



Have Talent Management systems delivered?

If not, why not? – a blue print for the future

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Agenda

- ❑ Definition
- ❑ Why have a Talent Management system?
- ❑ Links to engagement, retention & productivity
- ❑ Why many TM systems fail to add value
- ❑ Making Talent Management systems deliver



Talent Management

- ❑ Strategically aligned and integrated people processes and activities targeted at attracting, recruiting, deploying, developing and retaining skills and talents for current and future business needs.

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Combination from sources such as the US Society for Human Resource Management and Peter Capelli (author Talent on Demand)



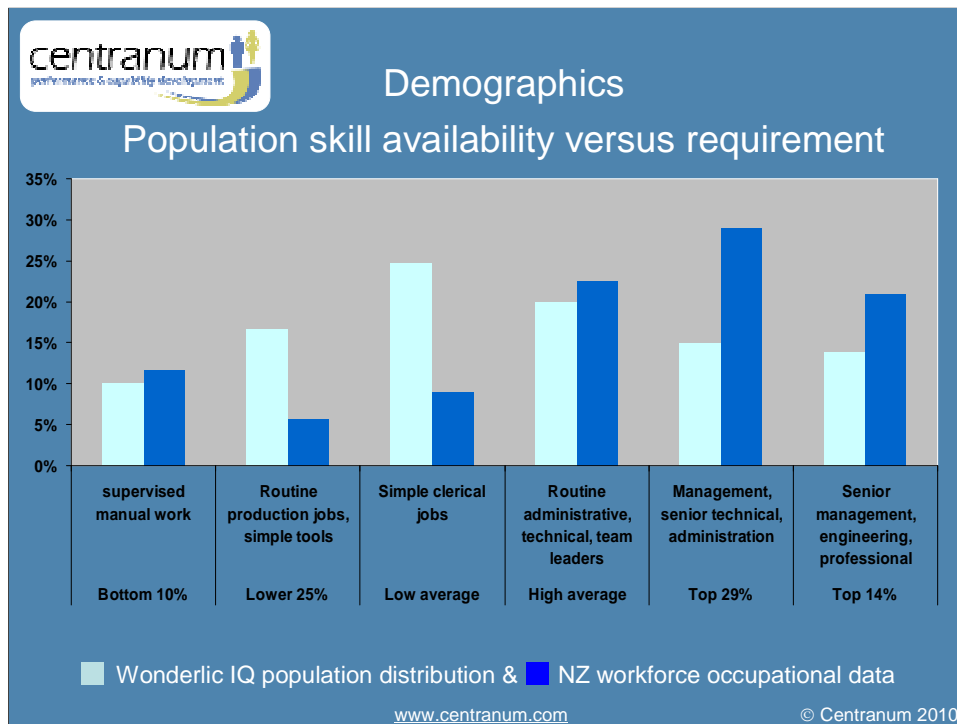
Why have talent management systems?

The Talent shortage

Difficulty in filling vacancies (May/July 2010)

- ❑ 30% of companies in NZ¹
- ❑ 35% in Australia (52% of large organisations)²
- ❑ 50% + in Singapore¹

Seen as critical risk with recovery → 2015



NZ Workforce occupational data from Dept of Statistics 2009

This shows how jobs are becoming more complex and outstripping the population distribution of ability.

The Wonderlic Personnel test is a widely used 12 minute cognitive ability test that correlates very closely to the major test of General mental Ability.

The test manual explains the differences between the groups in terms of job, education and training potential.

In summary

Bottom 10% can do manual work under consistent supervision

Lower 25% - process work, routine steps, require programmed on job training

Low average – routine office work with simple alphanumeric lists, requires programmed on job training

High average – general admin, team leader, gathers information, trains others for routine tasks. Learns routines quickly – training by combination of written reference and on job. Needs help with problem solving decision making.

Upper 25% - Management potential – senior admin – gathers information, analyses and makes decisions from limited number of choices – ie guidelines.

Upper 14% - senior management, professional and technical. Gathers, synthesizes information – problem solves and makes decisions in situations new to them using own relevant experience and first principles.

What does this mean? Need to clearly structure roles and provide guidelines and parameters, provide role specific training and development as well as training in problem solving and decision making techniques.



