



TALENT MANAGEMENT: THE NEW SILVER BULLET?

What the right person in the right role at the right time can do for you.

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In corner offices and boardrooms across the globe, a new weapon is reemerging in the executive arsenal with powerful implications for driving and even predicting business success: Talent Management.

Variously called human capital management, employee relationship management and workforce management, among others, talent management is not a new concept, but one that in the past corporations haven't been prepared to embrace. In most companies functions such as recruitment and succession planning, learning and development, performance management, workforce planning, compensation and other HR or training functions have often been sequestered in departmental silos. While important individually, these programs are usually a loose conglomeration of HR initiatives with little connection to each other, little alignment with the organization's vital few business goals and little real way of measuring their bottom-line impact.

It isn't surprising, then, that senior management, whose daily challenge is to demonstrate progress toward bottom-line results, didn't consider these programs worth their attention. Unfortunately, "the result of not paying attention to talent management," according to the Harvard Business Review, "is losing people with talents you need or retaining people with outdated skills." Clearly, not the path to success, but without a more strategic solution to bring these disparate functions together, there has been no incentive for executives to engage in the process.

Given these issues, why has talent management suddenly recaptured the imagination and attention of the CXO?

Much of the reason may be due to the fact that technology has finally begun to catch up. Application suites are now able to integrate, automate and measure many talent management functions, providing a structured, accurate and immediate method for determining whether the people in an organization are equipped to meet the company's current and future strategic business objectives.

"For many years, software vendors have been touting the vision of an integrated human capital management system, yet very few of these integrated solutions have ever truly been available or implemented," said Josh Bersin, founder of Bersin & Associates, a well known research and consulting firm in the learning field. "Today, however, we believe this application convergence is starting to take place as several technology vendors are scrambling to converge solutions."

The Approach to Talent Management Technology

To meet the talent management demand, this "solution convergence" is taking several forms. Human resource management systems (HRMS) providers, already incumbent in many organizations, are beginning to create add-on applications that provide a strategic layer on top of the more administrative HR functionalities they already offer. However, according to a recent study by Gartner Inc., many companies find that these new applications, while integrating with the current HRMS infrastructure, are not as deep as the single talent management applications – recruitment or compensation management, for example – developed by specialty vendors.

For their part, specialty vendors are also striving to provide more full-service offerings by developing new applications and by combining with other specialty providers that offer different pieces of the talent management pie. The challenge for most of these companies, which are typically small and privately owned, is that they lack the resources to effectively develop a robust solution – or acquire one – beyond their own niche.

A third – and possibly more realistic – alternative for many organizations utilizes the learning management suite as a jumping-off point to a broader talent management solution. "Because of the heavy focus on e-learning in the last five years, learning management systems now are being adopted as a mainstream

corporate application,” observed Bersin. “This evolution has taken place because organizations are realizing that to truly manage learning and development functions they must have a centralized system that is supported by IT, integrated into the company’s HR applications, and used consistently across all business units. As broader talent management evolves, organizations that use their LMS corporate-wide will naturally start to extend this platform to link to other HCM applications.”

For Bersin and many other industry watchers, it seems a logical step to start with incumbent learning management systems, which already include many talent management functions and are used across the enterprise (and often throughout the extended enterprise as well) on a daily basis.

An Early Leader

An example of this is SumTotal Systems, the world’s largest learning management provider. It has developed a talent management solution based on its platform, which currently is installed in more than 1000 organizations worldwide. The platform provides a unique, underlying competency framework shared by all of the suite’s integrated applications, including learning, content, knowledge and performance management, among others. The platform’s Web services allow companies to integrate the system with existing technology infrastructures and to easily add on third-party or other talent management applications as they are developed. Most importantly, embedded reporting functionalities allow management to gain a detailed, real-time view of each employee’s job function, abilities and contribution toward the organization’s business goals.

“Because our systems have been deployed so broadly and already hold so much information about an organization’s people and their skills, we are seeing many of our customers build their talent management strategies around their learning systems,” said Sanjay Dholakia, senior vice president for SumTotal. “As these companies ask themselves key strategic questions about the skills of their existing workforce and skills they need to acquire in the form of their new hires, they find that the data in the learning management system already answers many of these questions. Expanding the learning platform into a broader talent management framework means they don’t have to re-build the system from the ground up.”

Aetna, a SumTotal customer that has developed a sophisticated, performance-driven talent management strategy for more than 28,000 employees across its enterprise, is a perfect example. Aetna adopted the learning management suite to help combine its talent management and learning initiatives, integrating a number of processes into a single program that encompassed skills and competencies development, staffing, succession planning, internal and external job movement, project and staff assignments, promotions and “bench” – or employee talent – assessments, among other human capital management processes, tying all of them back to the company’s business strategy.

“Aetna makes a substantial investment in building world-class, strategy-driven skills in its workforce,” says Deborah Kelly, head of learning services for Aetna. “Our learning philosophy demands a return on that investment by linking learning directly to the skills and competencies required to drive Aetna’s success. We wanted a partner that shared that philosophy and could demonstrate that kind of return. SumTotal not only provides a full range of integrated learning, performance and talent management capabilities, but focuses as we do on making real, measurable business results its ultimate goal.”

A Common Language

One of the commonalities in each of the applications in the learning management suite is the use of competencies as a shared language. In the broader talent management cycle, competencies are an important currency used throughout each stage. Competencies are general descriptions of the abilities necessary for an employee to perform successfully. Competency profiles synthesize skills, knowledge,

attributes and values and are usually divided between generic or soft skills, and technical skills that are unique to a job or profession. Generic competencies can usually be used for a variety of positions within a corporation and are typically more closely related to the strategic goals and objectives of the organization, while technical competencies are more specific and focused to a profession.

