

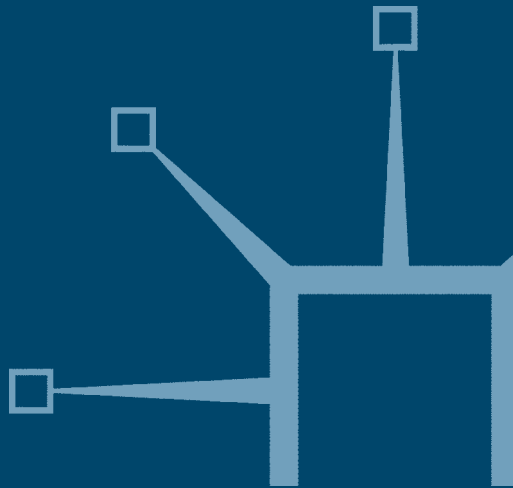
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# Talent Management

Cases and Commentary

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Edited by  
Eddie Blass



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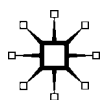
# Talent Management

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# Notes on Contributors

**Eddie Blass** combines her role as a Senior Lecturer in Professional Learning at University of Hertfordshire with associate work at Ashridge and was the lead researcher in the Talent Management research project. She is well published in the fields of professional learning and HRD, and specialises in futures studies and what this means for organisations' development.

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**Sarah N. Brockhoff** holds a double BA (Hons) in (International) Business Administration from the University of Hertfordshire and the HTW des Saarlandes (Germany). In 2007, she completed a MSc in Strategic Marketing from the University of Hertfordshire with a Distinction. Sarah, an Associate Member of the Market Research Society, has been working in Market Research since 2006.

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**Ann Knights** is a Business Director with Ashridge Consulting and the Ashridge Centre for Coaching. Her practice combines research into the field of talent development with organisational consulting aimed at helping clients to achieve high levels of personal, team and organisational performance. Often Ann has worked with organisations undergoing significant change to their business working with leaders and influencers to develop their capacity to lead and support change.

**Fabio G. Oliveira** has been working in marketing and sales for 13 years in key positions in companies in Brazil and UK. He holds a BA (Hons), an MBA and a MSc Strategic Marketing from the University of Hertfordshire. He currently works as a Marketing Lecturer and Researcher in the University of Hertfordshire. His research interests vary from entrepreneurship to Internet Marketing.

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**Marcus Powell** is an Associate of Ashridge Consulting having worked in a variety of roles in large retailing organisations. His main areas of interest include organisational values and ethics, sustainable behavioural change, coaching of teams and individuals, engagement of teams in organisations, leadership development and teamwork. Marcus has a wealth of experience in coaching senior executives and board members through periods of significant organisational change.

# Acknowledgements

This book would not have been possible without the generous access, openness and honesty of the case study organisations that took part in the research. There is little detailed research in the field of talent management as everyone is feeling their way, and hence the generosity of the case study organisations in allowing us access and giving us the time to case study their activities cannot be underestimated.

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Finally Ina Smith and Kai Peters at Ashridge need mentioning for driving this project in the first place, and continually supporting it throughout what became a very long year – and the University of Hertfordshire School of Education for allowing me the flexibility to finish this project with Ashridge after I joined them when only half-way through!

Thank you all.

Eddie Blass  
Editor

# 1

## Introduction

Due to changing demographic patterns, organisations universally are facing an increase in the number of employees due for retirement and a dwindling number of younger workers available to replace them. Between 40% and 70% of all senior executives will become eligible for retirement in the next five years at most major corporations (Gandossy & Kao, 2004).

This demographic shift is changing the nature of the psychological contract, and employees are more able to pick and choose between employers. The highly educated professional employee is less a malleable resource for the company and more a mobile investor of his or her own intellectual, social and emotional capitals. The labour market is increasingly favouring the employee in the employment relationship. Understanding and effectively managing the psychological contract will help organisations thrive, but there needs to be clear agreement on the contributions that the employees make and employers expect. Promises about careers, development and how talent is managed will be more rather than less important in the future.

McKinsey's report talent management as a strategic priority for organisations and yet over half of line managers are resistant to the process (Guthridge *et al.*, 2006). Similarly, the results of IOMA's HR critical issues survey for 2006 identified talent management as the top issue for 75% of respondents (Sandler, 2006). Appreciation of the link between talent management and the bottom line is increasing amongst the HR fraternity. Lex Werner of 'The Limited' found that the company's results improved dramatically when he spent half his time on people rather than half his time on finances (Handfield-Jones *et al.*, 2001) suggesting that if you manage the right people in the right way, the finances look after themselves. Yet talent management is more than just spending time looking after people and human resource management.

Finding a clear definition of talent management is difficult. In the conversations that have taken place while researching this book a number of conflicting views and interpretations have been presented. Some see it as

## 2 Talent Management

strategic, others as organic. Some see it as operational, others as strategic. Some see it as integral to the performance management system, others see it as distinctly separate. Some see it as applying to everyone, while others see it as segmenting. While the talent management process may differ between organisations, some common understanding of what we mean by talent management is necessary if it is to be conceptualised and researched. Hence, the definition of talent management presented here is:

Talent Management is the additional management, processes and opportunities that are made available to people in the organisation who are considered to be 'talent'. (Blass, 2007)

This does not mean that one should not be concerned with the more general processes, such as performance management, that are available to everyone in the organisation, but the talent management system is the additional elements that are afforded to high potentials/high performers, or however else the organisation chooses to define talent.

The impact of talent management may vary from industry to industry and workplace to workplace. Industries such as PR, consulting and other professional services stand or fall by the people they recruit and retain, and hence may have a larger pool of 'high potentials' within their organisations than other industries which are less affected by individual personalities but still need a solid talent base on which to build the organisation. Regardless of the sector, industry or organisation, talent management appears to be an important consideration when the future of the organisation is contemplated. However, moving from this strategic realisation to an operational talent management process is something that many organisations are struggling with.

This book is based on a large-scale research project initiated by the Chartered Management Institute and Ashridge. It set out to explore talent management practices in organisations, searching for areas of best practice, and areas that organisations are struggling with, in order to gain an understanding of the reality of talent management in organisations today. While the book acknowledges that there may be no single right way in which to do talent management in an organisation, it does offer some guidance to the factors that organisations should be considering when designing and reviewing their talent management systems, and offers examples of how some organisations are dealing with these issues in practice.

It would not be right to continue without saying a huge thank you to the organisations who agreed to be the case studies for this research. Twelve of the organisations have agreed to be named and published in full so you can benefit from identifying with the organisation and their public image, reputation and HR practices. Others have agreed to be published anonymously so that you can benefit from their learning and practice, although

you will not be able to understand the context in which they operate as fully. Finally a number of case studies withdrew from the research once their case study had been completed. This was particularly disappointing and a chapter appears at the end of the book reflecting on why this might have been, what we can draw from this, and key ideas that can be taken forward.

The case studies were carried out through interviews and documentary analysis, with the talent champions in the organisation, senior managers, middle managers and 'talents'. The case studies focussed on the operationalisation of the talent management strategic process, looking at the practice that was occurring against the policy outlined by the talent management champions. They built on a literature review of over 200 sources, and were supported by a survey of the Chartered Management Institute members which had a response rate of over 1,500 people across the UK. The sample was broadly representative of the UK management population in terms of sectors (private, public and voluntary), industry, gender, age and level of seniority in the organisation. This is a strong base therefore on which to examine management attitudes towards and experiences of talent management practices. Finally, focus groups were held with HR managers and talent champions during the research process to ensure that there were no blind spots arising in the areas of analysis.

The structure of the remainder of the book is a combination of case studies reproduced in full, and chapters of commentary drawing out salient points from the case studies, pairing them with the survey results and key findings from the literature, and drawing out key learning points for organisations to reflect on in the future. The case studies are published in separate chapters without commentary so that you can get a feel for each organisation as they presented themselves to us.

## **Strategic perspectives**

Two key findings from the research need to be explained up front. The first is the strategic perspectives and the second is the operational dimensions. Not that much 'good' literature has been published with regard to talent management. This could be because it is a relatively new concept so there is not much research available, or it could be because the academic community is not taking it particularly seriously and seeing it as a mutation of succession planning and other HR activities. This is not the case. However, when the field is relatively new, the ground is uncharted and a map of the territory needs to occur. This is what the next chapter does by reviewing a range of the literature in HR issues that could be linked to talent management, in addition to reviewing what little literature does exist on talent management itself. It became clear from this reading that those who were writing in the field were viewing talent management from a number of different perspectives. These are presented in Chapter 2 with

regard to their implications for HRM, and are taken forward as the 'strategic perspectives' throughout the rest of the book. An additional perspective was added to those stemming from the literature as it arose from the Network Rail case study, where a 'change management' perspective emerged.

The strategic perspective shapes the way in which the talent management system is viewed, implemented and operationalised, so that the same activity can result in a different action and/or outcome depending on the perspective employed.

There is the *process perspective* which proposes that it includes all processes needed to optimise people within an organisation (Farley, 2005) as they truly believe that the future success of the company is based on having the right talent – so managing and nurturing talent is part of the every day process of organisational life.

There is the *cultural perspective* that believes talent management is a mindset (Creelman, 2004), and that you must believe that talent is needed for success (Michaels *et al.*, 2001). This can be seen where every individual is dependent on their talent for success due to the nature of the market in which they operate, and is typical of organisations where there is a 'free' internal labour market, with assignments being allocated according to how well they performed on their last assignment. Alternatively this can be an organisation where the development of every individual's talent is paramount and appreciated, and allowing people to explore and develop their talent becomes part of the work routine.

There is the *competitive perspective* which is underpinned by the belief that talent management is about identifying talented people, finding out what they want, and giving it to them – if not, your competitors will (Woodruffe, 2003). This tends to be the default perspective if no other perspective is taken, if only as a retention strategy. It is also seen in the professional services firms where they generally adopt the competitive approach because their business proposition is based on the talents of their people.

There is the *developmental perspective* that proposes talent management is about accelerated development paths for the highest potential employees (Wilcox, 2005), applying the same personal development process to everyone in the organisation, but accelerating the process for high potentials. Hence the focus is on developing high potentials or talents more quickly than others.

There is the more general *HR planning perspective* which claims talent management is about having the right people matched to the right jobs at the right time, and doing the right things (Mucha, 2004). This is often identified with companies currently experiencing rapid growth which to some extent is driving the talent management system, and once they become more stable in terms of size of operations their perspective might change. Succession planning tends to be more prominent in organisations taking this approach.

Finally, there is the *change management perspective* which uses the talent management process as a driver of change in the organisation, using the talent management system as part of the wider strategic HR initiative for organisational change (Lawler, 2005). This can either be a means of embedding the talent management system in the organisation as part of a broader change process, or it can put additional pressure on the talent management process if there is widespread resistance to the change process.

## Operational dimensions

You will find as you read on through this book that every case study organisation does something completely different. How then could we draw any conclusions from the research? Although each organisation does do different things, there are common strands along which organisations have made decisions. These are what we have called the 'dimensions' and 18 of them have been identified in this book. While each organisation places itself in a different position along the dimensions, they can all be analysed in line with the dimensions, and indeed in each case study there is a detailed breakdown by dimension to help you make comparisons.

There are six dimensions that contribute to how talent is identified and defined in an organisation:

1. **Size of Talent Pool** – How many people are considered in the talent pool?  
The extremes are only 1% of employees through to all 100% of employees.
2. **Entry Criteria** – How easy is it to meet the criteria to enter the talent pool?  
The extremes are very easy where anyone can be considered for entry at any time through to very difficult where certain criteria need to be met to qualify for entry.
3. **Decision Process** – How many people are involved in deciding who is to be classified as talent?  
The extremes in this dimension are concentrated decision making, usually resulting in it being the line manager, through to distributed decision making of some form.
4. **Permanency of Definition** – How permanent is the labelling of talent?  
The extremes here are 'once talent – always talent' through to the label of talent being transient.
5. **Recruitment as a Source of Talent** – Where are key vacant roles recruited from?  
The extremes here are all internal candidates through to all external candidates.



### 6. Transparency – How transparent is the talent management system?

The extremes are that it is fully transparent with everyone appreciating how the system works and their personal talent classification, through to the system being untransparent, sometimes to the point that individuals don't even know there is a system in place.

The following seven dimensions impact on how talent is developed in the organisation:

### 7. Development Path – How are people developed once they have been identified as talent?

By an accelerated path whereby they receive the same development as everyone else only faster, through to a completely differentiated, bespoke route that is designed to meet that individual's needs.

### 8. Development Focus – Where does the focus of the organisations development activities lie?

The extremes are on strengths or on weaknesses.

### 9. Support – How much support is provided to the talent pool within the organisation?

This ranges from a highly paternal approach where an organisation nurtures new talent positions through to individuals being left to sink or swim.

### 10. Influence on Career – Who has the most influence on an individual's career?

This can range from the individual themselves, to their line manager, senior management teams, HR and peers across the organisation.

### 11. Connected Conversations – How many people can an individual discuss their career options with?

The extremes here are just their line manager through to anyone they wish to talk to in the organisation.

### 12. Organisational Values – How do the organisation's values help to motivate those in the talent pool?

In some organisations managers are motivated by challenge and competition, in others collaborative and supportive cultures are used to service and dedication.

### 13. Risk – How much risk the organisation is prepared to tolerate has an important impact on the outcomes of the talent management system.

Finally, there are five dimensions that impact on the structure and systems that support the talent management process:

### 14. Performance Management – How is someone's performance measured in the organisation?

The extremes are by outcomes or outputs that individuals achieve over a period of time, through to the process or inputs they contribute through the way in which they perform, i.e. results or behaviours.

15. Talent Management Processes – To what extent are the structures and systems supporting the talent management (TM) system understood?

The extremes here are explicit structures and systems such that everyone is aware that there is a process and how it works, through to implicit structures and systems that nobody is conscious of, and hence may not identify them as existing at all.

16. Use of Technology – How central is the role of technology in supporting the system?

The extremes are IT independent such that the system is largely paper-based, through to IT dependent where a computer package is used for longitudinal analysis and tracking purposes.

17. Systems Flexibility – How static is the application of the system?

The extremes are prescriptive or static at one end, through to evolving or changing at the other.

18. Ownership of Talent – Where is talent owned in the organisation?

The extremes are local ownership within business units through to shared ownership around the organisation.

Each of the case studies is discussed in terms of an overview of how the talent management system works; a breakdown of the positions of the case studies against the dimensions outlined above; bullet points drawing out areas of particularly good practice and areas where the organisation may find they have to pay more attention in the future; and finally a 'fictitious narrative'. The narratives have been written to try to capture what it feels like to be talent managed in that organisation, as the research team felt that something was lost in the interpretation of the case studies without the capturing of the personalities involved. These narratives are completely fictitious and have been written by the team to capture the feelings they were left with after completing the case studies. They are all written as points of dilemma and have been included to allow you to get a more emotional response to the talent management systems as it is people who are talent managed at the end of the day, not machines or systems. It is easy to lose the personal element in talent management and the narratives seek to redress this.

# 2

## A Map of the Territory between HRM and Talent Management

*Eddie Blass, Sarah N. Brockhoff and Fabio G. Oliveira*

### Introduction – The organisational imperative

Due to changing demographic patterns, organisations universally are facing an increase in the number of employees due for retirement and a dwindling number of younger workers available to replace them. Knowledge loss due to the retirement of the baby boomers looms, and companies not yet feeling the pain of human capital shortage need to wake up (Foster, 2005). Between 40 and 70% of all senior executives will become eligible for retirement in the next five years at most major corporations (Gandossy & Kao, 2004).

This demographic shift is changing the nature of the employment contract, such that workers are more able to pick and choose between employers based on issues such as work life balance, diversity policy, and the extent to which they will have a voice (Berger, 2004a). The employee is less a malleable resource for the company and more a mobile investor of his or her own intellectual, social and emotional capitals, and as such are ‘volunteer’ employees for organisations, who view themselves not as assets, but as investors in their organisations (Gratton & Ghoshal, 2003). Boole (2004) even recommends that organisations use outplacement techniques to sharpen the mutual understanding of an employee’s current and future potential contribution to the organisation, so that there are no misunderstandings in the career transition processes, or in what they are volunteering to. The labour market of the future will favour the employee, and this has rebalanced and is hence redefining the nature of the psychological contract.

