The Corporate Challenge

CEOs around the world are striving for top-line growth, and there is no lack of opportunity. Limitations are not coming from tight capital or technology, but from the inability to attract, engage and retain enough top talent to execute against their growth strategies. This dilemma puts strategic talent management front and centre stage.

This growing focus on talent management is underpinned by a fundamental revisit of the people agenda. This is happening against a backdrop of an external business environment which is becoming increasingly volatile, requiring shifts in strategy and business models, and new approaches to human capital management.

The real conundrum that organisations face is not how to put together a strong and effective strategic plan, but how to place the right people against the plan to ensure full impact on execution.

The right talent produces the best results.
The Business Case for a Talent Strategy

Talent and risk are intimately connected in ways that can profoundly influence an organization’s ability to create and protect value. Risk touches virtually every aspect of talent management, and talent touches virtually every aspect of risk management.

In addition to research findings that support the need for a talent strategy, it is now widely recognised that:

| There is a **demonstrated relationship** between better talent and better business performance | Talent is a rapidly increasing source of **value creation** | **The context in which we do business** is increasingly complex and dynamic | Boards and financial markets are expecting more |
| Employee expectations are changing | **Workforce demographics** are evolving | **A War for Talent** is playing off in real time | **Business models have to change** to meet the challenges of globalisation and competition |

Increasingly Boards are also realising that a growth strategy is unsustainable without a focus on talent management.
So What is a Talent Strategy?

Simply put, a talent strategy refers to a business process that systematically closes the gap between the talent an organisation has, and the talent it requires to successfully respond to current and emerging business challenges.

The strategy has to ensure that ‘the right people with the right skills, experiences and competencies are in the right roles (or ready to transition into same) at the right time’. It drives business performance and mitigates risk.

Within the plan, the strategic elements of where the organisation is headed, the challenges it faces, and the organisation design that has to evolve so as to deliver the strategy, are captured. Within this there will also be specifics on new roles (and portfolios) that have to be created, and roles that have to change, or be abolished.
The Underlying Philosophy

The talent strategy should relentlessly focus on desired business outcomes that ‘talk’ to strategic priorities such as:

- Driving revenue growth
- Penetrating new markets
- Growing market share
- Effecting horizontal integration
- Driving cost efficiencies
- Achieving business turnaround
- Increasing shareholder returns

In particular the talent strategy should articulate the capabilities that are needed to deliver the business strategy.

Simultaneously, the strategy should clearly indicate how the organisation will respond to burning people challenges (e.g. finding talent, retaining scarce expertise and exceptional leaders, as well as succession planning).

Focus of a Talent Strategy

There are choices around the particular focus of a talent strategy. While the primary focus is invariably on the identification, development, deployment and retention of high-potential individuals, there might be a secondary focus on developing organisational and functional (or technical) capability.

Developing organisational capability focuses on the creation of talent pools at every layer of the organisation, which forms part of a grow-your own strategy. Developing functional capability focuses on the development and retention of scarce and core skills that are critical to business performance and success.
Designing the Strategy

A talent strategy is crafted during an offsite strategy workshop. There are at least five steps to the process:

1. **Getting Started** – An Executive Conversation
2. **Situation Analysis** and Talent Management Audit
3. **Strategy Workshop**
4. **Strategy Validation and Adoption**
5. **Strategy Implementation**

Whereas the executive conversation focuses on the key drivers for having a talent strategy, the aspirations of the executive team, and the specific challenges the organisation faces, the situation analysis involves a comprehensive contextual analysis, and an audit of current talent management practice. The findings of the situational analysis, which involve key decision-makers, serve as an input to the strategy workshop.

The workshop starts by focusing on the business strategy, and the underlying talent implications of the chosen strategy. With this foundational understanding, the status quo is interrogated from a risk perspective.

The primary aim is to pinpoint and address the talent issues that directly affect organisational success by focusing on the issues that matter, employing proven tactics and measuring real business impact. It involves creating a detailed and actionable vision that identifies gaps, determines the criticality of those gaps and directly aligns talent investment with critical objectives.
Designing the Strategy continued …

Simply put, the process:

- **Confirms** strategic direction (Where are we headed?)
- **Examines** the organisational context (What are the challenges we face?)
- **Explores** future talent needs (What do we need?)
- **Evaluates** the current talent base (What do we have?)

- **Identifies** talent gaps and risks (Where are we vulnerable, or at risk?)

- **Results** in the formulation of solutions to address the gaps (What are we going to do to close the gaps, or mitigate risk?)

- **Produces** a talent scorecard (How are we going to track our successes, and measure the return on our investment in talent management?)
Talent Risk Assessment

A rigorous talent risk assessment is an essential component of the strategy workshop. This structured analysis typically focuses on questions such as:

- What are the most significant market place challenges facing the organisation, and what are the consequent talent implications?
- From where will our revenue growth come? Which aspects of our business are most likely to significantly grow, diminish, or evolve?
- What is the strength of our internal talent pipeline? Do we have in place now the people we need to do business tomorrow?
- Where are our greatest talent gaps? How deep are these gaps? Where are we most at risk?
- What are we doing (or should we be doing) to increase our overall capacity to deliver our business strategy?
- Does our investment in training and development produce results? How do we know that?
- Looking ahead, how will people requirements shift and change?
Who Are Involved

No strategy can be effective without the support of senior leadership – and talent management is certainly no exception. Talent management, in its broadest sense, is now a CEO-priority. As such, the CEO is also the chief talent officer.

In addition to the CEO, the following people should be involved in the design and implementation of a talent strategy:

- **Leaders of business units**
- **Heads of Department** (both line and support)
- **The HR-executive**
- **Talent Manager**
- **Opinion leaders**
- **Select individuals who can think strategically**

Deliverables

This scalable engagement has the following outcomes:

- A Board-ready talent strategy
- A talent scorecard
- An implementation roadmap
Robust Implementation

The success of any strategy lies in its execution. Under the sponsorship of the CEO, carefully selected cross-functional work teams are responsible for post-workshop strategy implementation.

This is combined with a focused action plan to embed a talent mind-set as part of the culture of the business, a process that needs to be carefully managed, tracked and measured.

Upon request, the Talent Institute provides implementation support.
Summary

Risk. Talent.

In today’s volatile, fast-paced, skills-strapped global economy, each of these issues has earned a permanent slot on board and executive agendas.

What is less often recognized is that talent and risk, in many ways, are not separate issues at all, but intimately connected in ways that can profoundly influence an organization’s ability to create and protect enterprise value.

A talent strategy helps leaders understand and appropriately address the challenges and opportunities at the intersection of these two domains.

Talent is the catalyst that helps an organisation deliver its strategy.
About the Talent Institute

The Talent Institute is a boutique professional services firm that specialises in helping clients develop and implement strategies to more effectively manage the acquisition, deployment, development and retention of talent to support current business strategies and to prepare for future challenges.

Next Step

When we work with you, we evaluate your challenges, goals, and talent management practice from the ‘outside in’.

By carefully shaping our approach to your situation, we bring new perspectives and help you master the art of making the right investments in people, because it is these investments that will deliver the best possible results and bring your business strategy to life.

If you are keen to explore the design of a talent strategy for your organisation, you may wish to contact:

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You may also wish to visit [www.talentinstitute.co.za](http://www.talentinstitute.co.za)