

MOVING TOWARDS » **TALENT  
MANAGEMENT 2.0**

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STRATEGIC TALENT MANAGEMENT REVIEW



# MOVING TOWARDS TALENT MANAGEMENT 2.0

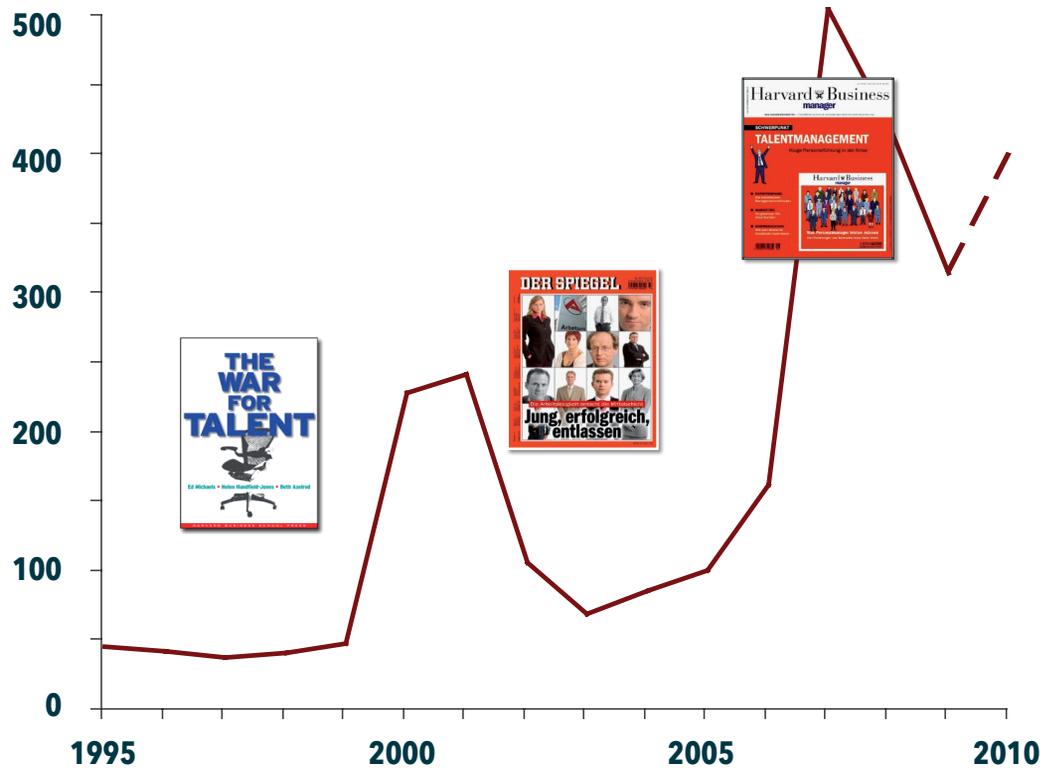
## EXECUTIVE SUMMARY

*In many companies talent management continues to take the top spot on the strategic HR agenda despite the turbulent times. Yet after the successful introductory phase many companies ask themselves if the existing talent management systems will satisfy the increased expectations: Do the talent management activities have a clear and result-orientated strategic thrust? Are they adequately linked? Will talent management be applied by the business? Will it be actively driven by HR as strategic business partner and not just administered?*

*undconsorten supports companies in the strategic optimization of their talent management with a proven and structured approach: we analyze where your talent management stands – compared with your own ambitions and the external market. With our talent management framework, diagnostic toolkit as well as our maturity level model, we offer a systematic approach to identify challenges and derive the right measures. We support you in strategic conception and implementation planning by efficient and effective interactions.*

## TALENT MANAGEMENT CONTINUOUSLY HOT TOPIC

NUMBER OF ARTICLES ON TALENT MANAGEMENT \*



\* In German-speaking press including Frankfurter Allgemeine Zeitung, Süddeutsche Zeitung, Handelsblatt, Manager Magazin, Der Spiegel, Die Zeit

# IS YOUR TALENT MANAGEMENT DELIVERING WHAT IT PROMISES?

## TALENT MANAGEMENT STILL AT THE TOP OF THE AGENDA

In the past few years talent management has become a core pillar of the HR landscape of companies. Core components of talent management – such as structured evaluation processes along a performance and potential matrix, grading, talent pools or development programs – have been introduced in all big companies.