A Towers Perrin study ‘How leading organisations manage talent’ examined 22 large employers and found that talent management is now a strategic business priority (Towers Perrin, 2002). In industries such as PR, where intellectual property is everything and accounts move when people do, finding a way to keep the best talent is everything (Bannister, 2005). While the instinct might be to find out what other companies are doing and

copycat their practices, Branham (2005) warns that they may not be the right practices for your company. He suggests recognising the key employees on which your business depends and attempting to understand how to better meet their needs. Lex Werner of The Limited found that the company's results improved dramatically when he spent half his time on people rather than half his time on finances (Handfield-Jones *et al.*, 2001). It would appear that if you manage the right people in the right way, the finances look after themselves.

The results of IOMA's HR critical issues survey for 2006 identified talent management as the top issue for 75% of respondents (Sandler, 2006), suggesting that appreciation of this link with the bottom line is increasing. Don Ruse, Senior Vice President at Sibson Consulting claims that the best talent strategies show executives the talent implications of the business strategy; accurately forecast talent needs and gaps in type (skills sets) and number (headcount); provide information on human capital programs to allow correct decisions to be made; and lead in upgrading the organisations talent portfolio (Sandler, 2004). This in turn leads to succession planning.

## **Succession planning and talent management**

While it is questionable whether succession planning is a subset of talent management, or whether the latter is an evolution of the former (Heinen & O'Neill, 2004), succession planning activity itself should be clearly linked to the organisations strategy. An organisation needs to know where it is going in order to plan what it needs to get there, and link HR strategy and processes to business results (Farley, 2005).

Successful succession management integrates talent management with organisational strategic planning and anticipates changes in management. It is more than just replacement planning, and creates a culture of learning and development at all levels, building a structural developmental process for top managers, and providing a range of practical tools for employee advancement. A variety of technological solutions can help including monster.com, resumix and TalentSmart, the latter offering 360 degree multi-rater assessments, and other behavioural assessments (Hartley, 2004).

Carey (2004) argues that good succession planning is a culture more than an activity. It involves the board, exposes top managers to the board, encourages future CEOs to gain exposure outside with the media and investors, and so forth in an ongoing real time process that becomes predictable. Part of the difficulty is that talent identification and measures of potential are generally decisions made subjectively on judgement rather than objectively on facts (Carrington, 2004). It is not just a case of relying on past performance to predict future performance. Dalziel (2004) argues that past performance indicators lead to the Peter Principle (people promoted to their level of incompetence) rather than where decisions are

made on the recognition of the self-confidence, self-awareness and emotional fortitude needed by people who will deal with high pressure situations even handedly. Heinen & O'Neill (2004) also stress the difference between potential and promotability, arguing that the first needs developing in order for the second to be successful. Michaels *et al.* (2001) argue that a certain part of talent eludes description, but you know it when you see it.

At Intel employees who are recognised as talented are given management experience at an early stage by working in teams of ten with peers and managing each other's performance before they actually have to manage a department (Sandler, 2003). Wilcox (2005) also advocates giving people early and realistic previews of various senior jobs as it helps employees self select. Conger & Fulmer (2003) acknowledge the failure to master the more general competencies such as public relations as a cause of failure of leadership, and advocate grooming individuals for linchpin positions. Marshall (2005) argues that you need to identify the key people to take over in the event that a key person is 'hit by a bus', and that these potential successors then need to be kept in the loop about all the key things to do with the job role they may one day fulfil. Hence succession is a deliberate process, to the extent that some organisations make it a requirement that a successor is in place before a promotion is offered (*ibid*).

## Career management

The question of who becomes responsible for managing one's career underlies much of the talent management debate. The Gratton & Ghoshal (2003) idea of the 'volunteer' employee puts the emphasis firmly on the employee. It is their career and they will choose where to invest their time to develop it. Alternatively, the talent management approach wants individuals to stay within the organisation and be developed for critical roles in the future. In this model the organisation wants to take responsibility for ensuring that the individual is developed and ready for the career move, and they want to guide the career path of the individual in the direction that they need. There is a fine balance that needs to be achieved. In order to perform, the organisation has become dependent on the talents the individual possesses giving the individual the balance of power in the employment relationship. At the same time, the individual needs the organisation as a work community in order to develop and use their talents shifting the power back to the employer. Hence the relationship needs to be reshaped on reciprocal terms (Schoemaker & Jonker, 2004).

Electrolux view career management as a dual responsibility. Each manager is responsible for developing his or her people, and each individual is responsible for seeking out new challenges and actively managing his or her career within the open labour market within the group (Pollitt, 2004).

Tsui & Wu (2005) call this 'mutual investment', where the offered inducements from the company and the expected contributions of the individual are both high, so a long-term relationship is formed on the basis of a contract, rather than the commitment and loyalty ideals of the previous century.

If organisations want to manage the careers of their talent they need to clearly articulate the ways in which their roles will change, both laterally and hierarchically, based on the organisation's requirements, and what the behavioural implications of that will be. This provides clarity with regard to shared anchor points, and helps high potentials navigate through the transitions and undertake appropriate development with a clear understanding of what they need to do differently to be successful as their role changes (Watkins, 2003).

Mentoring provides both professional guidance and psychosocial support to employees, and despite the fact that most senior managers currently in post did not receive mentoring as part of their career development, they see it as playing an important role in career development and management of others (Scheck McAlearney, 2005). Central to the idea of career development is the role of competence development itself.

## **Development plans and talent management**

Whether the focus is on individual competence or organisational competence, developing competence within the organisation is key to creating a talent management system. Berger (2004c) argues that an organisation should develop a list of its core competencies and assessment tools for measuring them; develop training and development solutions to support these core competencies; assess everyone against them and forecast potential; and finally prepare action plans to ensure that the core competencies are covered. Redford (2005) believes the focus should be on the competencies rather than the future leaders *per se*, in an effort to find people who can do the jobs brilliantly, while Romans (2005) redesigned his entire organisation using the human capital pipeline systems thinking model, based entirely on a system of role competencies rather than individual competencies.

Talent management needs an organisational commitment to continuous professional development (Clarke, 2001). This will be visible through the range of development experiences offered within the organisation, moving away from the traditional classroom training-based model, to include stringing together a range of meaningful experiences to build character. These could include coaching, issue development meetings, job rotation, interim and emergency assignments, task force assignments, extracurricular activities and so forth (Krewson, 2004). Phillips & Phillips (2004) argue that corporate universities can help by linking learning and strategy, and preparing employees for future challenges.

Ken Tucker of the Gallop organisation sees most organisations focussing on individual's weaknesses rather than their strengths. Development plans are then drawn up to address these weaknesses, rather than people being paired with others with opposite strengths and weaknesses to work in teams (Digeorgio, 2004). He argues that while focussing on weaknesses may prevent failure, focussing on strengths leads to world class success, and people feel good about themselves, and find new ways of using their strengths for the organisation's benefit. Focussing on strengths means focussing on existing capabilities rather than capabilities in need of development. Goodman (2000) also believes that institutions now need to be organised so as to bring out the talent and capabilities existing within their organisations, to encourage people to take initiative, and to give them a chance to show what they can do, and a scope within which to grow. He sees this as a shift from management to managing, the nuance of which shifts the emphasis from a controlling development stance to an empowering development perspective.

If you're in a situation where you realise that you don't have the capabilities and potential talent in-house already, you have little choice but to recruit.

## **Recruiting talent**

There is an inherent conflict when recruiting as to whether to recruit for a better workforce today or to plan for the workforce of the future. Ideally both are covered, but the Aberdeen Group report that over half the respondents to their survey are still operating a reactive, emergency-driven recruitment strategy, rather than identifying the critical jobs in the company and having processes in place to ensure that any potential gaps are covered (Aberdeen Group, 2005). Recruitment processes are vital – if people don't like the process, they won't come (Bannister, 2005). Chowdhury (2002) suggests that talent is treated as a customer when being recruited and then as a preferred supplier once hired. The important factor is getting the right calibre of people to want to work for you. Ideally your organisation will be considered an 'employer of choice', and your recruitment practices will address both the tangibles and intangibles of the employment process, giving the potential recruits a feel for the culture, environment and colleagues with whom they will be working as well as the details of the compensation and benefits offered (Branham, 2005).

New ways of recruiting are also looming. In the third quarter of 2003, *Monster.com* had 16.7 million unique visitors, and 30.7 million active resumes online (Frank & Taylor, 2004), and the recruitment market is becoming global. Morton *et al.* (2005) report that in the US and Europe only 10% of current graduates have science or engineering degrees, while in India and China the figure is over 40%. Given this, where is the inno-

vation more likely to occur? Organisations need to know the market they are recruiting in and actively source the talent they are after.

Von Seldeneck (2004) suggests a more pro-active approach. He suggests identifying the good competition and who their key people are, and then luring them to your door. To convince them to join your staff you need individuals who excite them to invite them in, while offering them performance-based compensation packages, quality of life considerations and career development in an environment that promotes diversity.

Once you have enticed talent to join your organisations, the focus then needs to turn to keeping them.

## **Retaining talent**

Arguably the economic downturn at the start of this decade has caused many employees to stay in jobs that they otherwise might have left earlier. As the economy recovers up to half of managers could be looking for new jobs as long hours, lower pay and benefits coupled with their perception of ungrateful and greedy senior leadership propels disgruntled employees to leave as more opportunities become available (Mucha, 2004).

The 2005 What's Working Survey conducted by Mercer Human Resource Consulting found that 50% of employees who thought that their organisations could not meet their long-term career objectives were thinking of leaving, while this number more than halved for employees who felt that their organisations could. Similarly, being given good opportunities for continuous learning reduced the number thinking of leaving from 57% to 32% (Mercer, 2005). However, it does not all seem to be about opportunities. A Gallup study of 80,000 managers concluded that the greatest drivers of employee engagement and retention are intangible, mostly related to the way a manager treats their employees (Branham, 2005).

In Fortune 500 organisations, female executives are leaving at twice the rate of men because of their frustration with the work environment (Dickinson Shephard & Betof, 2004), resulting in 77% of new businesses in the USA being opened by women. Changes employers could have made to keep these women in their employment were inclusion, a more flexible environment, feedback and career planning. In short, they felt under-utilised. These results are nonsensical – talented people leaving their jobs because they are not being allowed to do as much as they would like to do for their organisations! Employees are more likely to stay if they have a good relationship and open communication with their immediate boss. Hence frontline leaders should develop their retention skills, and retention rates are likely to feature prominently in annual reports in the future (Frank & Taylor, 2004).

Gandossy & Kao (2004) report that half of all employees are disengaged at work, and employee engagement was cited as the second most important



issue for 2006 (behind talent management) in the IOMA HR critical issues survey (Sandler, 2006). Mucha (2004) argues that you want people in the 'sweet spot' where the work they do well, the work they enjoy doing, and the work that is essential to the organisation overlap. If an organisation can achieve this overlap, its employees will demonstrate their best work and leadership.

Equally, good people leave when poor performance and continual underperformers are not redressed (Digeorgio, 2004), although facing up to low performers is not an easy or pleasant task (Handfield-Jones *et al.*, 2001). While nobody likes to discipline or dismiss people, equally nobody likes to work with them. Carrington (2004) recognises that the need to address underperformers rather than simply being polite is a significant culture change in most organisations, but one that is necessary if you want the good people to stay.

As well as losing talent, organisations lose knowledge. Kermally (2004) notes that a significant proportion of knowledge in an organisation is in a tacit form, and so when staff leave, the organisation is losing a massive amount of tacit knowledge. Some organisations are becoming clever at retaining this tacit knowledge and talent even after it has left or retired from the organisation. Lincoln Financial Services, for example, and IBM offer more flexible employment packages to more mature workers to ensure that they continue working for the organisation beyond a point when they are no longer required to (Foster, 2005). Tulgan (2002) suggests creating a SWAT team of unassigned internal talent who can be moved around wherever and whenever they are needed, as long as they are available, as a means of keeping talent in the organisation who perhaps feel ready to move on from their job but there is nowhere yet available for them to go. Rather than lose them from the organisation to the competition, keeping them in-house in a SWAT team can offer them the variety and challenge they are seeking, while retaining their knowledge and skill.

The factor that seems to matter least in retaining talent is reward, however it can affect how talent behaves.

## **Rewarding talent**

A company's reward strategy can drive how people perform. Employees are results-oriented when rewards are based on business performance rather than other measures and this does not always lead to high performance. Morton *et al.* (2005) identify five negative cultures that can arise when the reward system drives the culture and nature of the organisation: there is the mercenary culture where money comes before teamworking and supporting each other; the networked culture which leads to political backstabbing and hidden agendas as people compete internally; the performance culture which is driven by numbers and hard-charging, and there is no let

up on people; the communal culture which is too inward looking and slow to change as nobody wants to upset the balance; and the communication culture where there is little feedback and actions don't mirror words. All these negative cultures are driven and supported by reward frameworks that pit employees against each other rather than benefiting them for working together.

Diageo is one of many case studies where reward is a hygiene factor. Diageo's four values are: passionate about consumers, freedom to succeed, proud of what we do, and be the best. Living these values has resulted in a cultural commitment to development and stretch which is operationalised down the line (*ibid*).

Walker & LaRocco (2003) suggest that while the best do actually like to be identified and highly compensated, the rest, considered ordinary, don't like this approach. Firstly, they question whether or not the high potentials have actually been selected for special attention; secondly, in doing so and identifying them, you can stroke their ego's to the extent that they no longer recognise they have the normal faults that we all have; thirdly, slow starters don't get recognised as such and leave to become stars for the competition; and finally, the relegated lower statuses can be substantially adversely affected, resulting in higher staff turnover and disengagement from their work. People like to be treated and rewarded fairly, accepting that this does not necessarily mean being treated and rewarded the same (*ibid*).

Fair treatment is not all down to reward. It has wider implications for HRM more generally, as well as management throughout the organisation.

## **Establishing a strategic imperative**

Talent management is a concept that is actually quite difficult to define as it can be viewed from a number of perspectives. There is the process perspective which proposes that it includes all processes needed to optimise people within an organisation (Farley, 2005). There is the cultural perspective that believes talent management is a mindset (Creelman, 2004), and that you must believe that talent is needed for success (Michaels *et al.*, 2001). There is the competitive perspective which pertains that talent management is about identifying talented people, find out what they want, and giving it to them – if not, your competitors will (Woodruffe, 2003). There is the developmental perspective that proposes talent management is about accelerated development paths for the highest potential employees (Wilcox, 2005), and there is the more general HR planning perspective which claims talent management is about having the right people matched to the right jobs at the right time, and doing the right things (Mucha, 2004).

Whatever perspective is taken, it is clear that talent management has something to do with having talent in the organisation as a starting point,

doing something with that talent to develop it for future organisational success, keeping it within the organisation rather than allowing it to move to competitors, and using it to its optimum. Regardless of the fact that talent may be viewed differently in every organisation (Morton *et al.*, 2005), companies that lack talent suffer where it hurts: the bottom line (Carrington, 2004). Creelman (2004) agrees that measures such as absenteeism, staff turnover, and earnings generated are good measures of organisational health, and the focus should be here rather than on trying to measure the specific return on a talent management initiative. The bottom line, as a measure, suffices. Morton *et al.* (2005) suggest measurable outcomes include competitive advantage, business results, organisational capabilities, strategy execution, organisational morale, attraction/retention of talent and employee engagement. They argue that calculating the return on investment and costs of talent from losing a key player to the costs of under performing people makes a strong argument to organisations in itself.

The common thread to talent management that should be clear in every organisation is that it is not the same as performance management. Everybody should be performance managed. Should only the above-average be talent managed? Some argue it is even fewer than all the above-average. Berger (2004b) argues that it is only the top 3–5% that are what he calls the ‘superkeepers’. Chowdhury (2002) describes talents as the spirits of an enterprise, being temperamental, creative, rule breakers and change initiators. Using that definition, I doubt any organisation would want more than 3–5% of their workforce to be ‘talents’!