Better management practices → better results Engagement → better results

see handout for research details

- ❑ NZ companies compare badly with other OECD countries on people management. Research establishes a direct link between management practices and productivity, measured by sales and profit per employee.
- ❑ NZ performed particularly badly on retaining/promoting high performers, addressing poor performance.

MED April 2010 - NZ Management Practices & Productivity global benchmarking survey

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This was a study modeled on one done by McKinsey Consulting several years ago. Available on Ministry of Economic Development website. We have a copy if you can't find it.

Other studies indicate a direct benefit of good HR practices on organisational outcomes.

Associations of management practices with improved outcomes

Multinational studies profit/employee, increased sales.1

Longitudinal HCI survey - shareholder value creation →

above average rewards linked to accountability,
excellence in recruiting and retention,
open communication, flexibility and collegiality,
value adding use of HR technology.2

Engagement studies 3 - improved retention, minimum 4%, Improved profitability 1-4% to bottom line, Improved productivity e.g. monthly sales, Small correlation with improved customer loyalty and workplace practices.

Engagement and Improved individual job performance 4

1 McKinsey & Co. Management Practices & Productivity Global benchmarking survey

2. Pfau & Kay The Human Capital Edge 2002

3 Harter, Schmidt, Hayes 2002

4. 2010 Engagement & Performance



Why talent management systems fail

- ❑ IT, not practitioner driven
- ❑ Mostly just paper forms on line →
- ❑ Over Standardisation – little individual relevance
- ❑ Poor evaluation tools perpetuate bias
- ❑ Claimed “Best practice” may not always be so →
- ❑ Systems lack evidence based models of performance

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Most systems were designed following the IT model – collect data in some sort of form and keep in repository. The quality of the data is not of interest.

Paper form of necessity had to be standardized – this approach has been uncritically adopted by most TM systems.

Instead the approach should be to make use of the potential for technology to manage with a simple interface what would otherwise be too complex.

Evaluation starts with expectations – most systems completely overlook the quality and measurability of expectations, and are therefore doomed to failure.

Many forms have skewed and inadequately anchored rating scales or promote regression to the mean.

What is considered to be best practice in performance management is in fact highly dubious – assessment of ‘core competencies’ and annual Key Result Areas – objectives that must be drafted each time, and that are often of poor quality in terms of alignment to organisational goals as well as measurability.

Why don't we assess people against their job role expectations – the central part of the employment contract?

Systems that are IT driven are not based on processes and factors that over 50 years of quality independent research has established as predictors of successful job performance.



Why talent management systems fail

- ❑ Individual performance expectations not well aligned or measurable
- ❑ Lack of credibility with staff → disengagement
- ❑ Potential productivity gains not achieved
- ❑ Performance appraisal \neq organisational performance

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In most systems performance expectations have little relevance to what people are doing in the roles day to day. They are mostly defined in ways that permit only subjective evaluation.

Performance is defined as behaviour – instead of outcomes for the organisation.

Therefore performance management is just a compliance exercise – it adds no value.

If you look at the pattern of organisational performance versus that of individual performance appraisal – there is no relationship.



Why talent management systems fail

- ❑ Information on Capability is fragmented and dispersed
- ❑ Lack of accurate training needs analysis
→ unable to tightly target training, lack of measurable ROI
- ❑ Inadequate information on turnover factors
- ❑ Inadequate information for Succession Planning