However, has the topic of talent management already been concluded? In many surveys talent management continues to take the top spot on the strategic HR agenda. The effects of demographic change that have been noticeable for some years have intensified further. New and further-reaching challenges are emerging: While shifts in established markets must frequently be organised, in emerging markets it is above all necessary to acquire new talent. Changed markets and new types of organisations demand

new patterns of competencies. As talent management becomes increasingly crucial for business success, management expectations of HR are becoming higher.

The current situation provides the opportunity of putting to the test and pushing to the next level what has already been accomplished: How well does the composition of your talent pools fit to new strategic contexts such as increased globalization of business? Will the formulated objectives succeed, for instance, with respect to diversity? Does the performance of the talent management system go along with the effort it entails? Is talent management a mere system or will it really be applied by everyone in everyday business life?

Despite continuous volatility, it is necessary to use the momentum and identify potential for further improvement in talent management.

## TYPICAL CHALLENGES

Among others, the following are typical challenges in talent management. Leading companies in a variety of industries are confronted with these again and again.

### **MANY TALENT MANAGEMENT ACTIVITIES, BUT STRATEGIC THRUST UNCLEAR**

As part of talent management systems, many companies have for some years been operating talent programs, a detailed performance and potential process, as well as a great variety of development opportunities for different target groups.

But what happens to them is frequently similar to the case of a global conglomerate. In everyday business life their managers and emerging talents

” I SEE LOTS OF PROGRAMS, PROCESSES, TEMPLATES – BUT WHAT DO I GET OUT OF IT? “

have experienced talent management as an incoherent succession of activities. The basic thrust of talent management and the rationale from

the strategic context were neither defined nor communicated within the company. Symptomatically, a company-wide survey of managers, potential emerging talent and HR revealed that the term “talent” had not been properly defined – responses varied greatly, depending on context. And thus there was no common basis for concerted and systematic action in talent management.

### **TALENT MANAGEMENT PROCESSES STILL NOT REALLY INTEGRATED WITH OTHER HR PROCESSES**

Beyond the mere introduction and a clearly communicated strategic thrust, the success of talent management activities is gauged by whether it works in getting and keeping talent in the company, developing them (continuously) over the course of their careers and thereby filling vacancies with the right people.

Things were quite different for a well-known family-run business in Germany: a trainee program was successful in

getting the right talent into the company, only to lose them again. “We lost our best trainee because we were unsuccessful at finding him another job in time; our processes were not integrated well enough,” was how the department head summed it up.

The proper integration of talent management processes and other related HR processes (such as performance management, expat management, learning) is a key lever for accompanying talent over the course of a career.

### **HIGH ADMINISTRATIVE EFFORT, BUT LITTLE TRANSPARENCY**

A core task of functioning talent management is filling the right positions with the right talents. Thus transparency of existing talent (in and sometimes also outside the company) and vacant positions is the basic requirement for good and timely placements.

This was also the learning experience of a company from the high-tech sector prior to a big acquisition. In this sit-

uation the company wanted to quickly get an overview of its talent and vacancies. It appeared that a talents evaluation process had been introduced with lots of administrative effort in the past few years, but the results were not very meaningful: the quality and comparabil-

ity of the evaluations from the different divisions were

strongly questioned. Although data about the process of talent evaluations was on hand, reporting on central talent management figures, such as internal placement rates, the level of turnover, etc. never actually took place.

### **RELEVANCE OF FUNCTIONING TALENT CULTURE UNDERESTIMATED**

Beyond process effectiveness and the practical handling of talent management systems the right behavior of managers and HR is paramount: a uniform definition for talent is created,

**” LOTS OF DATA ARE AVAILABLE, BUT WE DON'T HAVE THE SKILLS AND RESOURCES TO ANALYZE THEM. “**

processes are defined and systems are put in place – but the thing that really makes a difference might still be missing.

A global financial services provider noted that its managers had for the most part been looking outside the company to fill vacancies and had been choosing them predominantly on the basis of specialist skills. Developing potential from within the own ranks played hardly any role. In addition, most managers were hesitant to nominate talent from their departments for the recently introduced talent programs. As a consequence, the degree of voluntary turnover of staff increased continuously. Employee surveys showed that people did not believe they would be able to thrive in the company.

The seemingly “soft” factors of a living talent culture can be the distinguishing criteria in keeping the best employees loyal to the company.