Boudreau & Ramstad (2005) identify the pool as those (jobs, roles or competencies) that a 20% improvement in quality or availability would make the biggest difference to organisational success. They believe that talent segmentation is as vital for an organisation’s success as customer segmentation. Donahue (2001) argues that you can even segment within your talent pool. This supports the labour economics view of talent management which argues that scarce resources need allocation for maximum pay-off and hence segmentation is fundamental to talent management (Ledford Jr & Kochanski, 2004). How you segment depends on what it is you want to achieve. This idea of segmentation is what differentiates talent management from performance management more generally. While every employer should have their employee managed, not all employees will be identified as talent.

Heinen & O’Neill (2004) argue that every organisation has a talent management system whether it is by default or design, as they define talent management as a set of interrelated workforce management activities concerned with identifying, attracting, integrating, developing, motivating and retaining people. This lacks the segmentation idea, and therefore is more akin to a general definition of HRM or performance management, but the

idea that a talent management system happens regardless of whether you deliberately intend it to is interesting. It suggests that whatever you do with regard to managing your high performers can be called talent management, even if it is nothing different to how anyone else is treated.

Within each organisation, the balance between recruiting talent and developing talent needs to be struck and this will be dependent upon the particular strategic, structural and cultural factors at the time (Kerr & Jackofsky, 1989). A CIPD survey found that while 87% of organisations try to fill senior management positions with people from within their organisations, over half of employees report that their line managers do not take career management seriously, and hence 95% agreed that individuals will be expected to take responsibility for looking after their own careers in the future (CIPD, 2003). Given that the best people are the most likely to leave because they can (Tulgan, 2002), it is not difficult to envisage a future where organisations are favouring the development approach, while individuals are favouring the recruitment approach and changing jobs regularly. In the new economy every term of employment – schedules, location, assignments, co-workers, pay and more – will all be open to negotiation, whether an organisation wants it or not, and the most valuable talent will have the most negotiating power (*ibid*).

## **HRM and talent management**

Cynics might argue that talent management is just another HR fad, but few fads seem to have turned themselves into a new tranche in the labour market. The roots of talent management can perhaps be traced back to the downsizing and outsourcing trends in the 1990s, including the slimming down of graduate recruitment schemes (Carrington, 2004). Talent management shifts the focus of HRM away from people as resources towards people being men and women who need to be appreciated and valued for who they are (Casse, 1994), and hence it completely refocusses the activities of HRM away from command and control towards a model of shared success. In many organisations, HR has already moved beyond simply being a purveyor of talent to becoming an integral part of the talent management process by extending its activities beyond its traditional role to include activities such as leadership assessment (Sandler, 2004).

Identifying talent and making sure it gets to the top is not enough – unless the value that a talent management system offers can be shown, it is likely to be shelved (Editor, 2005). Lawler (2005) argues that HR can and should add more value to corporations by being a business partner, focussing HR as a business in its own right and reviewing what products it has to offer. He identifies three types of services to offer: basic administrative services and transactions; business partner services and systems; and strategic partner role contributing to business strategy through considerations regarding

human capital. Building on the idea of the knowledge economy, Ulrich & Smallwood (2005) see the emerging focus on intangibles in the economy as an opening of the way for HR professionals to more readily link their work with shareholder value, providing the vital link with strategy that may previously have been overlooked. Table 2.1 demonstrates how the discrete areas of HR activity can be shaped according to the perspective taken on talent management. The first five perspectives presented resonate in the literature. The sixth perspective, that of change management, stems from the case study analysis.

While Farley (2005) may agree with Lawler's views, he is realistic about HR being in a difficult position in many organisations, having a strong mandate without the credibility to fulfil it, and so he challenges HR to be held accountable for its investments, as is the case with any other business function. Farley sees ensuring HR operational process excellence as a critical success factor for managing talent processes. This requires a shift from the discrete thinking of individual processes, to using data and technology to support the measuring and reviewing of information to determine the relationships between business goals and people. These will clearly vary from organisation to organisation as the relationships will differ according to the business goals and the people involved. The most powerful talent management practices therefore are firm specific and respond to an organisation's unique business and human capital context. This means that practices that work for one organisation may not create value in another (Heinen & O'Neill, 2004).

By focussing on segmentation and 'talent' in the organisation, there is a danger that HR practices that have been successful in the past and present are overlooked and overshadowed, ultimately leading to the talent management system working against the broader HR practices. Perhaps the most obvious area for consideration is that of diversity management.

## **Diversity and talent management**

It would be easy to implement a talent management system that counteracted all efforts at diversity management and equality of opportunity that have preceded it in any organisation. Grooming people for top jobs, detailed succession plans driving development plans, and so forth could easily lead to institutionalised discriminatory practices which result in successors being in the same mould as the people they are succeeding. Given the white male still predominates in senior management positions, it is foreseeable that this could become a self-fulfilling prophecy. Arguably, organisations aren't going to have a choice. With the majority of science graduates stemming from India and China (Morton *et al.*, 2005) organisations that need science graduates are going to have to widen their recruitment boundaries – and this will not only be the case for scientists. The

**Table 2.1** Differences in Operationalisation of HRM according to Talent Management Perspective

<b>Perspective</b>	<b>Core belief</b>	<b>Recruitment &amp; selection</b>	<b>Retention</b>	<b>Reward</b>	<b>Succession Planning</b>	<b>Development Approach</b>
Process	Include all processes to optimise people.	Competence based, consistent approach.	Good on processes such as WLB & intrinsic factors that make people feel they belong.	Calculated according to performance review and some element of potential.	Routine review process based on performance review cycle.	PDPs and development reviews as part of performance management. Maybe some individual interventions.
Cultural	Belief that talent is needed for success.	Look for raw talent. Allow introductions from in-house.	Allow people the freedom to demonstrate their talent, and to succeed and fail.	Flexible package according to individual needs.	Develop in-house if possible, if not look outside.	Individuals negotiate their own development paths. Coaching & mentoring are standard.
Competitive	Keep talent away from the competition.	Pay the best so you attract the best. Poach the best from the competition.	Good people like to work with good people. Aim to be employer of choice.	Offer more than the competition. If people leave it won't be for a better reward package.	Geared towards retention – letting people know what their target jobs are.	Both planned and opportunistic approaches adopted. Mentors used to build loyalty.

**Table 2.1** Differences in Operationalisation of HRM according to Talent Management Perspective – *continued*

<b>Perspective</b>	<b>Core belief</b>	<b>Recruitment &amp; Selection</b>	<b>Retention</b>	<b>Reward</b>	<b>Succession Planning</b>	<b>Development Approach</b>
Developmental	Accelerate the development of high potentials.	Ideally only recruit at entry point and then develop.	Clear development paths and schemes to lock high potentials into career paths.	Increments based on development as well as performance.	Identified groups will be developed for each level of the organisation.	Both planned and opportunistic.
HR Planning	Right people in the right jobs at the right time.	Target areas of shortage across the company. Numbers and quotas approach.	Turnover expected, monitored and accounted for in plans.	Clear salary scales and structures.	Detailed in-house mappings for individuals.	Planned in cycles according to business needs.
Change Management	Use talent management to instigate change in the organisation.	Seek out mavericks and change agents to join the organisation.	Projects and assignments keep change agents, but turnover of mainstay staff can occur.	Some results bonus on top of standard scales and structures.	Can be a bit opportunistic initially until change is embedded.	Change agents develop others who align with them and become the next generation of talent.

demographic shift alone highlights the shortage of younger talent that is going to be available.

Globalisation is also impacting on every organisation in existence, as we are all working in a global economy. The design of a talent management system, though driven by the overall business strategy, does not take place in a vacuum. The broader organisation environment and cultural context in which it operates will have a lot to do with its particular features and details (Sloan *et al.*, 2003), so the more global the company's operations, the more diverse their talent pool is likely to be.

This said, there continues to be a waste of talent through the under-utilisation of qualified minority ethnic personnel in the marketplace. Comparing 2000 and 2002, the Runnymede Trust found that a small minority of companies had actively moved racial equality up the agenda, while the majority had made minor adjustments but not really moved from where they were previously, and a small minority had let it slip off the agenda completely (Sanglin-Grant, 2002). However, Tucker *et al.* (2005) do not see this as sustainable. They see organisations having to build cultures free of any kind of discrimination due to the emergence of the most diverse workforce in history with regard to age, gender, ethnicity, life pursuits, migration patterns, and so forth.

Diversity management will not only be key in terms of attracting a wider pool of candidates to an organisation, but also in attracting high potential candidates. A study by Ng & Burke (2005) found that high achievers are more attracted to potential employers with good diversity practices, as are women, while the results from ethnic minorities were mixed – it depended very much on the tone of the diversity message.

The message then is that rather than conflicting with diversity management, talent management should build on the diversity management strategy, as good diversity management appears to be a fundamental underpinning of a good talent management system.

## **Conclusions – Towards a system of talent management**

There are many offerings in the literature in the form of '10 steps for a talent management system' or 'key concepts', etcetera. Ideas can be drawn from any or many of them concurrently. In terms of content, there is little difference, it is simply the way the elements are broken down that differ. Hence the Sloan *et al.* (2003) model is presented here, as its five steps seem to cover every detail of the other offerings in a concise and comprehensive manner:

1. Clarify the existing value proposition for talent to offer a fair value exchange to employees, i.e. what you want and what you are offering.
2. Identify the gaps in the talent pipeline, i.e. assess performance, potential, readiness and fit.



3. Choose the best sourcing solution to fill the gaps, i.e. outsource, develop, transform and acquire.
4. Align core talent management processes with the talent required to accomplish new strategies, i.e. attract, retain, select, transitioning, mobilising and developing.
5. Build organisational support mechanisms, i.e. governance framework, training, talent reviews, measuring and rewarding progress.

Some might argue that step 4 in this model should come first. The order may not matter provided 2 precedes 3, and provided that each activity does occur periodically. What matters is that the talent management system is working and regularly reviewed. Ensuring the system remains flexible is key as it must be able to respond to needs. Ensuring top management commitment and support is also key, otherwise the system will not be used.

Talent management appears to be the intercept between strategy, succession planning and HRM, drawing primarily on development strategies, recruiting and retention strategies, and reward strategies (Figure 2.1 below), supported by good data sources, monitoring and measurement.

While this may appear at first sight to be a tall order for HRM, it is not just the HR professionals that are responsible. The impact of individual managers, management collectively, and the organisation's culture in general appear to be decisive, broadening the talent management mandate well beyond the boundaries of HRM alone. What becomes clear from the case studies that follow is the importance of line managers

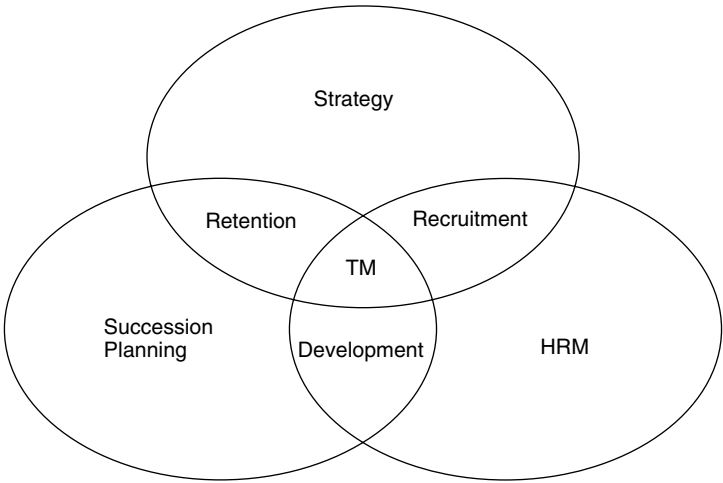


Figure 2.1 Mapping the Talent Management (TM) Territory

and their role in making talent management systems succeed. The organisation's strategy is represented by the perspective the organisation takes on talent management. While five perspectives were drawn from the literature, a sixth – that of change management – arose initially from the case studies.

# 3

## Defining Talent

How the organisation chooses to define talent is critical to the success of the talent management system and its achievement against strategic goals. For example, if the strategic objective is that of a change management perspective, then the definition of talent will focus on those who drive and achieve change. If the strategic objective is a developmental approach then the definition of talent might focus on high potentials from their entry into the organisation, often through a graduate recruitment scheme. If the strategic objective is competitive, then the definition of talent will evolve around those individuals who are likely to be head-hunted by competitors.

Six of the dimensions related to the issue of defining talent and each will be discussed in turn.

### **1. Size of talent pool – How many people are considered in the talent pool?**

The extremes are only 1% of employees through to all 100% of employees.

Some organisations, such as the professional services firms such as Accenture will consider 100% of their employees to be ‘talent’ as their whole business is defined by and around the people they employ. However, even they have some who are more and less ‘talented’ than others, and the competitive nature of their organisation means that the poorest performing 10% (approximately) every year are outplaced to other organisations. In essence this keeps the company fresh and thriving, as it takes a certain personality and ambition to survive in such an environment and if people aren’t succeeding then it is not the organisation for them.

This is an important point to make. Just because someone is not considered to be ‘talent’ in an organisation, does not mean that they would not be considered talent in another. Indeed, finding the right working environment for an individual could be the making of them. One of the organisations that withdrew their case study from publication felt that the picture painted of them was very negative and they were unhappy with this. We

thought the picture was very positive, only it wasn't positive in the way the organisation wanted it to be. In essence, the organisation was a major success at high performing teams and Japanese management practices but the result of this was that there was a lack of ambition within individuals to be recognised individually as talented. The organisation saw this as a negative. It isn't. It's a positive. The organisation has created the perfect environment for talented teams, and their definition of talent should be defined around the teamworking capabilities that mean that individuals are always contributing and leading high performing teams. If they had mavericks that stood out as shining talents in their own rights, they would probably undermine the team culture of the organisation.

No organisation likes to think they have hired people for the wrong role, and so there is a natural tendency at first sight for every organisation to inaccurately estimate the size of its talent pool. The anonymous organisation Banco believes that all 100% of their staff have a talent, but not all of them are considered to be part of the talent pool at the same time. B&Q similarly afford everyone the opportunity to be considered talent on a very non-discriminatory basis, but even they don't have everyone in the talent pool at the same time.

The labour economics view of talent management argues that scarce resources need allocation for maximum pay-off and hence segmentation is fundamental to talent management (Ledford Jr & Kochanski, 2004). Hence an organisation claiming 100% of its employees as being the talent pool would be undermining the nature of a talent management system itself.

Boudreau and Ramstad (2005) identify the talent pool as the jobs, roles or competencies where a 20% improvement in quality or availability would make the biggest difference to an organisation's success. They believe that talent segmentation is as vital for an organisation's success as customer segmentation, but how you segment depends on what it is you want to achieve, as does how you sell the segmentation process throughout the company.

It is important to note here that by segmenting out a talent pool, an organisation is not saying that everyone else is talent-less, or not-talented. Indeed no organisation would like to think that they had recruited an untalented workforce, and this is not what talent management is about. Talent management is about doing something additional or different with those people who are defined as talent for the purpose of the organisation – be it top performers, high potentials, senior managers suitable for director positions, or people suitable for critical roles in the organisation. However the organisation identifies the critical roles and/or talent pool, they will then manage them differently – and it is this that is talent management.

The Chartered Management Institute survey results suggest that at least 50% of organisations recognise 'high potentials' or 'talents' (15% of respondents didn't know). When asked whether everyone in the organisation is

considered to be high potential, i.e. testing the extreme end of the dimension of 100% being included in the talent pool, analysis reveals that the Health Sector and Partnerships seem to view more people as talent than other sectors or employers.

Another factor which impacts on where an organisation along this dimension is when does the organisation identify talent? Some organisations only look at individuals who have reached a certain level in the organisation, others consider new starters on graduate recruitment schemes, while others still consider everyone on a cyclical basis.

## **2. Entry criteria – How easy is it to meet the criteria to enter the talent pool?**

The extremes are very easy where anyone can be considered for entry at any time through to very difficult where certain criteria need to be met to qualify for entry.