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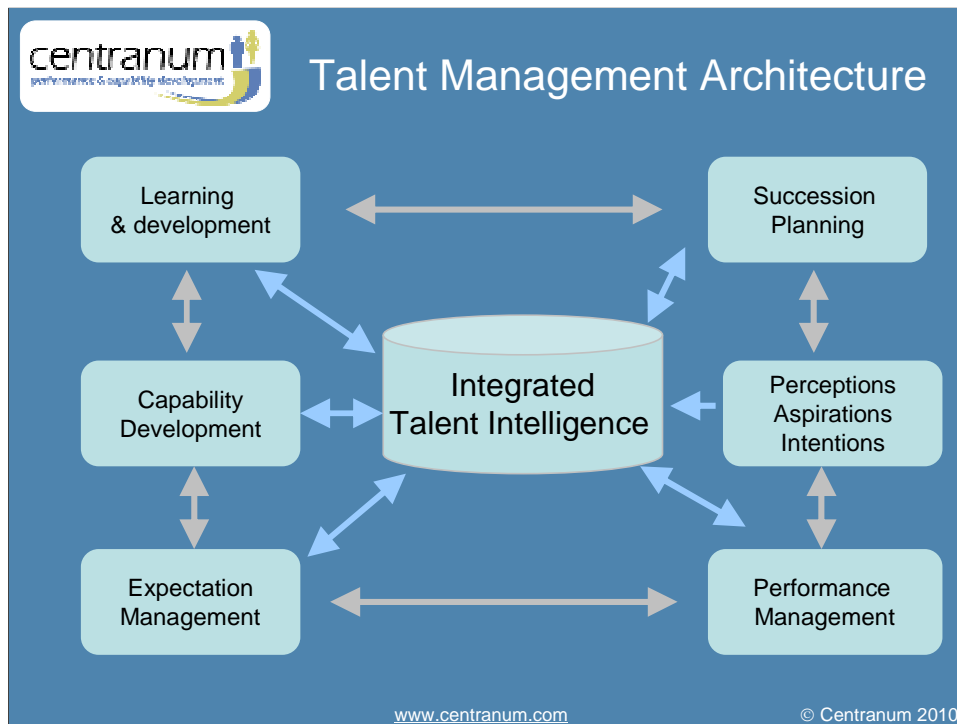
In most organisations there is no structured approach to defining or collecting the information on Capability that is needed for workforce planning. What information there is usually resides in different systems.



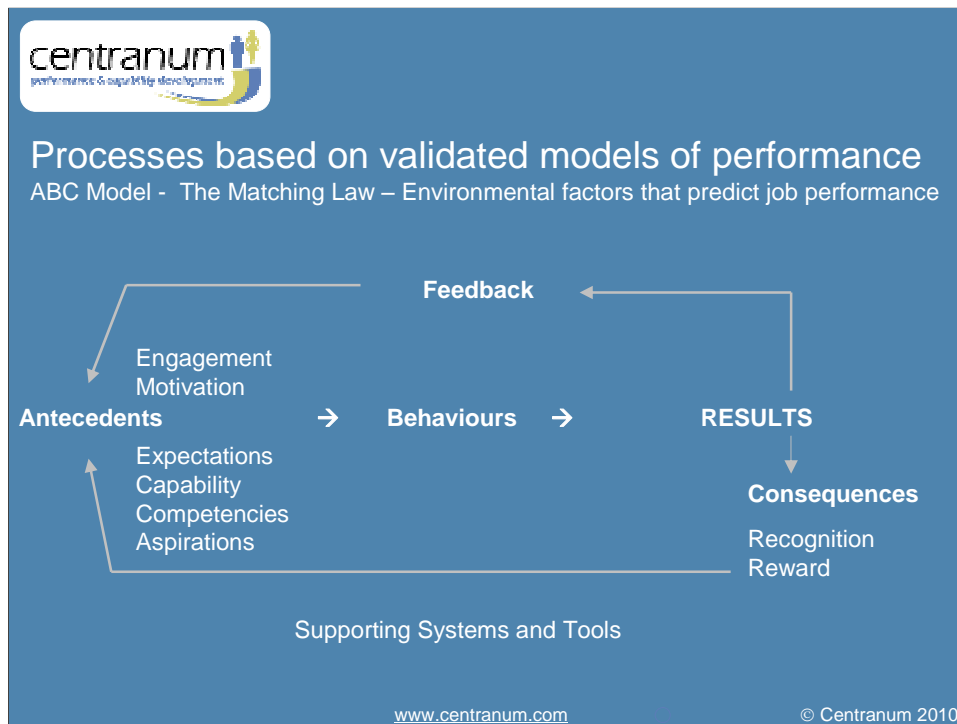
Blue print for the future

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All information must be integrated and available on demand



This is the Centranum model of performance which takes a systems view and follows the well validated ABC model from psychology.

It highlights the links between Antecedent → Behaviour ← Consequence

And the influence of personal capability and the work environment – i.e. tools and resources available.