**” IT IS LESS HASSLE TO CALL AN EXECUTIVE SEARCH FIRM THAN TO FIND AND GET A TALENT FROM WITHIN. “**

## THREE STEPS TO STRATEGIC TALENT MANAGEMENT OPTIMISATION

Many companies are indeed faced with key challenges in talent management. Against the backdrop of our wide-ranging experience, we support our clients using a structured approach to look jointly at their talent management and identify the right measures to move towards “Talent Management 2.0”.

### STEP 1 TALENT MANAGEMENT REVIEW

The first step necessary is a success-oriented diagnosis of the status quo of talent management in the company:

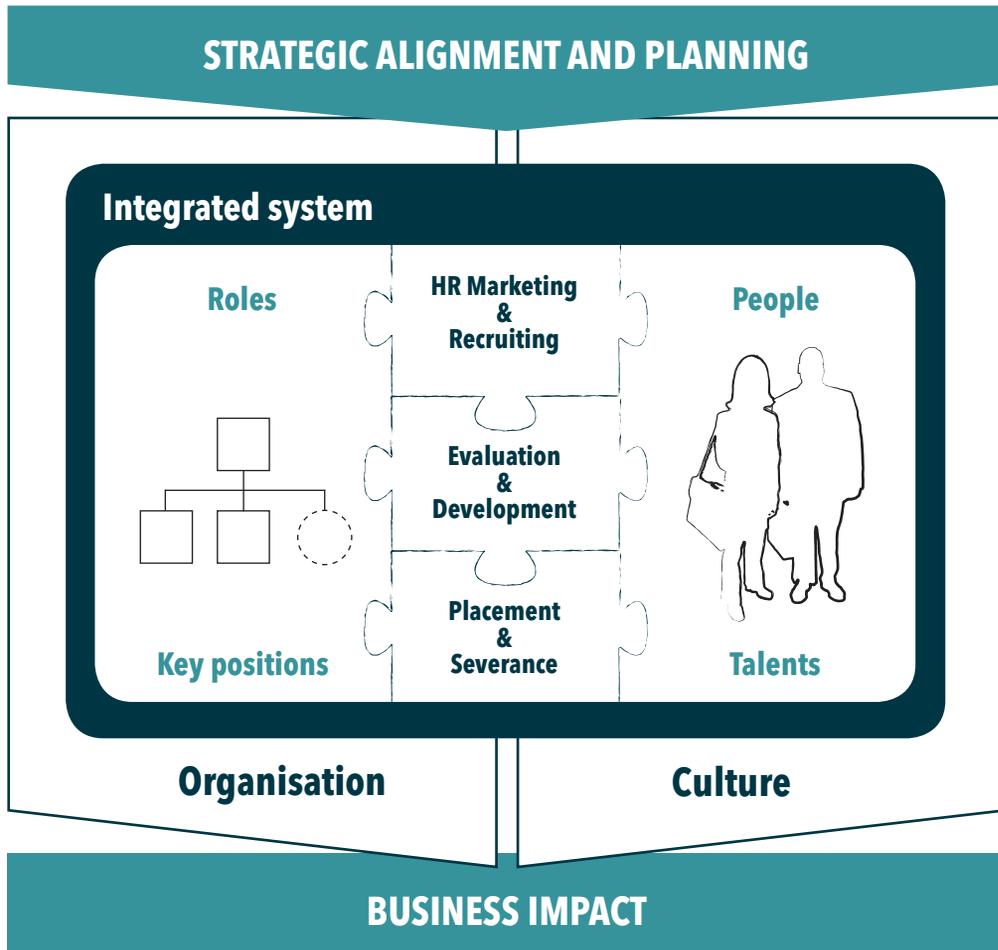
» In line with our *Talent Management Framework* customized for each client we jointly do the initial mapping of existing talent management components (e.g. which processes is the talent management system composed of? How are these linked?).

» *Qualitative, guideline-based interviews* (e.g. managers, HR, “young talents”), perhaps augmented by focus groups or workshops with these target groups. These lead to an exact understanding of how each individual stakeholder assesses the status quo and what levers for improvements they identify.

» Supporting *quantitative analyses*, systematically derived from our *Talent Management Scorecard*, confirm or may call into question the qualitative assessment.

» These central components of the analysis can be augmented with a structured survey based on our *Talent Management Maturity Model*. Analysis of the survey enables the level of maturity for talent management to be compared among different departments *within* the organisation (business areas, regions). And it can be used to compare against *external* examples.