Most organisations use some sort of 9 box grid/matrix to help them define who is and is not in the talent pool. The organisations plot performance along one side of the grid, and potential along the other side. This leaves people the categories of poor, satisfactory, and exceeding expectations (high) on performance, and low, medium and high potential. The box with high performance, high potential is the one that is usually considered to be the talent pool. This makes a link then between the performance management system and the talent management system as a performance rating is part of the entry criteria.

Other criteria that can be used to enter the talent pool are certain occupations if there is an acute shortage, as can sometimes be found at Network Rail with specialist engineers; certain qualifications or experience as can be the case at Lloyds TSB; ambition and self-nomination such as in Banco and the Malmaison Hotel Group; or simply because people recognise you as being exceedingly good at what you do – as can be found in the 'informal' system at Banco. Sometimes you can see talent management programmes being used to redress an imbalance as part of a diversity management and inclusion programme, and the example provided here is that of the National Probation Service. The entry criteria for the majority of the workforce are then impossible to meet, i.e. to be of a certain ethnicity, gender or have a disability, as the programme is an affirmative action programme, but the results of these programmes are very impressive in terms of putting everyone on an equal footing for further progression. Affirmative action programmes are not designed to give minorities an advantage – they are designed to help remove the disadvantages.

Generally, the larger the talent pool, the easier the entry criteria, as a greater percentage of the organisation's population are considered members of the pools rather than a small elite. Gender differences can also occur

here. Ng & Burke (2005) found that women face greater challenges in entering talent pools because white male managers continue to control the HR decision processes in these areas. They also found, however, that high achievers are attracted to organisations where there are strong diversity policies and practices.

There appears to be something in this dimension about fairness of procedure as well as ease of entry. If a process is seen as fair, and affords equal opportunities to everyone, then it appears 'easy' to enter the pool, while if the process is biased and subjective it appears to be more 'difficult'. This does of course imply that there is a selection process into the talent pool as a starting point. The Chartered Management Institute survey results suggest that around 70% of managers believe their organisations do have some selection process for high achievers or talent. However, there appears to be a 20% discrepancy here between men and women, which appears to reflect Ng & Burke's earlier findings.

### **3. Decision process – How many people are involved in deciding who is to be classified as talent?**

The extremes in this dimension are concentrated decision making, usually resulting in it being the line manager, through to distributed decision making of some form.

This falls back to the key issue of how do you know when someone is talent? Some of the time it appears to be gut feel – you talk to someone and realise how bright they are; you see the potential in someone; you get a feel for how well someone is getting on with their work and in the organisation. When this is not measured or measurable, it becomes the subjective opinion of one person. Hence the need for more than one person to be involved in the decision making process.

MotorCo Company is perhaps the best example of a decision making process that everyone feels is fair. They have Personnel Development Committees (PDCs) that review everyone above a certain management grade on a periodic basis. A number of line managers sit on the committee and they all discuss each others' reports. This means that no single line manager can have too much influence over any individual's career. They do get the odd appeal, but on the whole there is a feeling that the system is fair.

The role of the line manager is paramount here. Ultimately talented people are going to be working for people less talented than themselves and this can be both frustrating and demotivating if not handled correctly. A good line manager will allow their talents to flourish and take credit for good management of them and their being promoted up through the company. A bad line manager will try to take credit for their work and endeavour to stop them progressing above them in the organisation as

they will see them as a threat. The importance of the line manager in this decision making capacity about an individual's career was one of the key concerns to come out of the survey.

The survey asked respondents 'who was involved in deciding who had potential in their organisations'. Line managers and senior managers carry the weight of the decision in 60% of organisations, with just under 30% allowing individuals to contribute to the decision themselves. Other parties are only consulted in 1 in 5 organisations. This suggests decision making regarding talent in UK organisations is a highly concentrated activity.

Equally, when asked why they thought people had been identified as high potentials, the respondents were very positive in their answers, identifying leadership potential and high performance as the top selection criteria. Less than 15% of respondents felt that they were selected for the purely cultural, subjective reasons of their face fitting, or playing the system right. Responses to this question were significantly impacted by the strength of the influence of the line manager ( $p < 0.05$ ).

Boole (2004) suggests that organisations go as far as using outplacement techniques to assess who is talent, using more than a broad range of decision makers, but also a broad range of psychometric tools and performance measures. The National Probation Service, Grant Thorntons and Robson Rhodes use assessment/development centres as part of their talent identification processes, employing similar techniques to those suggested by Boole, but with a markedly different slant.

#### **4. Permanency of definition – How permanent is the labelling of talent?**

The extremes here are 'once talent – always talent' through to the label of talent being transient.

If an organisation operates a 9 box grid as outlined in dimension 1 earlier, then the most sensible thing they can do is make the definition of talent transient. If potential, for example, is defined as being ready for promotion, then high potential means somebody is ready for promotion up at least one level and is demonstrating all the skills necessary to fulfil that role. Once they get the promotion they need to settle into the role, make their mark, etc and are unlikely to exceed expectations regarding performance and demonstrate potential for a further promotion in the next cycle of the talent management system. Hence they naturally cycle out of the talent pool until they are ready for promotion again and outperforming expectations in role. If this cycle is clearly understood then there is no shame or failure associated with being in the talent pool one year and not the next.

If on the other hand an organisation adopts a system which labels people as talent and they remain labelled as such, then difficulties can arise if the talents cease to be regarded as 'talent' and become merely good stable contributors to the organisation. This said, some ambitious individuals seek the recognition as talent when deciding whether or not it is time to move on in their career. Being on a 'fast track' programme can help some people stay with an organisation, particularly those who originally joined as part of a graduate recruitment scheme as they have already been selected for a 'special' training course, differentiated on the basis of their performance at university. Retaining a label that maintains their 'specialness' is important to some people.

Reasons for making the classification of talent permanent have their foundations in the concept of employee engagement. There is an assumption that people will become disengaged if they cease to be considered talented, as they will feel less valued by their organisation. In the survey respondents were asked if high potentials or talents were expected to become senior managers/partners in their organisations. Over 60% of those who responded agreed that they were, suggesting that this longer-term view of talent and permanent definition prevails in many organisations today. Just under half also recognised that there were defined groups of high potentials or talents within each management layer, perhaps suggesting that once identified as talent you move up through the talent pool at each layer.

Lockwood (2007) suggests that the connection between an employee's job and organisational strategy, including understanding how important the job is to the firm's success, is the most important driver of employee engagement. He reports that employees with the highest levels of commitment perform 20% better and are 87% less likely to leave the organisation. In contrast, job satisfaction – a term sometimes used interchangeably with employee engagement – is defined as how an employee feels about his or her job, work environment, pay, benefits, etc. This suggests that being identified as talent, and the implication this has for the individual in terms of their long-term future in the organisation is crucial to some people in some organisations. However, this conclusion is based on anecdotal evidence. More than two-thirds of respondents to a Towers Perrin survey say their HR department does not have the skills necessary to measure employee engagement on an ongoing basis or to evaluate the return on workforce-related investments (Hansen, 2007). This inability to capture and disseminate relevant data to managers is problematic because companies have no quantitative foundation from which to develop their talent management strategy and build and deploy meaningful processes.

Ultimately an organisation needs to decide what it needs by way of 'talent' for its future. If it is the highly ambitious, status conscious, recognition seeking individuals whose position and label contributes to their sense of



identity and value, then they are likely to need to give this group a permanent label. The label will give them something to aspire to, and its maintenance will be a driver for their performance and behaviour. If, on the other hand, the organisation's culture is more collegiate, unassuming and subtle, then labels might back fire, and a more transient approach may be appreciated and accepted more widely. The label might cause people in this culture stress, and the fact that it is short term and transient may be a relief to them. People also change throughout their careers. Some people start families and want a different work-life balance at different times in their careers, so being able to step on and off the talent ladder according to personal circumstances can also be attractive to some.

This dimension also highlights the danger of assessing who is talent too early. If someone is labelled too early in their career they may not meet the expectations set for them. Equally, someone else may be a slow starter and evolve into talent as their career progresses – particularly people who have been disaffected by school but thrive in the workplace. Cunningham (2007) asserts that an over-emphasis on a person's performance in the capabilities required in junior positions or from their educational record could be dangerous. The bright MBA holder can turn out to be unable to deal with the messiness of organisational life and the person with a poor educational record can turn out to be the most effective senior leader – if they get a chance. For those respondents of the survey who wanted to be considered talent or high potential, qualifications was the most significant factor to them in terms of how they were managing their careers ( $p < 0.01$ ).

## **5. Recruitment as a source of talent – Where are key vacant roles recruited from?**

The extremes here are all internal candidates through to all external candidates.

UnitedHealth Europe and Malmaison Hotels are two rapidly growing organisations. They endeavour to recruit at various entry levels and then train people up internally to grow into the bigger jobs. They are, however, expanding at a rate that isn't allowing this to happen all the time, so they also have to recruit talent into more senior roles. MotorCo, on the other hand, have a more stable workforce requirement and hence are able to recruit into entry level jobs and then promote from within. This ensures that any opportunities that arise within the organisation are considered amongst the talent pool first to ensure that they continue to develop and grow within the organisation rather than having to leave for a career promotion.

As a general rule, most organisations seem to try to recruit internally for more senior jobs to ensure people have the opportunities for career development. The exception, however, is when taking a change management per-

spective to talent management. Then you would actively seek to recruit mavericks from outside who will come in and shake the place up with new ideas, new ways of working, and sometimes counter-cultural values and beliefs. This unsettles people and can kick start the change process – even if they only stay with the organisation for a relatively short period of time, such as a couple of years, and leave what feels like a mess behind them. Once the mess settles and is reshaped into the old culture, the organisation usually has changed, albeit rather uncomfortably.

There is always an inherent conflict when recruiting as to whether to recruit for a better workforce today or to plan for the workforce of the future. Ideally both are covered, but the Aberdeen Group report that more than 50% of the respondents to their survey are still operating a reactive, emergency-driven recruitment strategy, rather than identifying the critical jobs in the company and having processes in place to ensure that any potential gaps are covered (Aberdeen Group, 2005). Recruitment processes are vital – if people don't like the process, they won't come (Bannister, 2005). Chowdhury (2002) suggests that talent is treated as a customer when being recruited and then as a preferred supplier once hired. The important factor is getting the right calibre of people to want to work for you. Friedman (2006) argues that the recruitment process is the first stage to retaining talented employees. On-boarding is the second and can have a huge impact on retention rates, and hence should be considered as part of the recruitment process, but many companies neglect it – a point for all to remember.

The lesson here is to hire as is and if you get a change, it is a bonus. Don't hire with the understanding that you can fix or change an individual's personality through training (Lunn, 1995). Training is for skill development, not changing an individual's personality character. The reality is to recruit those individuals who possess the beliefs and attitudes your company values, and spend your training time productively by reinforcing those values. The essential point that has escaped most organisations is that management can build on strengths and develop talents, but cannot create them where they do not already exist. Hence if the recruitment is right at the lower levels of the organisation, key vacancies should be able to be filled from within.

There is also the issue about keeping fresh blood coming into the organisation and hence recruiting into certain levels from outside the organisation to keep teams fresh and new ideas coming in.

In terms of fairness of the recruitment process and 'talent' being given preferential treatment, the survey asked respondents if they 'always know who is going to get a job before the interviews have even take place'. Just under half the respondents disagreed with this statement, while over a quarter agreed. This undermines the integrity of the recruitment and promotion processes in an awful lot of organisations. Breaking the results

down further, it was interesting that only 10% of director level people agreed, increasing down the line to 30% of junior managers. Maybe as people progress higher in the organisation they would like to think it is on merit rather than subjective decisions, or the processes could become more rigorous as you go higher, or it may simply be a misperception of those in more junior positions. Industry sector variations suggest that Banking, Government, Education, Manufacturing, Uniformed Services and Utilities have the least faith in their recruitment practices.

## **6. Transparency – How transparent is the talent management system?**

The extremes are that it is fully transparent with everyone appreciating how the system works and their personal talent classifications, through to the system being untransparent, sometimes to the point that individuals don't even know there is a system in place. Either way, the informal grapevine is likely to have a life of its own, spreading rumours, gossip and contributing to individuals' networking efforts. Of the survey respondents, 40% agreed that there was a strong internal grapevine about employees perceived as high potential, while only 23% disagreed and 36% were non-committal.

Aspiring leaders face one of the most challenging stages of their professional life as they try to understand their environment, set goals and prove their worth, and hence there are conflicting opinions over whether it's beneficial to inform employees of their high-potential status (Snipes, 2005). Informing employees is a powerful indication that the company values their contributions to the business and believes in them enough to invest in their future. This opinion is furthered by the suggestion of a greater risk that if not told, the employee will resign and move on to an organisation that will recognise and develop their talent. Either way, high potential employees tend to know their potential, whether they are officially told or not. Most organisations today are of the opinion that if the high-potential isn't told by them, someone else eventually will.

Fair treatment does not necessarily mean the same treatment. If the process is seen as well designed and effectively implemented, it will be seen as a fair process. This dimension can actually link very strongly with the permanency of definition dimension, because if talent ratings are assessed regularly and everyone has the opportunity to be rated, then the system becomes transparent and individuals get feedback on where they stand, when and what they need to do to progress further. Indeed, you might ask 'what is the point in having a talent management system if you're not going to tell people where they stand in it?' Organisations such as Banco who choose not to make the talent map public would argue that the system is there for the organisation's use and HR planning and

development purposes, and not as a motivational tool or retention trick. They may find ultimately though that the people they want to stay leave as they don't appreciate that they are appreciated and think that the organisation does not have a career plan for them.

Transparency is perhaps the most contentious dimension of all in most organisations. Do you tell people they are considered talent in order to be honest, boost their confidence, focus their career, and increase their engagement – risking that they become arrogant, feel over-pressured, and have an inflated sense of self-worth; or do you not tell people they are considered talent, leaving them to guess what the organisation thinks of them, and lose the benefits that can be gained from their knowing.

There tends to be an assumption underlying talent management practitioners' views that everyone would want to be labelled talent. While this may be true for many senior management populations, it may not be true for everyone. Mills & Reeve found that some people did indeed find it a relief to be told they were not considered to be talent (or in their case partner potential) as this allowed them to get on with being excellent lawyers in their fields, rather than worrying about winning new clients and other partnership responsibilities.

The survey respondents were asked if they thought their organisations considered them to be talent or high potential. Forty-six per cent said their organisations did consider them to be talent, 25% said they were not considered talent, and 26% did not know. The 46% are likely to be in quite a good position at their work. Everyone's ideas about them and their career are in alignment. The 25% who are not thought talent may be disappointed, disengaging and looking for jobs elsewhere. This may not upset the organisation as their expectations are not in alignment and the individuals may be more successful elsewhere. The 26% who don't know are caught in this transparency loop of knowing that their organisations have made judgements on people, but not knowing what the judgement is on them. How long they remain engaged may depend on how well their managers lead them into thinking that judgements about them are positive without actually confirming this one way or the other.

Of those that say they are recognised as talent within their organisations, the survey asked them who within the organisation held them in that esteem. There is not that much difference here between the groups, with line managers being the obviously highest 'yes' at 90%. Senior managers appear to be relatively well informed at 85%, and colleagues either work it out for themselves or are made aware somehow 80% of the time.

The assumption that everyone would want to be considered talent leads to more opaque systems as there is a worry that people would leave if they found out they were not considered talent. Two issues arise here – one

ethical and one practical. On the ethical front, is it really fair to keep people on false pretences by not revealing to them how they are regarded in the organisation, and hence allowing them to make false projections about their career potential? On a more practical note, if an individual really isn't considered to be talent, then why would the organisation mind if they left? A certain amount of staff turnover is a good thing as it keeps new blood coming into the organisation and can prevent complacency through familiarity. It also opens up opportunities for promotions and circulation of staff.

This dimension, therefore, cannot be considered in isolation as it impacts on recruitment practice, permanency of definition, ease of entry and the size of the talent pool itself. Walker & LaRocco (2003) note that the best like to be identified, recruited, developed and highly compensated. The rest, considered ordinary, don't like this approach. Firstly, there is uncertainty that the right people were selected for special attention as high potentials. Secondly, there is the self-fulfilling nature of an elite talent pool such that it impedes their development – stars often consider themselves exempt from normal faults. Thirdly, those not initially recognised as stars can get stuck, and hence leave to become stars in other organisations. Finally, the adverse effect on the 80% relegated to lower statuses can be substantial. They argue that potential assessments should change over time as individuals change and develop; and some people peak out early while others are late bloomers.

