talent at the time and place needed) and issues of engagement (are our employees choosing to remain in the organization and perform at the highest levels). Individual functional heads are measured not against what their area *does* but what it contributes towards meeting these goals.

Additionally, the individuals leading each of the functional areas need to work together on a daily basis. This might be achieved through actual structural changes (e.g., creating a talent management team consisting of representatives from key functions and line management to develop workforce plans, set talent management strategy, implement programs, and measure impact), or it might be the result of incremental efforts to cultivate a more cooperative habit of mind, by

- Building silo-jumping behaviors into the competency model and measuring performance against them
- Publicly recognizing silo-jumpers
- Providing frequent forums for cooperative planning
- Always asking the question of oneself and of subordinates when discussing project plans, "Who have you spoken to in this function or that about how we can make this happen?"
- Preparing functional leaders and HR generalists to accept fuzzy boundaries and negotiate on an ongoing basis the roles each will play in any process or project, based on commonly respected parameters of skill, efficiency, cost, and political climate

In a perfect organization these steps would ensure that the elements of the talent management system are so finely tuned with one another and, ultimately, with business strategy, that it operates as efficiently and agilely as any other well-constructed supply chain. Unlike machine parts, energy, and paper clips, however, people can choose to disengage from the chain. That means that the owners and users of the talent supply chain—more even than their counterparts in operational supply chains—need to be tightly connected and continually in communication to ensure that talent is not only available, but engaged.