## ELEMENTS OF EXCELLENT TALENT MANAGEMENT



## **STEP 2**

# **TALENT MANAGEMENT OPTIMIZATION**

The picture resulting from the analysis of the existing talent management system is compared to a defined target vision. The crucial questions here are: What should your talent management system look like in three years? In which ways should it develop towards a long-term target horizon?

The target vision helps to single out elements in the current talent management landscape that are still missing: What is strategically needed compared to today? What does it take to deliver an even higher standard of talent management? What is the right way to reach talent management 2.0? A number of levers have proven to be important in many situations.

*Deriving talent management strategy from business needs*

» No one would disagree with deriving talent management from business needs rather than pursuing it as a goal by itself. A stringently derived talent strategy is fundamental to the direction and the interaction of different

talent management activities. But what exactly does this derivation mean? How are related discussions with managers carried out on

the various levels of the organization? Many HR managers have learned from experience that these discussions can be effectively conducted if they speak the language of business and lay out why talent management is worthwhile to the company (especially by building the business case for talent management).

*Talent planning as a transmission belt from business to talent management*

» It is obvious that the goals which must be achieved have to be clearly and measurably defined in order to perform effective talent management. Covering the needs of the business is the primary task. This however must be broken down into specific goals in order to be met successfully. What is needed for this is comprehensive transparency about demands and internal talent – as well as external talent markets – today and for the future.

Only in this way can key functions, skills critical to success, bottleneck groups and future gaps be identified in good time. An analytical review of trends, levers and various scenarios not only represents the basis for timely and informed action, it also enables a fact-based discussion on equal terms with the business.

” WE FORCE OURSELVES TO REFLECT ON TALENT ASPECTS BY ADDING PEOPLE CHAPTERS INTO PLANS AND INVESTMENT PROPOSALS. “

### *Clear direction and shared definition of talent*

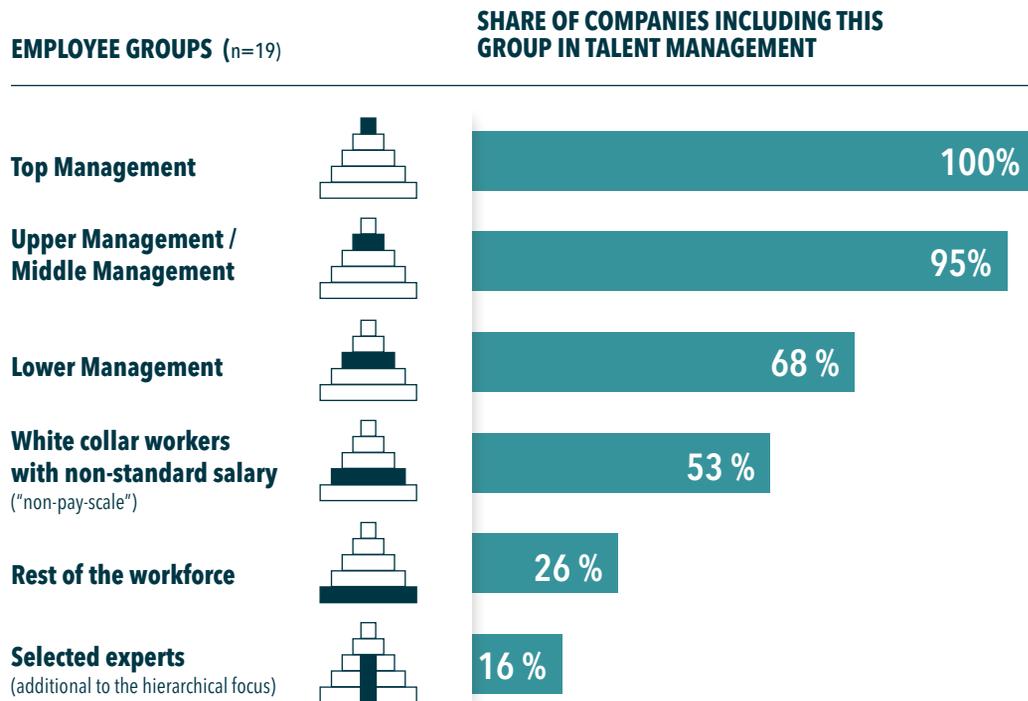
» Our experience shows that it is indispensable for a company to have a shared understanding of the basic direction of its talent management. For example, clarity should prevail about the position taken on the internal development of staff as opposed to recruiting from the outside. Whether the primary focus lies in filling vacant positions (“hire for position”) or on the development of potentials (“hire for potential”). Of course, a successful talent strategy also includes a clear derivation of KPIs, making success of this strategy both measurable and sustainable.