## **Issues surrounding defining talent**

A number of paradoxes and pitfalls arise when defining talent in organisations. First is the issue of how you expose the quiet talents. Some people in organisations are extremely talented but also extremely modest. They don't always want to be recognised as talent, but instead prefer to beaver away at building their career over time. Once people are recognised as talent, they can feel additional pressure to perform even better, and set unrealistic expectations on themselves – ultimately leading to their feeling that they have failed, even though this is a self-perception rather than one held by the organisation. This suggests that not being transparent about who is and who is not considered talent can sometimes be a benefit for this group of people.

Second is the issue of managing expectations. Once someone is identified as talent, and informed of the fact, their expectations need to be carefully managed. Horizontal moves amongst the talent pool can be viewed as failure as they do not involve a progression, but the consolidation of knowledge and experience through making this horizontal move may be fundamental to their further development. This can also be a good reason for not letting people know that they are considered

to be talented, as their expectations will not be raised if they are unaware of the labelling.

Another point that came through strongly in the case studies is the importance of talent being mobile. That is, people need to be able to move with the job opportunities that arise. In multinational organisations this is a given, and most people in their early careers seek out international assignments to gain that critical experience. This is not the picture that is emerging in Britain. In the UK, people tend to want to stay where they are, and are indeed reluctant to move. This could lead to UK managers being left behind in the global war for talent, as mobility and broader experience become key talent criteria for the global players.

The convergence of talent management and diversity initiatives is important. Talent management is about segmenting and offering people differentiated opportunities, so diversity initiatives should play a significant role in the selection of the talent pool to ensure equality of opportunity. The key challenge here is to make sure that people feel included in the process. This is not simply ensuring inclusion of minority groups, but inclusion of people who may think differently, such as the mavericks in the organisation, or people who are more reflective in their approach to change, or people who are risk averse, or people who prefer to excel quietly. Inclusion is about making sure that everyone feels they are welcome in the system regardless of who they are, where they come from, or what they may be thinking. It is about valuing difference rather than stifling it, and there is a danger that in defining segments of talent, segments of difference are less appreciated over all.

Key questions for organisations to consider when defining talent:

1. On what basis do you want to segment your workforce? Is it just a question of performance and potential, or do other factors need to be taken into consideration?
2. How often are you prepared to review the segments both in terms of who is in them, and how they are being defined?
3. When during an individual's career would you be prepared to consider them for the talent pool? Do they need to have worked in the organisation for some time to prove themselves, or would you look at different entry points into the organisation? Will you consider people at any level of the organisation or only beyond a certain level?
4. Does the labour market you operate in require a more permanent definition of talent in order to help retain staff, or can you design the system so that people rotate in and out of the talent pool over a period of time?
5. How important are qualifications in your organisation? Will you help people get better qualified while they are working for you, or do you want them to come to you already qualified?

6. Do you tell people that they are considered part of the talent pool? What are the benefits to your organisation of doing so, and what are the potential detriments?
7. How can you ensure that everyone is working to the limits of their ability/potential? How do you prevent people from feeling underutilised and disengaged?

# 4

## Case Study of Accenture Human Performance Practice UK

*Marcus Powell*

Accenture is a global management consulting, technology services and outsourcing company, with net revenues of US\$19.70 billion for the fiscal year ending August 2007. Committed to delivering innovation, Accenture collaborates with its clients to help them become high-performance organisations.

For Accenture, the accent is on trying to help businesses improve their performance. The world's largest consulting firm, Accenture offers management consulting, information technology and systems integration, and business process outsourcing (BPO) services to customers around the globe. The company divides its practices into five main operating groups: communications and high technology, financial services, government, products, and resources. These encompass more than 15 industries. Accenture, which is domiciled in Bermuda but headquartered in New York, operates from more than 150 locations in approximately 50 countries.

The Accenture UK website identifies six core values that define who they are and how they operate:

**Exceptional talent.** *Accenture has more of the world's most talented people assembled under one roof than any other organisation. It's stimulating, productive and great fun too.*

**Continuous learning.** *Ultimately this is a knowledge-based enterprise. Joining Accenture means committing yourself to lifelong learning and personal development.*

**High-quality work.** *Our ability to deliver exceptional job satisfaction and career development is directly linked to the breadth and diversity of our clients – and the scale of projects we tackle. Our people are driven to provide new solutions on how to improve businesses and work with our clients to help them seize new opportunities.*

**A collaborative approach.** *Openness and collaboration are integral to the way we work. To enable our clients to move to a higher level of performance, we*



*develop a deep understanding of all aspects of their business and how they interconnect.*

**An entrepreneurial spirit.** *Accenture was created by entrepreneurs with a vision of the future. It's driven forward by future-focussed individuals who are eager to share in the success of a global business leader.*

**A diverse workforce.** *You will work closely with colleagues from a wide range of cultural, educational and geographic backgrounds.*

## Section 1: Overview

Accenture UK employs in the region of 400 people but the philosophy that underpins talent management within this practice also prevails within the rest of the organisation.

As a professional services organisation, Accenture's focus is on making sure that its approach to talent is one which is aligned to its need to ensure that it has the best people with the right skills for its clients. There is remarkable clarity about what the organisation requires of its people, what skills are needed, what is expected of them on client projects and what they need to do to ensure they continue to develop. At the heart of this is a process of performance management that is thorough and rigorous, and manages the line between delivering for the organisation whilst also delivering for the individual.

Accenture could be described as 'an up or out culture'; one where people have a choice to flourish or are supported to make the choice to leave. There is a strong commitment to the development of its people that supports that choice. It regards its whole population as talent, as this is its main asset when supporting its customers. A strong feature of their approach is their performance management process which is seen as the key factor in its success at managing talent. Hence it is vital to understand Accenture's approach to performance management.

While the success of project delivery is measured in terms of total team contribution, individual contribution is also measured and compared to peers. This forms the basis for career progression. There is no structured process of fast streaming or developing high potentials, it is very much down to the individual to make their own decision about the opportunities they want to pursue and the speed with which they are promoted.

At the most senior level a leadership programme does exist and participation in it is highly regarded, however the selection criteria for attendance are unclear compared to those experienced at other levels.

## Performance management

The performance management process in Accenture is very clear with regard to career progression. This is a high degree of clarity within the

organisation as to the expected time an individual should spend within a grade and what they need to do to progress to the next level. Consultants join the organisation as an analyst and can expect to be considered for promotion within 24 months to the next level of consultant. They can then expect to spend 36 months as a consultant before being considered for promotion to manager, 36 months to senior manager and finally 24 months to senior executive.

Whilst there is a very clear structured approach to the time within grade, people can and do move through these grades quicker or slower depending on their performance. Progress through these grades gives a clear indication of an individual's position in relation to their peers and therefore if they are regarded as talent. If they want to get promoted individuals have to 'perform or out perform their peers' on a highly consistent basis.

The organisation openly manages attrition. If individuals stay within a promotion cycle for too long they are managed out of the business. On average 10% of the consultants are managed out of the business each year. This aspect of performance management in Accenture is well understood and accepted as a necessary feature of a healthy organisation that has at its heart people excellence in relation to the services they provide for clients.

Whilst people are bought into the organisation at different grades, everyone is supported with development which is tailored both to their current and future career grade. Each individual has a career counsellor who acts as a long-term mentor and ensures that they are supported and challenged in their development.

The resourcing onto projects is again a clear indication of how individuals are regarded. Complex projects attract the best people and so the regularity and consistency of project allocation is a clear indication of an individual's standing within their peer group.

The organisation is at the moment looking at developing career paths that can recognise the contribution that subject matter experts make to the consulting business. The traditional consulting path seems to have some limitations to these individuals who desire a dedicated expert career path. Roughly 10% of the consulting population would fit into this category.

Each consultant may be involved in between two and four projects each year either in the capacity as a subject matter expert or in the delivery of the project. At the start of every project an individual is set objectives for what they personally have to deliver. It is up to the project leader to decide whether these objectives have been met at the end of the project. The project manager is responsible for giving the individual feedback at the end of the project, which is an important part of the process of ongoing development.

Twice a year each consultant is subject to a performance review at project level. They are graded and positioned in relation to their peers, a term referred to internally as 'laddering'. The distribution of this is forced and

done against firm guidelines. The top 25% and top 5% are identified as are the bottom 10%. Their performance is assessed against three main areas: performance as a business operator; performance as a value operator; and performance as a people developer.

At the end of the year an individual's contribution across all their projects is brought together and a process of calibration across peers gives a final end of year performance rating. The process of end of year calibration is managed by a number of independent assessors from the service line who are responsible for making sure that the information against each individual is fair and rigorous. All the assessors then come together to produce a final forced distribution for each job grade.

The implication of this final year grade is threefold. It is linked to remuneration, feeds into promotion decisions, and forms the basis of a development discussion with the individuals' career counsellor.

### **Career counsellors**

When individuals join Accenture they are assigned a career counsellor. This is seen as a key relationship in the individual's career. These are not always senior executives but are experienced managers and they will be at least one grade, and usually two grades, above the individual.

Their role is seen as twofold: to help ensure that an individual is fairly represented in the performance management process, and to be a sounding board to talk through career development opportunities and which roles might provide adequate stretch and development.

The role of the counsellor is seen as hugely supportive by consultants particularly in an environment which is so highly driven and stressful. They were described by some as being 'a constant amongst a sea of change'. However they don't have a formal part in the performance management process and in some situations may not be able to provide some of the hard evidence or tough feedback that is required. They are positioned as being a support, challenge and sounding board. Ultimately it is up to the individual to make their own career choices.

### **People advocates**

In each major organisational strand within Accenture there is a 'People Advocate' who is responsible for ensuring, along with HR that the mechanics are in place for driving performance both at an individual and an organisational level.

Part of the objective of this role is to make sure that the people processes are well attuned to make sure that they produce an appropriate level of attrition whilst at the same time ensuring that there is a satisfaction within the talent pool. The 'People Advocate' is responsible for responding to the people survey and making sure that those people in the organisation who can influence a variety of people policies do so. In practice this means paying attention to the

hygiene factors of resourcing, recruitment and reward. A lot of emphasis is put on the non-core activities such as corporate citizenship, creating and nurturing the community of practice within the organisation and ensuring that individuals are aware and have access to development.

The development of a community is regarded as particularly important since the working environment, for some, is pressured and can be isolating. There are regular seminars arranged to encourage people to meet, share ideas and build connections.

### **Personal development**

The development of people is seen as a key factor of Accenture's success. One of the key criteria for an individual's success is their willingness to learn and develop. Everybody has the same access to development and coaching with the exception of access to the most senior development programme which is by invitation only. This is seen as an indication of potential to move into the most senior level and is regarded as a huge privilege and is highly valued.

The other key point in an individual's development is at the key promotion points when they can attend core milestone schools. These core milestone schools are taught centrally and give individuals a mixture of technical skills as well as management skills which become more of a feature as they go up the job ladder. The approach to development is to ensure that there is a high level of consistency amongst its people. As much as 50–60% of the training that an individual can expect in their career is common.

## **Section 2: The talent dimensions**

### **Defining talent**

#### *Dimension 1: Size of talent pool*

Everyone in Accenture is defined as talent. The label of 'talented' is seen as unhelpful in an environment where meritocracy is valued. Within the organisation the use of the word 'talent' as attributed to individuals is very limited. However, it is worth remembering that 10% of the organisation is counselled out every year.

Everybody has access to the same opportunities in terms of careers, coaching and counselling. It is difficult to be a stable contributor within the organisation since its performance management process drives individuals to grow and develop; falling into a stable contributor category will ultimately lead to being managed out of the organisation.

#### *Dimension 2: Entry criteria*

Because everyone is defined as talent and the sub-division of this talent pool is done by job grade, entry is through promotion. As already described the criteria for promotion are clearly understood. There is an annual promotion cycle

where those people who are eligible for promotion are considered against their peers. They are considered in relation to their readiness for the next grade as well as the business need for new entrants within the next job grade. There is a lot of support for individuals to reach the next job grade. This is particularly provided through the counsellor relationship, the training and development as well as the access to stretching client work. The process of 'laddering' whereby people are ranked against their peers is described as rigorous, time consuming and at the heart of ensuring that the system is, and is seen to be, open and fair.

The ease of entry into the most senior positions in the company is more difficult. The promotion from senior manager to senior executive is seen as less transparent than promotion to the more junior grades. There are a larger number of people at the senior levels waiting for potential promotion. It is unclear to some where they sit within this talent pool and what needs to be done to break through to the most senior levels.

### *Dimension 3: Decision process*

Accenture is aware that in their world which needs to ensure that everyone in a consulting capacity is sufficiently talented there is no use for the labelling of people as talented, or not. In this respect the word talent is unhelpful. At junior levels the decision to promote talent is very clear and sits with the collective project leaders, whilst calibration is ensured by the HR and independent assessors. It is less clear within Accenture how the future leaders of the business are selected and developed.

### *Dimension 4: Permanency of definition*

Because the talent pool is defined as everybody, the definition of talent is relatively permanent. It is unusual for people to be demoted to lower grades – they are normally managed out. This does not, however, mean that everyone in the talent pool is expected to be a future leader of the organisation. However the success of the organisation is very much defined by its ability to provide its clients with a 'fit for purpose' intervention. In this respect those individuals that are successful will have to be able to flex according to changing client requirements. Therefore the definition of talent is very much influenced by the client requirements.

### *Dimension 5: Recruitment as a source of talent*

This is a highly dynamic organisation where people are expected and encouraged to move through the promotion grades. If an individual remains too long at a grade they are eventually managed out of the business. Therefore there is a constant process of spotting the right talent both internally and externally. In addition to practice leaders being responsible for spotting talent the Accenture website is a source of talent – it is an accessible and focussed way of providing potential new recruits with a sense of what working in Accenture may be like.

### *Dimension 6: Transparency*

Talent management at Accenture could be described as being extremely transparent. Often this transparency and openness stems from how well the processes of performance management are operated rather than explicit conversations about how people are seen. In reality what this means is that people often infer more about how they are seen than they are actually told. This manifests itself in terms of the projects that they get resourced on and the regularity with which they are laddered in the top, or bottom quartile.

The requirements for performance are well articulated and understood throughout the organisation. There was no sense that people didn't understand this or in fact that the organisation needed to do more.

At senior levels the transparency of the process was seen as being a little more opaque. What was required of individuals and what they needed to do more of was not fully understood. The process of explaining why some people have been promoted over others is more of a mystery and is in marked contrast to the process operated in the rest of the organisation.

## **Developing talent**

### *Dimension 7: Development path*

The career path for each individual is clearly laid out and structured. Each job grade is accompanied with guidelines in terms of time expected in grade, and what people can expect to remain within this grade for this period of time if they are performing in relation to their peers. Some individuals that consistently outperform their peers from a holistic perspective can be accelerated through the grades – although this flex is still within very narrow parameters around the guidelines.

### *Dimension 8: Development focus*

Accenture openly says that one of its vital areas of focus is to ensure that they have the best people for their client projects and that the only way of doing this is to have a rigorous approach to personal development and make it clear that learning is a key success factor not only for individuals but also for the success of the organisation. Consultants describe the opportunities they have to develop as 'endless'. They are helped to experience as much stretch as possible and can attend seminars to ensure they have the appropriate level of information to do their job.

In attracting people to work for Accenture an ability to learn is one of the key areas of focus and its development activities support this.

### *Dimension 9: Support*

There is plenty of support for individuals, however they are expected to make their own way in the organisation, and to seek out opportunities both in terms of projects and development. They are expected to make the

most of this but always within a context that they are expected to perform. Failing to do this will result on them exiting the company.