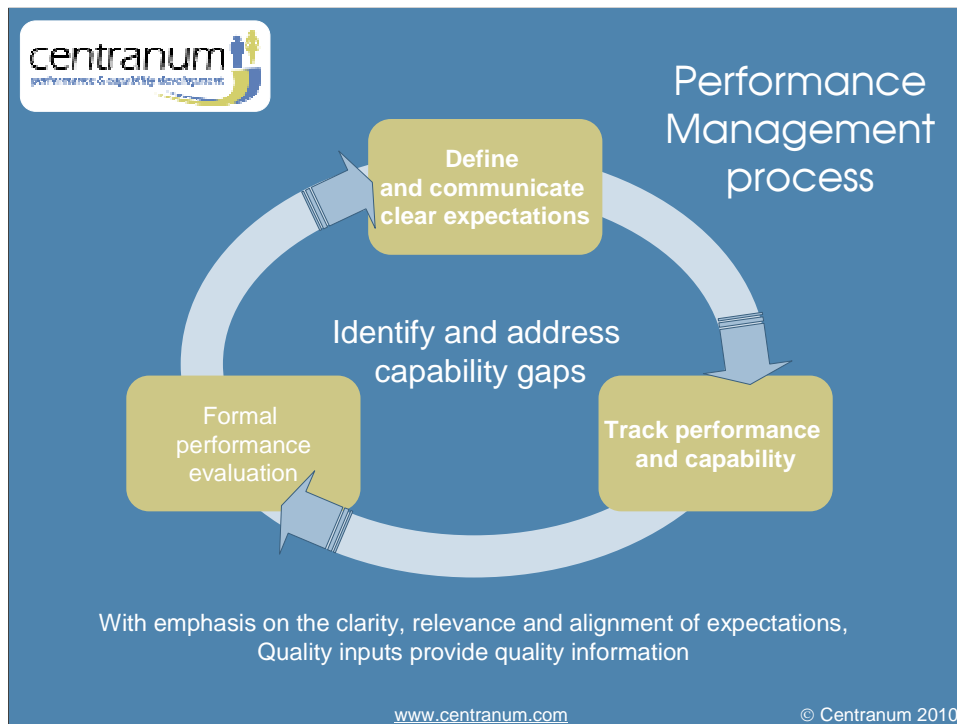
Research shows that the communication of clear expectations is the single most important factor in achieving successful job performance. Most systems provide no support for managers in this area. Centranum is unique in providing tools that help define and communicate expectations for job roles, management by objectives and competencies.

Obviously people must have the capability to meet expectations. A Talent Management system must provide tools for analyzing, defining and communicating role specific capability requirements including technical competencies.

One very frequent complaint in staff surveys is lack of feedback on how they are doing. Again research shows that feedback is an important factor for top performance. Feedback tools must ensure feedback is given, both up and down the hierarchy, on a regular basis. Not only does this give the necessary guidance and recognition to staff, but it also enables the identification and removal of barriers to performance in the work environment.

Since people's actions are influenced by the consequences they perceive, it is critical that people receive appropriate reward and recognition. Therefore a performance management system must accurately distinguish levels of performance.

Finally it is important to get feedback from the workforce as a whole on the culture of the organisation – ie to have an integrated survey platform that can be used to build and run your own climate, engagement and exit surveys. You need to benchmark internally.



Performance review is just one part of an ongoing process.

Research shows that staff in many organisations view the performance review process as a tick the box exercise, mainly because often the factors that are evaluated are not directly relevant to their day to day work.