But the definition of “talent” has to be more specific – in order to focus measures and to channel the expectations of talents. There are quite a few different ways of defining talent. Here is a contrast of two extreme positions: all employees in a company are counted as talent (making talent management and general personnel development converge) vs. the term “talent” being bound to very specific conditions (such as the level of a position, to potential or willingness to relocate). Both can be right – if the definition fits both

the corporate culture and the underlying thrust of the talent management strategy and includes the talent mission critical to the company. But operative aspects have to be taken into account when defining talent as well: Talents expect to be cared for and resources have to be allocated accordingly.

**” I AM ALWAYS AMUSED THAT I AM STILL CALLED A TALENT AT THE AGE OF 45. “**

## THE SCOPE OF TALENT MANAGEMENT DIFFERS



Question: „Which employee groups fall under the definition „talent“ and are the focus of talent management in your company?  
 Source: undconsorten survey on talent planning, 2010

*Focus on key regions, functions, and roles*

» Have the crucial roles in the company been defined that talent management should focus on? Does this apply to all regions and different levels? Has it been clarified which capabilities are actually crucial to the success of the business? Does the competency model sufficiently reflect mission-critical capabilities? No less relevant is the issue of bottleneck groups from a functional, divisional and regional perspective. That the results of talent planning are decisive for those issues is more than obvious. If information about mission-critical positions has not yet been (fully) gathered it is essential to initiate such a process on all levels. In case of talent pools, things must be set up in a way that information is at least available about potential candidates for key positions.

*Consistent coupling of processes and intensification of portfolios of existing activities*

» In the past few years many German companies have already established an

extensive portfolio of talent management activities. Firstly, as part of general personnel development measures (evaluation and other personnel development measures, career paths, internal training courses, etc.) are directed at all members of the company, including talent. A closer view is warranted here as to whether these existing processes are already systematically linked to one another (e.g. talent review with promotion and placement; talent evaluation with performance management processes). Secondly, a clarifying look at any existing specific processes and services set up exclusively for talent is helpful: do the established activities fit the strategic direction of talent management? Are the services sufficiently interconnected so that a management talent hired as a trainee doesn't "fall through the cracks" from the subsequent phase up to the first management position?

**” NO ONE BELIEVED THAT WE COULD DISCUSS PMP RESULTS, TALENT PIPELINE AND SUCCESSION IN ONE MEETING – AND THEN WE JUST DID IT. “**

### *Talent analytics and transparency*

» A clearly defined talent review process is no guarantee that managers and HR have transparency over talent and vacancies. The issue arises here about the quality of talent analytics and transparency in the company. The relevant systems with meaningful permissions and reporting features must be established as the basis, but not all is accomplished with this alone: it is essential to overcome silo mentalities, whether via clear staffing rules, improved panel discussion across businesses or measures such as a talent handbook including talents' CVs and relevant experiences. Yet the question also arises as to how transparently such status or potential should be communicated to identified talents. The answer to these questions needs in any case to be consistent with the corporate culture.

### *Clarification of responsibilities*

» Talent management – in the usual broad definition – isn't just an individual process, but ranges from HR marketing and recruiting, evaluation

and development, to placement and severance. This involves a multitude of different stakeholders: different departments and levels in HR in addition to managers and talent. From a talent view, there is for the most part the need for unambiguity of contact person and clarity of responsibilities.

But the responsibilities of line managers must also be clarified – and not just with respect to the development of talent. A clear delineation of “permissions” to talent in the placement and succession process, for example, is indispensable in avoiding conflict.

In complex organizations it is key to define as to how much *uniformity* is necessary in the talent management system and how much differentiation is useful. Depending on corporate or governance structure different levels are conceivable here: from a service role to a strict governance role, that monitors and controls the processes.

### *Measures for a living talent culture*

» However, even if the basic direction and definition are clear, activities, processes are structured and responsibilities defined, the core question has yet to be answered: is talent management being lived? Does a CEO for instance travel with excitement to events at a business school in order to meet potential candidates for his company? Are the discussions that talents have with their direct supervisors about development perspectives helpful? Are managers willing to give up „their“ talent when a suitable development position opens up in a different department?