#### *Dimension 10: Influence on career*

The decision to progress within the organisation is very much in the hands of the individual, provided that they are performing. The opportunities are there for the taking and individuals are supported and encouraged to take them. Conversely if you do not perform the organisation will take an active role in managing you out – whilst at the same time ensuring that you have had as much opportunity as possible to realise your potential. Anyone who works hard and shows a willingness to grow is supported and rewarded, whether they are a high flier or not.

People stay with Accenture because they regard it as an opportunity to grow and learn within an environment which is externally highly regarded and professional. The downside of this for the organisation, and an upside for individuals, is that they are subject to regular offers from rival consultancies as well as other organisations.

#### *Dimension 11: Connected conversations*

The openness and fairness associated with the performance management process is largely a feature of the way in which individuals' performance is calibrated and assessed against their peers.

It is seen as a considerable strength of the process that an individual's final performance rating is the subject of multiple inputs from project leaders that have been connected to that individual throughout the year.

#### *Dimension 12: Organisational values*

The culture of the organisation is customer and results focussed. The organisation has a strong performance ethos, people are expected to work hard on behalf of the organisation and in return the organisation will invest in them and their future. It is a high pressure performance-driven environment.

There is a high level of currency placed on the ability of an individual to adapt to different situations. The organisations' recruitment and resourcing processes emphasise the need to spot this ability. Adaptability is described in some ways as being more important than technical skills.

There is also a strong emphasis on bringing difference and diversity into the organisation. The talent pool is well represented by people from very diverse backgrounds both in terms of ethnicity and profession. This is regarded as a significant strength of the organisation and is encouraged in its recruitment practice.

Performance management is operated with huge dedication and rigour; it is described throughout the organisation as being open and fair. As a result individuals have clarity about their position in the talent pool. Promotion

cycles are run regularly and with the support of career counsellors individuals are expected to make their own progression.

The process of resourcing people onto projects is done to ensure first, that the client has the appropriate skill mix for the project and then secondly, that individuals get the opportunity for stretch and development.

Consultants understand what is required of them and see the organisation as one which supports their individual growth. It is an 'up or out' culture, one which has at its heart and understanding that the capability of its people are its business. Development is open and available through a variety of access points including online and regular career point skills training.

A key factor in the culture is related to the willingness of each individual to learn. Individuals that are capable of learning and 'launching' themselves into challenging, stretching experiences are highly valued. The organisation's processes and culture support these types of people.

### *Dimension 13: Risk*

The level of risk that the organisation is prepared to take is medium. There is no high potential fast track and therefore the process for spotting and fast tracking outstanding talent relies on the performance management process. Since the environment is highly performance driven it is vital that success at the client level is ensured which may in some situations discriminate against high levels of risk being taken.

## **Structures and systems to support talent management**

### *Dimension 14: Performance management*

As already described this is done with huge rigour and forms the backbone of the process. This tends to be done on an evidence-based approach. Project managers are asked for concrete examples of people's performance rather than what they think or feel. Project managers who are not good at performance management lose people. The project managers understand that a key part of their role is to ensure that at the start of every project each individual has the necessary level of clarity about what needs to be achieved.

Associated with the performance management process is a culture where feedback is not only hugely valued but where it is regularly used as part of an individual's development.

### *Dimension 15: Talent management processes*

The process of performance management is highly structured. It is well understood and the checks and balances that exist make sure that it is seen as fair and robust. Specifically the roles of counsellor, independent assessor, people advocate and HR are charged with this. There is also a high level of compliance within the practice to ensure that these processes are adhered to.



*Dimension 16: Use of technology*

Technology is used widely as a tool for accessing development. Every individual has access to *mylearning.com* which is an online tool for development options. This also provides access to the variety of tools, systems and methodologies that form the basis of the consulting practice.

*Dimension 17: Systems flexibility*

The Human Performance practice is engaged in a constant review process of its approach to its own talent. Through the support and challenge of robust line, HR and people advocates, the issues associated with organisational and individual performance are regularly reviewed.

*Dimension 18: Ownership of talent*

Ownership of talent is distributed throughout the organisation. There is no formal process of fast streaming or high potential programme that is owned centrally. Therefore the ownership of talent is largely devolved to the rigour of the process; in particular the clarity with which people understand their performance in relation to their peers and then secondly the support they get from their career counsellor.

The process of performance management is operated by project leaders who have the responsibility to ensure that the appropriate level of data is gathered in respect to each individual. For each performance cycle there is a three month window of gathering data – this is held as being one of the key responsibilities of project leaders and they are held accountable for ensuring this is done rigorously. Individuals are aware that this process is ongoing and are encouraged to make sure that they are well represented.

As a check to the process, independent assessors also review the quality and consistency of the laddering to make sure that the fairness and transparency is upheld. In addition to this, HR have a strong role in overseeing the process and see themselves as being not only the guardians of fairness but also able to bring challenge to ensure that due process is being observed.

### **Section 3: Areas of good practice**

The following points can be highlighted as particularly good practice in Accentures' approach to talent management:

- A rigorous approach to performance management that is undertaken across the organisation on a six month cycle.
- A high degree of acceptance that doing performance management well is not only in the best interest of the individual but also contributes to the effectiveness of the organisation in client work.

- A high level of openness and transparency of what is expected of individuals in terms of performance within a grade and also between grades.
- A 'people advocate' whose responsibility it is to hold the mirror up on balance between performance and satisfaction.
- Development being a core value of the organisation and each individual encouraged and expected to make the most of their opportunities.
- A culture which encourages open and honest feedback to enhance performance and development.
- The appointment of career councillors whose objective is to provide a sounding board and constant presence to encourage growth and development
- Reward system that is linked to performance and supports the messages of skills and competencies to be valued.
- A senior executive development programme that provides stretch and challenge to potential future leaders.

## Section 4: Areas for further consideration

The following issues may be reflected upon further to prevent them becoming issues in the future:

- **Retention of good people.** While there is effort within Accenture to creating a community that is able to bind the virtual nature of consulting together, there is also a high level of turnover that may be considered to be good. However there is the possibility that good people are also leaving. There may be some benefit in providing a little more structure to articulating what the longer-term career prospects might be and what the rewards associated with these are.
- **Flexibility of process.** One of the features of Accenture which is similar to other professional services organisations is that consultants are a flexible resource and to keep connected to them requires a strict adherence to a process. In Accenture the performance management process is well understood and executed. However as a consequence there is a possibility that the process prevents sufficient flexibility to cope with outstanding talent. This may be a challenge for the future.
- **Career path for experts.** The specialist expertise of some individuals may not be fully recognised within a highly dynamic promotion cycle. In an environment where adaptability is valued those who have developed expertise in one discipline may find it difficult to understand how they are properly valued.
- **Geographic integration.** The performance management process within the Human Performance practice is strong and individuals as well as the global organisation have an opportunity to create movement and growth through opening opportunities across the globe.

- **Succession planning of senior roles.** The process of succession planning at the most senior levels is less clear. There is the potential for this lack of clarity to demotivate people within this talent pool. This block is also visible to more junior levels which could be important as they make career decisions.
- **Leadership development for junior levels.** The senior leadership development programme is viewed as being extremely positive within junior levels. The introduction of a similar opportunity may be an additional vehicle to attracting and developing outstanding talent.

## Section 5: Fictitious narrative

Before I joined Accenture three years ago I had spent four years as a HR manager with a large multinational food group. Before that I left the University of Westminster having gained a merit in Strategic Human Resource management as part of my first class Business Studies degree. The time in the frontline of HR really equipped me to deal with some very real people issues in an organisation that was going through a period of huge transformational change.

This was a hugely complex company that had been built up through the acquisition of a number of global brands. Each brand up until then had been run as separate businesses, with all the associated overheads. With a new CEO it became clear that it was untenable to run a business that had such duplication of activity in areas such as HR, marketing, R&D etc. So we started a massive programme of eliminating duplication such that on a national basis there was just one company servicing all the brands. It was a complex project involving not just restructuring but also a transformation in which the various divisions worked together. I was thrown right into the thick of it. I had to recruit a new team for the country I was responsible for. I had to work closely with the business to reduce headcount by a third. When this was all done we then had to start the real business of getting the new organisation to work together.

We made some mistakes but together we made a huge difference and the organisation has returned to growth which is exceeding the sector average. This gave me a huge buzz. Once the business settled down I found myself doing more of the day-to-day HR work which frankly I now found less than interesting.

At this stage in my career I thought it was time to make a move. I was attracted to consulting because I wanted to get an immersion in a variety of sectors internationally and quickly. From what I knew of the consulting world it would give me the opportunity to repeat aspects of the work which I find interesting. I started by looking at various websites and was struck by the thoroughness with which Accenture had paid attention to creating a proposition which seemed to give me everything I wanted. It looked like a

company that had values, that was prepared to develop and train its people. Being a global organisation it also had access to the most interesting assignments on a global basis. It was also very performance focussed and I liked the emphasis on individual career progression. Just from the website I could see what I could expect from my career and how long it would take.

I applied to the Human Performance practice in the UK and went through a thorough recruitment process which gave me the opportunity to make sure that I was the right fit – as well as them doing the same. Within days of me joining Accenture I was assigned a career counsellor who I was told would be my guide and coach throughout my career. Even from these first few weeks Accenture demonstrated its commitment to my development. I had almost four days just devoted to my orientation. It was a great experience because I got to meet a group of people who whilst came from very diverse backgrounds would also be my peer group. It felt like a community all ready.

This feeling of belonging to a community is very important at Accenture. There are so many groups and seminars that you can join not just for development but also to create a network. The consulting world is very different from corporate life and I quickly valued the effort the company placed in me having a support network. I find myself working in very different projects – most of which last about 3–4 months, but I can find myself one minute working in Dublin, the next in Germany and then having time in London waiting for the next assignment. But as a consultant I find myself working as part of a client project group that puts me in the frontline of work, doing what I most enjoy.

It became clear to me that to succeed in this environment you have to possess certain characteristics: confidence – in yourself and your abilities; good people skills – building and maintaining client relationships is one of the most important aspects of the job; good communication skills and adaptability – to be flexible in the type of work you do and the location you are working in. I am made to feel that I am equally responsible for finding a role that suits my personal development, and that provides maximum value to the client.

For the first time in my life I feel I have joined a company that will allow me to have a career, rather than just a series of roles. I feel able to plan my development to enable me to work up the ranks, gaining skills and friends as I do so. I see myself becoming a mentor to those starting out their careers and a manager to those striving to achieve their next levels. I am looking forward to whatever challenge is thrown at me.

We are very focussed on performance. At the end of every project I sit down with the project leader and we go through a fairly structured process of feedback and review against my objectives. Whilst this is a tough process it is very fair and I know where I am in relation to my peers. It also gives me a sense of what I can expect in terms of promotion. I make it a priority

to sit down with my counsellor as often as we can to review the feedback that I have had over the last six months. Up to now I have had great feedback and I am hoping that I will be up for promotion at the next promotion cycle. I seem to be doing well compared to my peers – as I get regularly assessed in the top 25% within my peer group. I am not told exactly that I am regarded as talent or what my long-term prospects are, but this is not too much of a problem since I have seen what happens to people around me and they seem to take every opportunity to progress. I am also very aware that I am developing for the future and who knows where things may go. All that is certain is that Accenture consultants are in demand and we are supported, developed and although it's tough I know that if I put in the hard work I will get the chance.

Throughout my time with Accenture, I have had a huge range of training resources made available. I have a training budget and access to a training intranet – *mylearning.com* – where I can monitor my progress and create my own personal curriculum and development plan. I can also access the Accenture Knowledge Exchange. This is like an online encyclopaedia; the Exchange is a mine of information that is relevant to my work and my clients' businesses.

# 5

## Case Study of Mills & Reeve

*Marion Devine*

Originally a single office practice based in Norwich, Mills & Reeve is one of the UK's leading commercial law firms. The firm now employs over 800 staff in six offices in Norwich, Cambridge, London, Birmingham, Leeds and Manchester. It offers a comprehensive range of commercial services to regional and national businesses. Areas of practice include corporate services, real estate, private clients, insurance, banking and finance.

Mills & Reeve has grown steadily during the last 20 years since it took the seminal decision to expand beyond Norwich and become a leading regional player. It has been steadily growing its practice through internal growth (including opening an office in London) and by acquisition (including Francis & Co in Cambridge and Lewingtons in Birmingham). The firm has also hired whole teams from rivals such as Eversheds. The Birmingham office, for example, recruited a private client team and thereby became the third largest such team in the UK. Most recently the Addleshaw Goddard family teams in Leeds and Manchester have moved across to Mills & Reeve.

During 2005/06, Mills & Reeve achieved a 21% increase in turnover and underlying profit increases of 24%. The firm currently has 79 partners, 70 associates (expert lawyers who have been qualified for at least six or seven years) and approximately 225 additional lawyers. There are two management bodies. The daily running of the firm is carried out by the Executive Board, comprising the Managing Partner, Senior Partner, HR Director, Finance Director and four group leaders (lawyers who oversee the team leaders of the specialist practices). The partner group is represented by a Partnership Council, comprising six elected partners and the Managing Partner.

Mills & Reeve is a regional law firm with national standards and aspirations. The firm has gained a national reputation for its expertise in commercial law. It is recognised as having a significant number of leading lawyers, particularly in corporate services and real estate. It is ranked 50<sup>th</sup> in the Top 100 Legal Firms. The company has won a number of regional and national awards. For the fourth consecutive year, Mills & Reeve is included

in the *Sunday Times' Best Companies to Work For*. The firm was also highly commended in the human resources category in the *Financial Times Innovative Lawyers 2006* rankings for its flexible benefits initiative, which allows staff to buy and sell benefits to suit their individual circumstances.

## Section 1: Overview

### Strategic context

Mills & Reeve has quiet ambitions to grow its business and reputation so that it can compete head-on with top law firms across a growing number of specialist legal services. However, the firm is committed to preserving its distinctive identity as a friendly, collegiate firm that values its staff and offers them a good work-life balance.

Indeed, Mills & Reeve increasingly views its employee proposition as a competitive advantage. Mills & Reeve does not offer 'magic circle' salaries, but the firm is increasingly able to lure quality lawyers through the promise of team-based culture where they can perform high quality legal work in pleasant locations.

The firm is currently formulating its strategy for the next three years. In terms of talent management, the firm wants to:

- ***Increase the size of its partnership*** while ensuring new business is generated to finance this expansion – the firm must develop and/or recruit high quality lawyers with strong commercial and business development skills.
- ***Continue to develop the partner group*** – the partner group needs to keep pace with these changes. The firm needs leaders who are lawyers and fewer lawyers who are (sometimes reluctant) leaders.
- ***Develop associates so there is a reliable talent bank of potential partners*** – by supporting lawyers in the transition from specialist to business leader.
- ***Develop rigorous selection processes, based on the firm's strategic goals*** – promotion should not be an automatic right to long serving lawyers.
- ***Retain and motivate the associate group*** – these individuals are the 'engines' of the firm and are critical for its success. Associates tend to stay many years with Mills & Reeve, so it is vital that they remain engaged and energetic, even when they have little prospect of becoming partners.

### Talent and tradition

The firm's steady growth reflects its success in recruiting and retaining talented lawyers (support staff are also very important to the firm but outside the scope of this case study). The firm has a nominal turnover of 2% among its associate group. Mills & Reeve views this stability not as a

problem but as an important asset that ensures clients a reliable pool of experienced senior lawyers.

Historically, Mills & Reeve has relied on its culture to ensure that talented lawyers were spotted and groomed to become partners. The firm's values and identity rest on a zealous commitment to quality. This helps ensure that weak performers are weeded out earlier in their careers. 'Rising stars' tend to get noticed quickly. Partners mix frequently with associates through joint client work and social events. They also supervise the work of junior lawyers and therefore quickly notice high fliers.

Individuals also 'play the game' to get themselves noticed by partners. Ambitious individuals will often attend lunches with partners, use the intranet to get their name known and volunteer to act as the expert in lunchtime 'know-how' sessions. Associates with 'savvy' also get involved in cross selling or new business development, all of which help position them as potential partners.

Team leaders tend to develop the talent in their team. These individuals quickly come to the attention of the group leader and he or she will then tend to ensure that he or she gets stretching assignments. In time, group leaders will begin to promote talented individuals to the rest of the partnership and will begin to prepare a business case for their promotion to partner.

