

# TALENT MANAGEMENT: A STRATEGIC APPROACH TO DEVELOPMENT AND RETENTION OF KEY HUMAN RESOURCES

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**Talent management (TM)**, as we use the term, refers to the processes for identifying, assessing, acquiring, developing, and deploying employees who are critical to the company's success (see sidebar). This definition, implying as it does that we are distinguishing between "critical" employees and ordinary folks, makes a lot of people uncomfortable. Not only does it seem to contradict our notions of a high-performing organization based on flat hierarchy, diffuse decision making, and an inclusive, empowering work environment, it also seems to defy our most cherished ideals of equity and meritocracy. Making distinctions in how we treat employees based on their roles or skills,

rather than their efforts, just feels wrong.

But talent management is not about taking anything away from the mass of employees or ignoring their contributions. It is about recognizing that we have limited resources to invest in human capital, and it makes sense to apply those resources where they will have the most impact on the success of our business. We may value all our employees, but we might as well own up to the hard truth that we value some a bit more.

An effective talent management system—one that ensures the company has the means by which to implement its strategy—must accomplish several goals:

- Build bench strength and prepare

successors for critical positions

- Identify and build the talent that gives the organization a competitive advantage
- Anticipate and develop capabilities that will be required in the future
- Retain and motivate key talent

Taking such a targeted talent management approach to staffing and development means, first and foremost, that decisions about which jobs need special investment, who gets critical jobs, and how those people are prepared, assessed, and managed must be tied to the company's business strategy.

The mechanism used by many companies to coordinate talent management with business strategy is the talent review process, culminating in a carefully facilitated meeting at which senior managers identify key jobs and assess and discuss the current capabilities, future potential, and development plans of key individuals. All other talent management activities—staffing plans, development planning, retention programs, and so forth—stem from the decisions and recalibrations made in the talent review process.

Although many organizations use this same basic process, some manage their talent more effectively than others. To find out why, as part of its educational activities Industrial Resources Counselors, Inc., a not-for-profit organization, commissioned ORC Worldwide to conduct the

## WHAT IS "TALENT"?

The word "talent," as used in this context, is not synonymous with "human resources" or "human capital." Talent refers to those employees who are key to the success of the business or function because they:

- **Lead the company or unit**
- **Possess core knowledge or skills**
- **Take on business-critical roles.**

### WHO ARE THESE PEOPLE?

**1. Leadership** - those providing strategic direction for the business

**2. Key resources** - those who are most vital to the effectiveness of your business; your "go to" people

**3. Technical talent** - individuals with specific skill sets that constitute competitive advantage

**4. Short supply resources** - jobs and/or skill sets that are difficult to replace

**5. Other talent pools** requiring special management for strategic reasons (e.g., expatriates, diversity pools)

Study of Global Talent Management Practices. The study was published in December 2004 and an executive summary is available at [www.orcworldwide.com](http://www.orcworldwide.com).

The study found that companies that do talent management effectively demonstrate seven essential characteristics:

**1 • Deep involvement of senior management**

The average CEO spends 16 percent of his or her time on TM, and the more CEO time invested, the better the company's program. CEOs can get involved by participating actively in talent reviews, mentoring high-potential employees, teaching in leadership programs, monitoring developmental moves, and speaking out publicly about talent management. Most importantly, he or she can make clear that talent management is an important priority for senior leaders – and that it will get the time and attention it needs.

**2 • Dedication of sufficient time, staff and IT support.**

The most important resource of all is time—that of the CEO, of the person who leads the TM effort, and of all levels of management involved in the process. The best way to assure that level of attention is to make TM part of the business -planning process.

**3 • Breadth and depth of talent reviews.**

Talent hides in unexpected places in the organization—in locations far from headquarters, among young professionals low on the totem pole, among employees who take non-traditional career paths. The companies most successful at identifying and developing key talent make sure none of the potential sources of talent are overlooked or go untapped because of artificial barriers.

**4 • Consistency and Structure.**

Companies that create a universal vocabulary for discussing talent, a consistent process across organizational and geographic units, and structured procedures, tools, and documentation report better results in forecasting talent needs, identifying talent, and dealing appropriately with performance issues.

**5 • Meaningful Developmental Experiences.**

Great leaders do not just emerge, and talent that gives you a competitive edge cannot be developed overnight. Including high-potential employees in critical meetings, assigning them to special projects and global task forces, and posting them to different business units, functions and locations that challenge their way of thinking are the best ways to give them the experiences they need to grow and help them build the networks they'll need to be successful.

**6 • Motivation and Retention.**

The formula for Motivating and Retaining key employees is simple:  $A \cdot C = (M+R)$  where A is attention and C is challenge. What do most good employees want? To know that they are noticed and valued and to be given interesting work to do. Perks like mentoring, recognition, formal development planning, and stretch assignments go a lot further than monetary rewards in keeping them motivated.

**7 • Monitoring the TM Program**

The companies that do TM best keep a close eye on their programs to ensure the integrity of the process and to track results.

The most important thing a company can do to ensure a continuing supply of well-

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## IMMIGRATION REFORM

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pany. ICE then filed criminal charges against executives and managers of IFCO. Apparently, IFCO had been under investigation for many months. Allegedly, IFCO has been hiring illegal workers, providing them with housing and making unlawful deductions from their pay. Interestingly, the proposed Guest Worker Program, if enacted into law, would provide protection to the majority of the arrested IFCO's illegal workers. Again, it is important to stress adherence to the Immigration Reform and Control Act of 1986 and particularly to its record-keeping requirements.

For companies wishing to gain access to global talent, the visa options for foreign workers can be attractive to the long-term interests of the company. It is important to recognize how the immigration options

available can assist with hiring and recruiting and benefit your organization overall. The immigration laws and polices are complex and ever changing and, therefore, we advise seeking an experienced immigration attorney who will listen to your concerns, answer all your questions, and expertly advise on your immigration matters as it pertains to your hiring and recruiting efforts.

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*James E. Root, Principal Attorney for Root Law Group, has dedicated his entire legal career to fighting for and protecting the rights of U.S. immigrants and their U.S. employers. He is proactive in advocating reforms to the U.S. immigration laws and policies, especially those affecting professional workers and immediate family members. Root Law Group: phone: (888) Root-Law; 888.766.8529. www.RootLaw.com.*

## TALENT MANAGEMENT

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prepared, well-deployed key players is to create a talent culture: an environment in which finding and nurturing talent is considered an important management function. The seven elements reviewed here are essential for building a talent culture. They lay the groundwork for translating business strategy to people strategy, create a common understanding of process and vocabulary, and provide the tools managers need to help them implement a coherent, aggressive talent management plan.

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