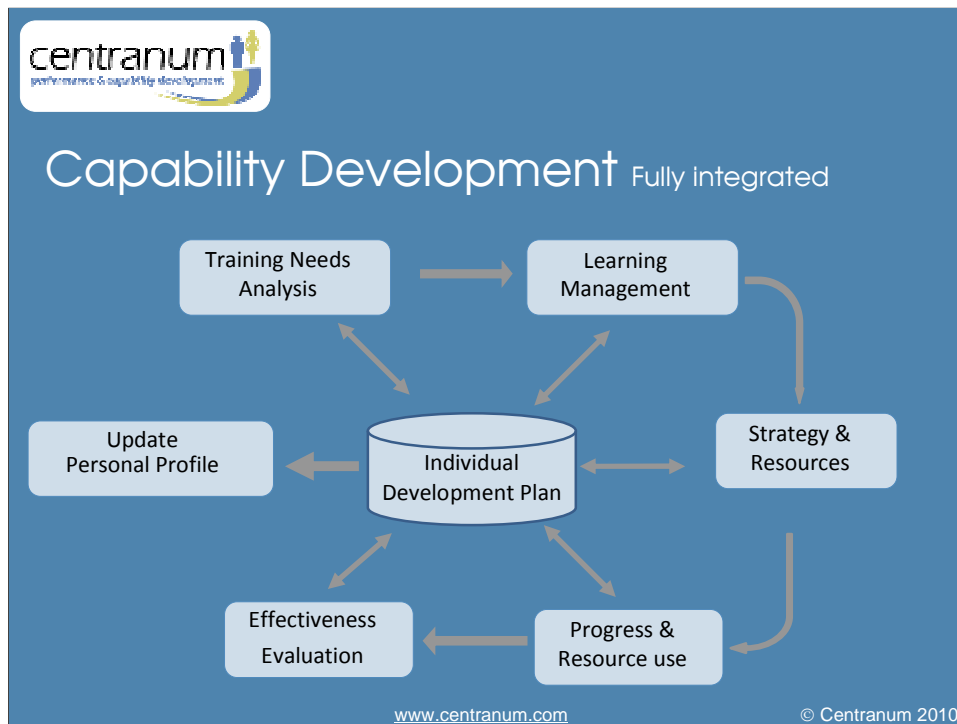
You must have tools that support the initial phase of defining and communicating clear expectations in order to promote relevance and ensure that, based on quality input, the performance review process adds real value to the organisation.

In most organisations performance expectations; job descriptions and objectives, get filed away, and once out of sight they tend to go out of mind. Instead they should be available on demand and revisited and updated regularly to ensure focus.

In many cases the goals that are entered to performance review systems are not of good quality – a TM system must provide goal setting tools that ensure individual goals are aligned with organisational and departmental priorities, relevant to the individual and truly measurable.

There must be a means to prompt regular discussion and performance tracking so that evidence is available for end of year reviews and so that HR can support those managers who need help with this.

Identification of capability gaps and development planning should be able to be done at any time, and individual development progress tracked outside the performance review.



The individual development plan is at the centre of learning management. With this you should be able to maintain lists of:

- Approved learning strategies
- Formal and Informal learning resources, including details of internal and external training courses.
- Manage course bookings
- Track progress – ie: comments, hours and \$ spent.
- Have managers rate training effectiveness
- View consolidated reports
- Configure automated update of individual Capability data from completed training and development plans.



Providing for the future Rich information

		↓ Talent Identification Evidence based definitions of potential		↓	
		<i>Individual approach</i>		<i>Group approach</i>	
<i>Critical roles</i>	Confidential Succession Planning and scenarios	Capability Gap Analysis & Individual development planning		Talent Pool Management Competency gap analysis Structured experiences	
<i>Other roles</i>	Career Interest and Planning				