This informal and hidden talent management system has worked reasonably well. The downside for Mills & Reeve is that 'quieter' talents can be over-looked, or that some parts of the firm offer a faster track to partnership because the team leader and group leader are better at spotting and nurturing talent.

This informal system also potentially de-motivates a minority of associates. While some associates are happy to remain as specialists, others may resent being passed over for a partner role or feel they have never had a fair crack at the whip. Associates could wrongly assume that the only way to be recognised as talent is to become a partner, thereby underestimating the firm's commitment to specialist talent.

Most seriously, the definition of talent (in the context of a potential partner) is changing. Mills & Reeve wants to ensure the partnership grows to reflect its strategic priorities. New partners need to win the right projects and level of profits to fuel the firm's growth. Partners need to avoid the trap of 'replicating' themselves or even selecting partners in the image of 'yesterday's' partner profile.

### **'Mind the gap'**

Mills & Reeve recognises that the transition from associate to partner has tended to be poorly understood and therefore not managed in any formal sense. As one lawyer comments: 'You seemed to progress through a series of clearly defined steps and then suddenly, the rules ran out'. The process is



sometimes perceived as 'cloak and dagger'. Just like in any partnership, various myths exist about how to become a partner:

- you receive a 'tap on the shoulder' and are told you are partner material
- you stay in line and 'keep your head down' until you make partner
- you must be an outstanding lawyer
- you must have the 'right face'
- you need to be sponsored by a powerful partner.

Mills & Reeve is now working to help its lawyers understand that being an excellent lawyer gets them to the starting block but is not enough to take them all the way to partner. In reality, the transition involves a huge leap from a specialist, individual role, to a more rounded, entrepreneurial role, where group strategy takes precedence over individual work.

The firm also wants associates to understand that becoming a partner is a shared responsibility. 'The individual must jump over the chasm between associate and partner level but the firm must catch them too', explains one partner. However, the balance is shifting and there is not yet a clear sense of how responsibility is shared. Some individuals assume a passive role and wait to be asked, while others believe it is up to them to make their own opportunities.

### **A 'light touch' to formal talent management**

Mills & Reeve values diversity and takes a flexible, supportive approach to its staff, particularly women with families. The firm also provides a variety of legal services, so that each team uses different skills and work processes. For these reasons, partners are reluctant to be prescriptive about defining and managing talent.

The firm has decided to take a 'light touch' by introducing a small number of formal processes around the entry points to associate and partner level. This is to ensure that talented people with the 'right' talent, rather than talented lawyers (valuable as they are) are promoted to the next level. This will also make selection processes more transparent and particularly help associates to take more ownership of their careers.

### ***Role profiles***

These outline the purpose, skills, personal qualities and behaviours of lawyers at different levels of the firm. These profiles, which were comprehensively discussed throughout the firm, have wide acceptance. Annual performance reviews (and the informal six monthly review) are now based on these role profiles, as are selection processes for associates and partners.

Associates are required to be proficient in three core areas; commercial management, law and client management. They can also consider four

further areas: business development, people management, strategic outlook and cross firm thinking. Partners are required to demonstrate proficiency in all seven areas.

Mills & Reeve has also identified the 'core psychological skills' needed for success. Associates need to demonstrate, for example, inner drive, flexible thinking, emotional awareness and influencing skills.

These profiles help both partners and associates to recognise the difference between their roles. The descriptions also help Mills & Reeve to sharpen recruitment processes for external partners and potential partners.

### *Associate career workshop*

This two day workshop was introduced during 2006 and is personally championed by the managing partner. It encourages associates to more actively plan their careers. Participants undergo 360 degree feedback before the workshop and also complete a psychometric questionnaire, the results of which are confidential to them. They look at the business context of the firm, their own strengths and weaknesses, work on a career plan and consider how to develop influencing skills and cross firm thinking. They can also receive six coaching sessions after the workshop to work on their development needs.

The goal is to engage associates, so that those who opt to remain as associates will reassess the advantages of remaining with Mills & Reeve, not least flexible benefits, flexible working arrangements, high quality legal work and a good work-life balance, and feel more positive about their choice. The firm also wants associates to realise that the partnership recognises their legal talents and views them as invaluable assets.

The workshop is an opportunity for the managing partner to deliver some honest messages about what it takes to become a partner. He explains that it is a combination of a solid business case, luck and timing (for example, the firm is expanding in a specific area, or a partner is due to retire), and fitting the defined personal attributes.

An unexpected benefit of the associate career workshop is that it appears to have encouraged more women to consider applying for promotion. In the last round of partner appointments, for example, three out of the ten successful candidates (30%) were women, while in May 2006 women comprised only 19% of the partnership.

Mills & Reeve is still considering how to engage its associate group further. It is currently thinking about how to blur the boundaries between associate and partner in some way so that associates can widen their roles slightly, for example, by contributing to business development and becoming more involved in managing their team. Providing greater challenge through lateral moves remains difficult as many legal skills are not transferable across the firm's different service/sector areas.

*Development opportunities*

The firm has introduced new development opportunities for associates. These are based on the new role profiles. Associates can attend regular two hour master classes, run by internal experts. These sessions review best practice in different areas, especially the firm's seven core activities.

An induction day for new associates has been introduced, to help them understand the transition from senior lawyer to associate. Topics covered include how to manage their personal reputation; personal challenges and opportunities, and how to succeed as an associate. To lawyers, these are 'non-fee' earning days, making some individuals reluctant to take time off for their own development. The managing partner plays an important role in communicating the business and career development benefits of these opportunities.

New partners are also being catered for. New partners can receive coaching to help them deliver on their objectives. There is also a recently introduced induction day for new partners where they explore the transition from specialist to business owner and their new responsibility for turnover and business growth.

*More transparent selection processes*

The firm now ensures senior staff know what is involved in becoming an associate or partner. These processes focus on individual ability and business need rather than length of service.

**Associate selection:** Legal staff now benefit from clear instructions about the nomination, assessment and selection process for associates. Staff should:

- First discuss with their team leader as to whether they have the necessary experience and performance to be considered for promotion. A candidate needs to be graded as at least 'good' in all six key performance areas.
- Self nomination. Any fee earning member of staff with the appropriate legal qualifications (including solicitors, barristers and legal executives) can apply.
- Provide evidence about their past performance at their current grade and their potential to perform well as an associate.
- Fill in a nomination form. This mirrors the associate role profile and looks at core associate activities, additional associate activities and personal attributes.
- Nominations can be submitted annually.

A panel considers the nominations, a process which typically takes three months:

- The associate panel comprises the Senior Partner, the Managing Partner, the HR Director and three appointed Partners.

- The panel accepts or rejects the nominations, giving a full explanation and then discusses the successful nominations with the executive board.
- Successful nominees and their team leaders are given feedback and have the chance to supply further information or tackle some development needs.
- Additional data is gathered from finance and performance reviews.
- Nominees make a presentation (no more than ten minutes) to the panel and answer questions about their likely contribution as associates.

The short-term impact of tougher selection is that fewer solicitors will be promoted to associate level. Among the most recent cohort, only about half of the senior solicitors were promoted. But the long-term benefits compensate: 'the idea is to "raise the bar" so that the associate badge is seen as a kite-mark for quality' says one partner.

**Partner selection:** A similar process exists for potential partners, except that additional partners are members of the Partnership Council. The panel's decision to accept the applicant must be voted on by all the equity partners. The firm recognises the unique nature of a partnership and that new partners must be personally acceptable to every equity partner. In reality, candidates who have got this far in the selection process are rarely likely to be rejected.

The business case for a new partner is made separately to the partnership and in many cases, the partner candidate may not be involved much in this process. Potential partners are promoted and sponsored by the group leaders. Group leaders may be acting from a range of motives: they may fear losing a talented associate to a rival; they may be convinced the associate will significantly grow their part of the business; or they may be aware of an opportunity to create a new partner due to the imminent retirement of an existing partner.

Group leaders have the responsibility to make a strong business case to the rest of the partnership by convincing them that the new partner will generate enough business to make it worthwhile 'dividing the cake' further. The formal selection process therefore focusses on personal factors and is underpinned and informed by a more hidden process among partners which focusses on business development issues.

## Section 2: The talent dimensions

Mills & Reeve does not use the term 'talent' or 'high potential'. However, the firm aims to recruit high performing legal staff at all levels and believes that all of them are talented. For the purposes of TM, the firm is focussing on associates – legal staff who have typically been qualified for at least six or seven years – and partners. The firm has recently created role profiles to

describe high performing associates and lawyers, but partners still tend to have their own definitions of what it means to be a 'rising star'.

## **Defining talent**

### *Dimension 1: Size of talent pool*

The firm's talent pool is primarily its associate group. This group is made up of talented specialists and those with the potential to become partners. The rest of the talent pool comprises junior partners (who will eventually become full equity partners) with the potential to move into various senior leadership roles.

### *Dimension 2: Entry criteria*

Any senior lawyer or associate can put themselves forward as talent by asking their team leader to nominate them for promotion. However, in order to make the associate role more of a 'badge of excellence', the selection process has become rigorous.

Selection for partner has also become tougher, but this is to ensure that more commercially minded associates are promoted. Due to the firm's accommodating culture, partners often take notice of ambitious associates who 'make a noise'. Associates who are difficult to replace, especially from the local labour market, are sometimes in a powerful position to advance their careers. The more rigorous selection process should help partners take 'tough decisions' about such associates.

### *Dimension 3: Decision process*

The new TM process has increased the number of people who decide who is talented. Team leaders 'spot' talent in their teams and promote them to group leaders.

Group leaders promote talented individuals to the partnership. The selection process now requires team leaders and group leaders and the individual to take a joint decision whether he or she should be nominated for promotion to associate or partner. Selection decisions now involve a formal selection panel of the firm's top leaders; the executive board, the Partnership Council and/or a formal vote by the equity partners.

### *Dimension 4: Permanency of definition*

Becoming an associate or partner confirms that an individual is regarded as talent.

There are two broad classifications of talent; specialist talent or leadership talent (expressed in terms of 'leading growth and profitability'). Whether or not an individual is perceived as a potential leader (i.e. partner) often depends on the group leader of their section of the firm.

Partners try to avoid labelling individuals or having too narrow a definition of talent. The firm supports the individual in his or her choice to

remain as a specialist or aspire towards partnership. Unsuccessful candidates can undergo further development and re-apply for promotion.

#### *Dimension 5: Recruitment as a source of talent*

The firm is equally committed to growing its own talent and recruiting external talent when required. It will recruit individuals and entire teams. The firm is aware that it needs to maintain the right balance between internal and external partners so that associates remain motivated to aspire to partnership.

#### *Dimension 6: Transparency*

Transparency about promotion is an implicit value of the firm. The new TM processes aim to make selection processes for senior lawyers, associates and partners more fair and transparent. The managing partner helps associates to understand what they need to do to be considered for partnership. Partners believe this transparency will encourage legal staff to take more responsibility for their own career development.

### **Developing talent**

#### *Dimension 7: Development path*

The wider strategy for developing talented staff is still being developed. New and junior partners can benefit from informal mentoring. Coaching, supplied by an internal coach and HR staff, is also starting to be offered. There is not an accelerated development path for talented individuals, but senior partners might well ensure a high flier in their area is given high quality assignments.

#### *Dimension 8: Development focus*

This part of the TM system is still under development. The focus needs to be on how to help talented staff develop their skills in non-legal areas, such as commercial management, client management, business development, people management, strategic outlook and cross firm thinking.

While legal staff receive their professional training, the firm has yet to design a learning and development strategy around the seven core activities for talented staff specifically. The associate workshop now provides associates with 360 degree feedback and the opportunity to form a career plan and opt for coaching. The induction day focusses on career planning. Master classes concentrate on knowledge transfer, especially around best practice.

#### *Dimension 9: Support*

The firm is generally supportive, and legal staff frequently consult with each other and ask for help and advice. Mistakes, especially in non-legal areas, are well tolerated, but an 'unforgivable sin' and career 'de-railer' is to cause a partner to complain.

*Dimension 10: Influence on career*

Group leaders exert the greatest influence on the careers of talented specialists and leaders. However, these partners are sometimes pulled by two opposing tensions as leaders and deliverers of the business. They want to protect their part of the practice by ensuring they do not lose a valuable associate, yet it may not be in the long-term strategic interest of the partnership to promote the associate. The new selection process for potential partners now helps the firm to grapple with these hard decisions in a more impartial and transparent manner.

*Dimension 11: Connected conversations*

Conversations about talented staff are important. Partners often discuss 'rising stars' in their part of the practice. Although talent is nurtured in technical teams and cannot easily be moved around the firm, partners like to know about promising individuals. This reflects the nature of a partnership, where all the partners have a vested interest in ensuring the success of individuals who can 'pay their way' as partners.

*Dimension 12: Organisational values*

The firm prides itself on its friendly and collegiate culture. The firm especially values legal excellence and this helps prevent the culture sliding into comfortable complacency. The firm functions as a meritocracy that rewards individual expertise, but it also values teamwork. Perhaps due to a (now decreasing) passivity in managing their careers, associates rarely feel they compete against each other for promotion.

*Dimension 13: Risk*

Talented people tend to stay in their comfort zones and are reluctant to take on stretching assignments. The more rigorous selection processes for associate and partner roles may exacerbate this tendency. Partners would like to see talented staff take more risk with their careers and are willing to support them if they 'fail', but they acknowledge that this message may not be getting through to the associate group.

**Structures and systems to support talent management***Dimension 14: Performance management*

The firm's annual performance review, conducted by team leaders, is now based on the role profiles. Associates are reviewed primarily against the three core areas of activity and, if appropriate, against four additional activities. Partners are reviewed against all seven areas of activities. This creates an over-lap between the two groups, which helps identify how well some associates are moving towards a partner role and whether some new or junior partners need more help in managing the transition.

The senior partner generally deals with issues of under performance, although this is rarely due to someone's legal skills, and is more likely to

do with them being in the wrong role or team. Thanks to greater clarity and transparency about roles and career paths, the firm is getting better at holding 'difficult conversations' with individuals who are unlikely to be promoted and might be happier working elsewhere.

#### *Dimension 15: Talent management processes*

The firm is becoming much more transparent about how staff can progress. There is now an explicit selection process for associates and partners.

#### *Dimension 16: Use of technology*

Although this is not a significant feature of the formal TM processes, the firm has been commended for its intranet facilities which facilitate knowledge sharing.

The associate career workshop aims to explain to staff the complex interplay of formal and informal processes that lead to promotion and what they can do to promote themselves. The firm is honest that success depends on legal skills, personal attributes, business need, luck and timing, and the sponsorship of group leaders.

#### *Dimension 17: Systems flexibility*

The TM system is less than two years old and is therefore still evolving. The firm wants to continue to rely on its culture to nurture talent and is therefore introducing a small number of formal processes only. The firm is committed to fair and transparent selection processes for associates and partners. However, senior leaders need to watch out for partners who might be tempted to circumvent formal processes and push forward their own protégés.

#### *Dimension 18: Ownership of talent*

Group leaders tend to own talent within the specific practices. Talent tends to remain in silos because legal skills are not often transferable to other parts of the firm.

Team leaders have the day-to-day responsibility of developing their people and they will bring talented individuals to the attention of the practice's group leader. The group leader will tend to promote the individual to the rest of the partners. If the four group leaders believe a talented associate has the potential to become a partner, they will prepare a detailed business case to convince the partnership.

### **Section 3: Areas of good practice**

The following points can be highlighted as particularly good practice at Mills & Reeve:

- Senior leaders are working hard to create a clear line of sight from the firm's goal to grow and its first steps in TM for associates and junior partners.