In order to take the step from cleanly executed processes to a true talent culture top management commitment to each of the relevant levels is critical. Yet role models with a strong talent mind-set are also indispensable on all other management levels. For managers a difference must be made as to whether they can make a proactive

contribution to talent management or not. In order to achieve this, different paths and levers can be effective depending on company situation – from target agreements to softer measures such as the communication of success stories.

However, in addition to the attitudes, skills and behaviors of managers, a central lever lies in particular whether

**„MANAGERS SHOULD BE PRAISED FOR BEING 'NET EXPORTERS OF TALENT'.“**

HR possesses the (quantitative, analytic and advisory)

skills to push this topic in the organization. HR should not be perceived as only the process owner, but rather as the primary strategic partner for the business in terms of talent.

## STEP 3

# TALENT MANAGEMENT ROADMAP

The changes necessary to achieve the target model must be translated into short-, medium- and long-term activities. This implies on the one hand a very detailed planning of activities, timeline and responsibilities for the current fiscal year. Key for success is the right prioritization of activities and the pragmatic identification of quick-wins on a short time horizon. On the other hand, on a mid- to long-term horizon key milestones and activities have to be defined as a guideline for further improvement.

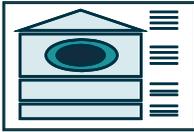
**” OUR BOARD APPROVED OUR ROADMAP, WHICH ALLOWS US TO ALIGN ALL OUR REGIONAL TALENT MANAGEMENT ACTIVITIES. “**

The relevant stakeholders’ commitment for strategic thrust, long-term vision as well as short-term activities and responsibilities, has to be reached in a coordinated process. Especially those on the management board need to support the new direction of talent management and decide on the strategic direction.

# STEPS TOWARDS A STRATEGIC TALENT MANAGEMENT OPTIMIZATION

## 1 REVIEW TALENT MANAGEMENT

- Initial mapping of current talent management landscape using framework



- Qualitative, guideline-based interviews



- Quantitative analyses using scorecard

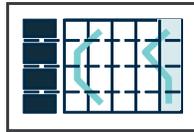


- Evaluation of talent management using maturity model

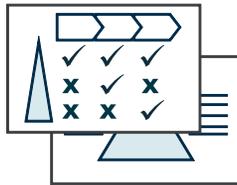


## 2 OPTIMIZATION LEVERS FOR TALENT MANAGEMENT

- Derivation of target model



- Derivation of implications, e.g. examining and adapting existing activities portfolio according to target model

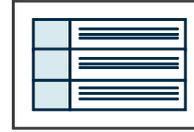


## 3 TALENT MANAGEMENT ROADMAP

- Medium and long-term roadmap



- Action plan with 1 year horizon



- Discussion materials for coordination process



## **EFFECTIVE APPROACH AND HIGH TALENT MANAGEMENT EXPERTISE**

### **EFFICIENT FORMATS**

undconsorten offers an efficient and effective approach to the strategic optimization of moving your talent management towards 2.0: the discussion and consolidation of the results of steps I-III take place in interactive workshops. In coordination with you and your team, experienced consultants from undconsorten systematically prepare and facilitate these workshops and ensure the consolidation of results.

The duration and the depth of support in the preparation and execution of workshops can be individually tailored to your specific needs. We naturally support the preparation of workshops via quantitative and qualitative analyses and process management. As required we assume far-reaching coordination in the detailing of the content and support of implementation.

### **UNDCONSORTEN'S EXPERIENCE IN TALENT MANAGEMENT**

undconsorten has a wealth of extensive experience in talent management. In the past few years we have supported a large number of multinational corporations in almost every industry sector in various aspects of talent management. First and foremost in the strategic optimization of the entire talent management system and culture. But also in operational issues: whether by process support when implementing new talent management software, the systematization of recruiting processes, the planning of target-orientated entry programmes, the optimization of development services or via a business case for the clearly reasoned establishment of a "brokerage" unit – we have supported clients in a wide range of talent management matters.

### **SPECIFIC CONSULTING APPROACH**

What helps us is not just the experience in relevant thematic areas associated with HR (such as HR strategy, performance management, corporate learning), but also our experience in supporting strategy processes. Our specific consulting approach ensures an integrated perspective of content, people and behavior: a clearly defined talent management strategy must be logically derived and talent analytics must be precise. But it also requires people who live a talent mind-set and inspire the organisation. We address strategy and mobilization in parallel.

**„QUOTES“ ARE FROM INTERVIEWS,  
CONDUCTED AS PART OF SEVERAL TALENT  
MANAGEMENT REVIEWS.**



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