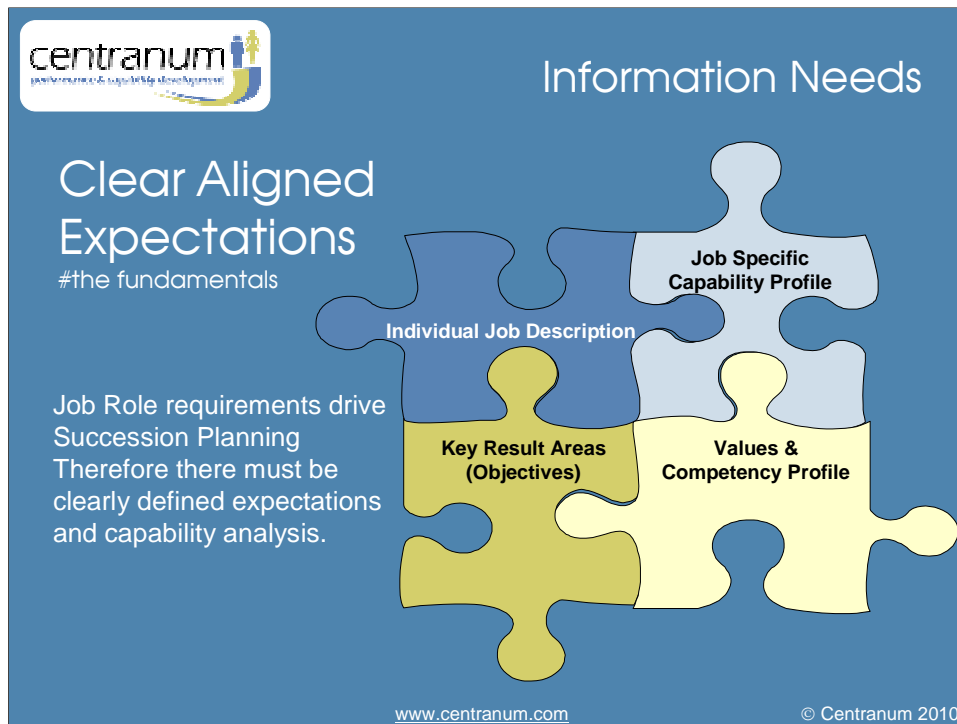
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Talent identification is just the first step – a regular annual exercise with managers to identify and track talented employees and those at risk, ideally in a facilitated discussion to ensure calibration of assessment.

Succession Planning should have twin tracks – a group approach to develop people for leadership and along technical career pathways, and an individual approach where successors (probably from the talent pool) are developed for specific positions.

Succession information should include indications of career interest, manager recommendations for next career move and estimations of future potential – short term, long term and maximum level attainable together with time frames, as well as formal ranked successors for critical and developmental positions.



There are 4 types of expectation.

Values based behaviours expected as well as core competencies and detailed technical skill requirements, including clinical competencies for healthcare organizations.

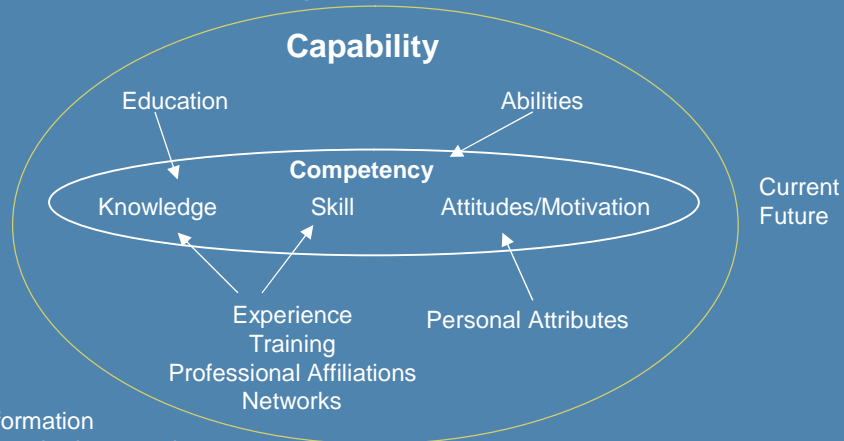
All expectations should be integrated with Performance Tracking and Evaluation processes.

Job roles in the aggregate are in effect the business model of the organisation.

Job Roles and associated Capability Requirements are the starting point for Succession Planning and must be fully integrated with Talent Management processes.