The missed opportunity in most corporations is that discovery of competencies in individuals typically starts at the recruitment stage, but is rarely passed along once an employee is hired. This rankles many industry experts.

“One of the issues when we look at talent management, deals with our ability to create the organizational processes by which talent is identified, is deployed and is revealed,” lectured learning industry guru Elliott Masie on a recent conference call with corporate learning leaders. “In many organizations there is talent, but it doesn’t reveal itself because...we are not aware of the full range of skills. We view an employee from the job description of their current job, but in many organizations we get immediate amnesia from what their resume was.”

Masie went on to describe the “corporate amnesia” that affects most companies today.

“(I) went and visited (an organization) that is on a huge hiring push right now – they are hiring 9,000 to 10,000 people – and I spent a little bit of time with their director of recruitment. And they have this very elaborate process by which they look at resumes that come from on-line and referrals and mail-ins, and then they take people through an assessment process, through a competency mapping process, through an interview process, a background check and then they hire them. And I was shocked that other than sending their name to the unit that they will be working in, none of that data traveled.

So they have a whole bunch of people who were...on a scale of from 80 to 100 percent competent, which meant that in some cases they had spent corporate dollars to figure out the 12% they weren’t competent on, but they were still good enough to get hired. It all washed. There was a total amnesia both institutionally and technologically. So their learning management system, and even their performance management system didn’t link at all with their recruitment.”

This lack of data transfer is not just limited to the recruitment process. An area that commonly makes talent management observers shake their head is the lack of data sharing between the performance review process and the learning function. Fittingly, one of the first places that technical convergence is happening in the talent management continuum is between performance management and learning management. While most every company has some sort of performance review process, it has been estimated that less than one third of organizations have an enterprise-wide performance management process in place, and even fewer have an automated process. This is quickly changing, as most believe the performance management software market is the fastest growing market of all talent management software categories.

“While the learning management systems market is large and growing, the performance management systems market – albeit much smaller – is growing even faster,” confirmed Bersin. “The two are naturally linked together through skills and competencies and learning offerings. As organizations see the need for a larger, talent management offering, the first step is already being taken as many organizations are asking their suppliers to link these applications together.”

A simple example of where this linkage should occur is in the traditional annual performance review. While supervisors often go to great lengths to document skills gaps or weaknesses in employees, that information is rarely passed along to the learning function to work on improving those areas. It’s the promise of leveraging this information and employee data across the various HR functions that is starting to capture the attention of senior leaders across the globe who recognize that increased corporate performance starts with increased employee performance.

The Other Half of the Equation

While today's talent management technology may have successfully piqued the interest of the CXO, it is important to note that the technology is only half the equation. The greatest talent management system on the market is worthless if the organization is not prepared to adopt and integrate it. Each company needs to take inventory of its people and processes, answer questions about its direction and who is responsible for getting it there. Most importantly, companies need to break down the ever present "departmental silos" by creating an environment in which technology can be leveraged to facilitate and maximize an already well-thought-out program and to link it the organization's strategic goals.

Harvard Business Review points out that, in the best of talent management programs, organizations "integrated talent management, succession planning and leadership development into the company's strategic business processes. When the process runs smoothly, [companies] have a clear sense of whether their leadership teams will be able to execute on future strategic initiatives."

"The barrier in addressing this critical initiative is the ability of people in the organization to collaborate and agree upon alignment of a strategy and plan that can achieve optimal results," said Mark Smith of performance management research and advisory services firm, Ventana Research. "Without a common agreement on how to form this alignment of people, processes and the right supporting information systems, organizations will not be able to fully maximize the value of human capital. This fact has plagued organizations for years, and while there is a belief that an annual performance appraisal and goals process will resolve the problem, the reality is that this is not enough."

It seems obvious then that the functions that make up talent management can no longer be viewed independently, or hidden in HR or training departments if they are to be truly successful. Rather, talent management must be forged from a true partnership between management and the departments that oversee the "people function." This model sets the accountability for creating the fundamentals of the talent management program squarely on the shoulders of company leadership, from the top executives right down to department and line-of-business managers. In setting company strategy, senior management is in the best position to know what types of people are needed to make it happen. And unit managers, who are much closer to the day-to-day workings of their organizations, are much more qualified to determine necessary skills and competencies for their staffs and to identify and develop outstanding performers.

It is management, therefore, not HR, who should feel responsible for ensuring that the company defines clear job roles – outlining necessary skill levels and competencies for each – and determine the appropriate incentives, rewards and compensation and set the metrics by which success will be measured. In many leading organizations, management establishes the necessary parameters which ensure that the organization has the right person with the right skills in the right job at the right time to reach strategic goals at all levels. For its half of the partnership, HR (and training) takes over where management leaves off, ensuring that the various pieces of the talent management continuum are not only connected, but leveraging each other. For HR and learning practitioners, this new accountability has the benefit of elevating their role – traditionally seen in many companies as a necessary administrative function – to a more mission-critical one, directly tied to the business metrics that speak loudest to the company's executive leaders, board of directors and shareholders.

So, is talent management the new silver bullet? It remains to be seen whether corporate leadership will make the investments in time and cost necessary to drive a successful talent management program throughout the company. In the final analysis, though, it seems logical that businesses only stand to benefit from the resurgence of talent management techniques and technologies. "Properly thought through," concludes the Harvard Business Review, "talent management can be a major part of a company's value proposition and a distinct competitive advantage."

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