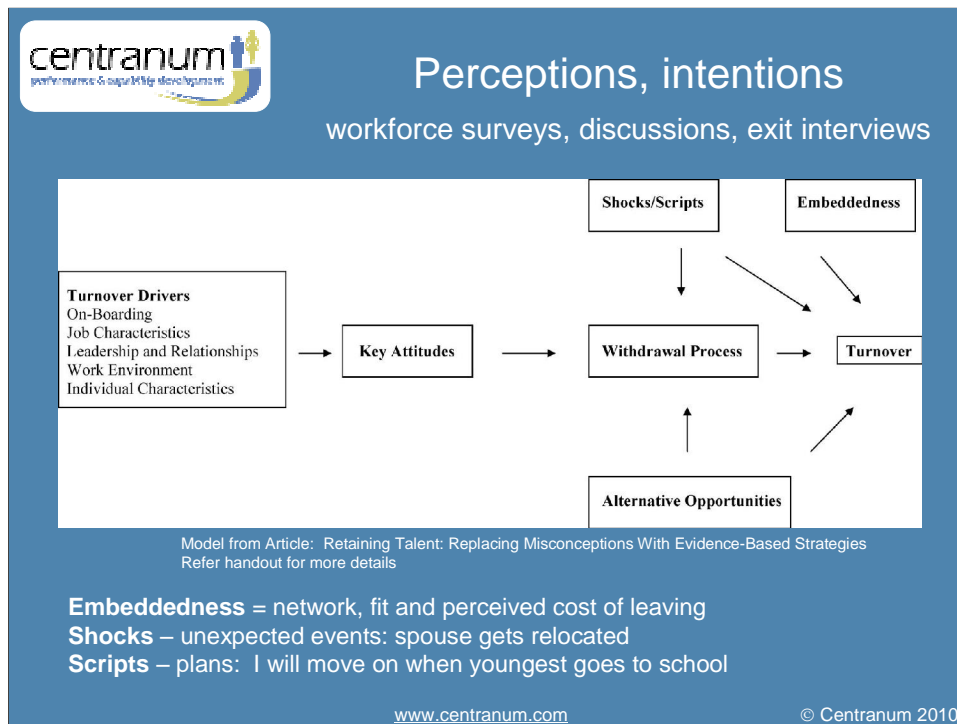
Capability concepts

The Competency approach alone is not enough
Multi level information in configurable frameworks – verifiable/observable



One of the problems in HR is that there is no agreement on the meaning of terms – these are the definitions we use – and it is important to be clear – so that all in the organisation have a common understanding.

“Capability” covers all dimensions – but we use it primarily for those aspects of Capability that are not directly observable – whereas Competencies are observable behaviours.



This is taken from the paper

Retaining Talent: Replacing Misconceptions With Evidence-Based Strategies

by David G. Allen, Phillip C. Bryant, and James M. Vardaman. *Academy of Management Perspectives* May 2010

Turnover factors - associations

Onboarding process

- Socialisation (-0.14), job previews (-0.06)
- + Weighted application blanks¹ (factors that predict turnover) (+0.22)

Job

- Role clarity (-0.24), opportunity (-0.16) scope (-0.14) pay (-0.11)
- + Role conflict (+0.22), role overload (+0.12), routinisation (+0.11)

Leadership

- Leader/member exchange (-0.25), co-worker/supervisor satisfaction, work group cohesion (- 0.13)

Work environment

- Communication (-0.14), Participation (-0.13), Distributive Justice (-0.11)
- + Stress (+0.16)

Individual

- Commitment (-0.27) Tenure (-0.23) Job satisfaction (-0.22). Children (-0.16)
- Age (-0.11) small effect other demographics eg married.
- + Education (+0.06) GMA (+0.02)

Withdrawal process

- + Intention of leaving (+0.45), job search intention (+0.34), actual job search (+0.31), thinking of leaving (+0.29), perceived alternatives (+0.15)

Identifying Potential

- ❑ **Foundation indicators**
 - Cognitive ability, interpersonal orientation, emotional personality factors
- ❑ **Growth indicators**
 - Learning disposition, motivation, career aspiration
- ❑ **Career Specific indicators**
 - Leadership skills, interpersonal skills, experience, knowledge and technical/functional skills, flight risk

Refer paper on our website *Talent Identification – What is Potential* for more details.

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**Integrated view
for Talent Management decisions**

Staff Profile

Staff Name	Carly Clark(111222)	
Join Date	12-Dec-04	
Department	Customer Service	
Title	Customer Services Representative	
Competency Profile	Brief Competency profile	
Position History	Personal Assistant - 25-Oct-04 Customer Services Representative - 07-Feb-05	
Performance Rating	Mar 10 - Meets expectation Mar 09 - Meets expectation Mar 08 - Meets expectation Mar 07 - Meets expectation Mar 06 - Meets expectation	
Performance vs Potential	Core contributor (2010) Core contributor (2009) Core contributor (2008) Possible misfit (2007) Possible misfit (2006)	
Risk	Low risk, medium impact (2010)	

Select a tab to view

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Effective Talent Management requires a one stop view of all relevant details, with different levels of contribution and information according to permission status.



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