- Explicit top management commitment to TM – senior partners have close contact with associates and take a keen interest in ‘rising stars’.
- Dedicated HR resource for talent management – HR staff are strongly supported by the executive council.
- TM processes enable a more honest and higher quality conversation about people’s career prospects and aspirations.
- The new role profiles are helping to build a shared understanding of high performance and inform judgements about potential and ‘promotability’.
- Role profiles were extensively discussed across the firm. As a result, legal staff support their use and find them helpful for career planning.
- Talent management processes, performance reviews and various new development opportunities are explicitly tied to the new role profiles.
- A commitment to developing both specialist talent and leadership talent.
- TM is used as a retention strategy for talented specialists – the firm explicitly values specialists and enables them to remain in this role if they choose.
- TM is geared towards helping critical career transitions, especially from senior lawyer to associate, and from associate to junior partner.
- A commitment to making selection processes more transparent and fair.
- Honesty about the factors that help or hinder associates becoming partners.
- A move to connect TM with training and development opportunities.

## Section 4: Areas for further consideration

The following areas warrant further consideration to prevent them from becoming issues in the future:

- ***Culture and values*** – the firm is growing, new offices are opening and TM is leading to more explicit processes around career development. Will this dilute the firm’s values and culture, especially around technical excellence, teamwork, cooperation, diversity and quality of working life?
- ***Developing partners*** – the firm knows it needs to provide more developmental opportunities for partners. Should it encourage more mentoring and coaching, and provide more tailored training in leadership and business skills?
- ***Engaging associates*** who are unlikely to become partners. Could the firm give them more internal recognition? Would they enjoy acting as mentors and coaches to their teams? What about motivating them by discretionary bonuses and, more importantly, opportunities to share their expert knowledge? What about more external recognition from clients and the wider legal profession? Are partners willing to share the stage in this way? If some of the distinctions between partners and associates are dissolved, will this cause associates to feel more resentful about the large pay gap between them and partners?

- **Taking the difficult decisions.** TM is encouraging frank discussions about performance and career aspirations. Are partners willing to take tough decisions about talented people who are underperforming, disengaged or disappointed in their career ambitions? Given the firm's culture, how much weight should be given to personal factors and long term strategic goals?
- **Ensuring informal processes support, rather than undermine, formal TM processes.** Is there enough vigilance to ensure that partners use the new processes consistently rather than their own strategies to promote talent?
- **Linking TM with diversity.** The firm is strongly committed to diversity, especially to developing female lawyers and offering flexible working to women with families. Could it more strongly link TM with diversity so that more women put themselves forward to be considered as partners? Should this be more of an imperative, given that 63% of solicitors in the firm are women?
- **Developing a learning and development strategy to support TM.** As yet, L&D opportunities are being offered in a piecemeal manner. With the role profiles in place and more transparency around career advancement, is the TM system mature enough to be supported by an overarching L&D strategy? Would this help to break down the tendency of some legal staff to attach less value to development opportunities (especially in non-legal areas such as commercial skills etc) compared to fee earning work?
- **Extending TM to solicitors, senior solicitors and beyond.** The firm has already taken some steps in this direction. However, should the firm take a longer-term view of its talent 'pipeline'? Staff cannot easily make lateral moves into Mills & Reeve's different law areas/teams/offices by the time they become associates. Would it make more sense to focus on the development of younger solicitors? Would this help younger talents benefit from the firm's diverse practices and its four regional offices?

## Section 5: Fictitious narrative

I won't say I have had a 'road to Damascus' experience, but I am willing to admit that the associate's career workshop has made me think differently about my career with the firm.

I went into the experience feeling quite resentful that I had to give up two days of my time when my desk was over-flowing with fee-earning work. I was slightly mollified when I saw that the managing partner had given up his time to be there! I was preparing to sit back and at least get a rest from the office, but despite myself, I got drawn into the workshop. The managing partner was really emphasising how the firm valued its associate group and he kept saying that it was more than ok with the partners if we wanted to stay as specialists and not go for partnership.

To be honest, I was a bit sceptical at first. I thought this was just another way to tell us to keep working hard for half the pay of partners, many of whom turn to us associates for complex legal advice. But gradually, the message came across about the key differences between partners and associates. For the first time, I really started to think about whether I really did want to become a partner. If I think about what drives me and gives me a buzz, it's when I unravel difficult knotty legal issues and manage to impose order on a chaotic situation. It's even more satisfying when partners congratulate me, or the client rings in to say thank you. Would I get the same buzz from being 'an owner of the business', worrying about turnover and business growth? I'm not so sure.

The workshop also contained another surprise. The session leaders spoke very honestly about what it takes to become a partner, how you need a business case, and how it often depends on luck and timing more than anything else. They also explained why partners need to pay their own way by generating more than £1 million turnover and why they needed other skills like strategic thinking and financial management.

We had to work on our own career plans and think about what we wanted to achieve in the firm and I've been pondering these things ever since. I don't think I have ever stopped to really think about what I want. I've always assumed that the only option was to become a partner; to do anything less was to fail. You have to keep moving upwards and if you slow down or stop, then everyone knows you're not quite the best, you didn't make it to partner.

I became an associate relatively early. I managed to move quickly because I was good and because I knew how to get on. It didn't take me very long to work out that partners opened doors for their protégés and ensured they got to work on the most interesting projects. If they saw you as a rising star, they took an active interest in you and talked about you to other partners. I always tried to be as visible as possible to partners, especially the senior partner and managing partner. I worked ridiculously hard and took any opportunity to demonstrate my legal skills. I worked hard and played hard too. You could always find me at social events, playing in the cricket team, attending staff meetings, going to lunchtime know-how sessions and even leading some over time. It worked and I became an associate around two years earlier than I would have expected.

Life didn't seem so straightforward as an associate and I've begun to feel less confident about my ability to make things happen. I made it very obvious that I wanted to become a partner, but the doors didn't seem to open. I saw an associate in another team become a partner very quickly. It was hard not to feel resentful because I made it to associate level much earlier than him and I had always found him to be less incisive and persuasive than myself in client presentations. My team leader made a few encouraging noises, but more alarmingly, he muttered something about

'growth opportunities in other teams'. He obviously knew something I didn't and I came to feel that someone, somewhere, had given me a black mark. I wasn't going to become a partner, despite what I did. Maybe it was simply the case that my face didn't fit.

If I'm honest, I withdrew a little from the firm. I still enjoyed working for Mills & Reeve and I loved the work and being able to go home at a reasonable hour. But, I don't know, some little spark inside me went out. I think I felt a little bit of a failure, or maybe it was just that nagging sense of why didn't I make it to partner?

I think I can begin to answer this question at last. I got some really good feedback from the associate's career workshop. I had a very good chat with the managing partner about how the firm is changing and growing. I have since then had something of a heart to heart with my team leader, who seems more comfortable about talking about career stuff nowadays. Everyone has helped me to see that our team can't easily support a new partner, although this might change in the next two years if there is a market upturn as the firm expects. I've realised that the reasons why I haven't made a partner are nothing to do with me personally. The partners are aware of me, even to the point of giving me some useful pointers about how I need to sharpen my commercial skills. I've also come to see that the firm values my technical skills and my own self image isn't so inflated after all!

I suddenly feel a lot more switched on in my job. Nothing outward has changed, but I feel a lot more positive. If I want, I can stay as an associate and continue to make my mark as a lawyer. But in a couple of years, there might be a better business case for becoming a partner. I could use the two years to develop myself against the seven areas of activities. I'll have to work really hard, but my team leader and group leader will support me and help me spot developmental opportunities. They'll also help me prepare a business case if we all think I have a reasonable chance of success.

The point is, I now have specific goals and the freedom to decide for myself what I want. The door to this 'gilded cage' is open and I can fly out if I want. At the moment, I'm enjoying sitting on my perch and savouring this moment of appreciating where I am and looking at where I could go. Who knows where I'll be in two years time? That's a good thought to take home every night!

# 6

## Case Study of Grant Thornton

*Elizabeth Braiden*

Grant Thornton is an accounting firm which has over 30 offices in different locations around the UK. Each location has a managing partner who has a great deal of autonomy. In addition there are nationally run businesses, also led by a managing partner and often centred in London, but with people based in other offices as well. Consistency of approach with respect to recruitment and talent management is seen more within the national businesses. Each office has a number of partners, and a range of managers, senior managers and Client Service Directors; there is also a local HR officer or manager, and one or two line managers who have taken on the additional role of staff development manager (about 20% of their time). There are approaching 900 people with 'manager' in their job title.

### Section 1: Overview

#### Strategy

Grant Thornton has a strategy that includes differentiation from the 'big 4'. They describe the group as 'Advisers to the independently minded', and pride themselves on being flexible and responsive. They use their depth and breadth of skills to take on bespoke work. Their differentiation from the 'big 4' also serves as a source of recruitment strength, as individuals employed by the 'big 4' sometimes seek the opportunity to undertake more independently minded work and leave to join them.

Grant Thornton has always sought to develop people, and makes a considerable investment in learning, professional qualifications and skills training. This is available to all. Any shortage of professionally trained people is a potential limitation to growth.

#### Culture

Different offices have slightly different cultures. Historically, each office was highly independent, and locally focussed, with the managing partner setting the tone. This is now less true, with more practices being implemented across the group more consistently. Some variations do still exist.

Teamwork is important for getting the job done, however, personal ambition is also important if an individual wants to progress. On the whole these two seemingly contradictory cultural elements coexist, though there are pockets where ambition may dominate. Most offices have a supportive environment, where anyone up against deadlines or with particular issues is likely to get help. Similarly, anyone willing to seek a mentor or perhaps a secondment or similar is likely to be supported in their endeavours, as drive for personal development is valued.

There appears to be a remarkable absence of a blame culture in Grant Thornton in comparison to other large professional services firms.

Offices are also very social, with the expectation that social events would be organised and funded internally. Great importance is attached to meeting socially as well as in the office. There is an ethos of 'work hard, play hard'. The ability to network is a very important aspect of progressing in the firm and is facilitated by the social environment.

Partners aim to be friendly and approachable to all, and the firm is surprisingly non-hierarchical.

Two sorts of people succeed at Grant Thornton: those who are very ambitious, and promote themselves well, and are good enough at the job; and those who are so good (and often intellectually very bright) that they are noticed and valued. However, some drive and ambition is essential even amongst the second group.

### **Talent management**

Talent management practices were introduced with the clear aim of retaining and developing the people that Grant Thornton really wants to keep, with the secondary purpose of improving retention rates overall. Currently only a small proportion of partners have been with Grant Thornton for the whole of their career.

Their processes are designed and run centrally from the National Training Centre, which also holds data on performance, and monitors progress. There is considerable variation in follow-up depending on the support for the talent management process locally from individual partners.

The talent management practices are regarded as relatively new (about 3–4 years). Plans are in place to upgrade it as follows:

- Redefine competencies
- Improve management processes
- Improve local staff development
- Introduce career management processes for those who have gone through development centres

There are two separate processes, based on development centres, called DC1 and DC2, which are designed to support talent at different points in their career.

### **Development Centre 1 (DC1)**

DC1 is designed for people who are close to qualification (either just before or just after) and who are believed to have the potential to be promoted to manager in two to four years. Those put forward for DC1 are nominated locally, by managers, local HR, and at least one partner, with nomination forms put forward by the HR representation in the office. There may be a meeting at which the possible 'candidates' are discussed by the panel of people present. Where these meetings take place, intelligence, motivation and drive are likely to carry most weight. The formal nomination criteria are: exam success, being in the top quartile of peer group in terms of performance, demonstrates high potential for fast progression, evidenced by the work they have undertaken and their activities within the department (this can be substantiated by assignment reports and appraisal documentation) and shows personal confidence.

Subsequently, nomination forms are reviewed centrally, with follow-up questions being posed where potential is less clear on the form. DC1 is run five or six times each year, with eight people on each (about 40 people per year). This involves about 20% of all trainees from a pool of 180–200 in their final year. DC1 is run at the national training centre and is staffed by a mix of internal specialists and managers who have been trained for the role. The DC1 involves a range of observed individual and group exercises, and psychometric instruments.

Following DC1, each person will receive detailed feedback from an observer, together with a written report, including an individual development plan. Their line manager will also be involved in the feedback meeting. As a result of attending DC1, the individual may be allocated a mentor. Following DC1, the individual is expected to make good use of their feedback, and this will be judged as part of the normal appraisal process. Retention rates are still disappointing for this group, and other initiatives are currently being trialled.

### **Development Centre 2 (DC2)**

DC2 is aimed at managers with three to four years experience at manager level, and with the potential to move up to partnership. Nomination forms for DC2 are completed by a partner. Personal drive is still important, as is the ability to challenge and question, both internally and with clients. In some offices, a meeting will be held to review the potential of a range of managers, with a view to selecting, for DC2, those with greatest potential for partnership. These nominations are not challenged centrally, though some 'clarification' might be undertaken. DC2 is run by an external specialist, and also includes partners trained as observers. It lasts three days, and includes a career development workshop as well as individual and group

exercises. Everyone receives a report. An individual development plan is expected as an outcome, and many acquire an internal or external coach and/or a mentor – this is very dependent on which partner sponsored their identification as talent. Development plans include ‘messages from the development centre’ and also details of their aspirations and what they need to achieve to fulfil them. Once again, the ability to make good use of the feedback as a basis for improvement is likely to be more important than the actual results of the development centre.

Both development centres include simulations (observed behaviour), group exercises and psychometrics. DC2 also includes use of 360° feedback. The outputs focus on personal development, rather than business-oriented development.

### **Follow-up development**

For attendees of both development centres there is one formal follow-up meeting (between delegate and line manager/partner) facilitated by the assessor who gave feedback at the centre. Post the event and when considering future promotion the major emphasis is on what use each individual has made of their development plan. Any plans put forward by an individual are likely to be supported, provided they are well argued. This can include anything from attending a short internal course, to undertaking a part time Masters degree. Local HR, and staff development managers may be used as support for progressing development plans. In some instances, partners may also be involved, especially at DC2, and where secondments or special projects are sought by the individual. There is a perceived need for some form of follow-up from outside the office.

A loose network may form at the DC between participants (especially DC1), and this may be another source of ideas and support, or a forum in which to exchange experiences.

There is an intranet-based system of identifying ways of meeting development needs called ‘aspire to learn’. This is organised by attribute, and places on courses can be booked directly by anyone and access to e-learning provided. Their line manager is then informed of the booking and has to approve it. However, use of ‘aspire to learn’ appears to be low key. Courses exist for both supervisory skills and management modules, and some short skills courses are also run in offices by HR and/or staff development managers (e.g. coaching, giving feedback).

A new leadership programme for partners is currently being piloted.

## **Section 2: The talent dimensions**

The two processes in operation have some differences, which are highlighted under specific dimensions, where necessary.



## **Defining talent**

### *Dimension 1: Size of talent pool*

Approximately 20% of each group go through respective DCs. This is dependent on nominations rather than a quota. There is no sense of there being a limited number of places, either within an office or overall.

### *Dimension 2: Entry criteria*

A number of attributes are 'entry tickets' – being very bright, good with clients, and having lots of energy and drive. Anyone can ask to speak with local HR to discuss being nominated for a development centre. In practice this seems very unlikely at DC1, where the nomination process appears more 'cloak and dagger'. There seems to be very little awareness that it exists, so self-nomination is very unlikely. This level of secrecy seems to be perpetuated by those who attend. There are two entry periods – just before qualification, and following it. The former has some issues associated with difficulty of doing both exams and DC at the same time.

Seeking self-nomination is more likely at DC2, possibly because there is greater awareness of its existence. It was said that it is currently possible for people to make partner level without going through DC2, but that this would become more difficult as the process becomes embedded. Again, there is not a single point at which nominations occur. People are nominated at different stages – the later ones sometimes following the realisation that others are progressing their careers more rapidly!

### *Dimension 3: Decision process*

For DC1, assessments for nomination are made by a combination of line managers, other managers in the office, local HR and possibly the staff development managers. Once the nomination form has been sent to the national training centre, there may be an informal clarifying process. The development centre is staffed internally by a mix of specialists and managers who are volunteers who have been trained, and may also hold the role of staff development managers. Observation rotas are drawn up to ensure that no manager observes someone they already know well. The process of assessment associated with the development centre includes significant moderation, with all observations and scores being discussed thoroughly at the end of the centre. The results are fed back to each individual about three weeks after the centre. The line manager is present at the feedback, with an assessor from the DC taking the lead.

For DC2, the nomination process is led by a partner, and usually involves other partners from the same office or business. The process is supported by local HR. The observers for DC2 are drawn from partners who have volunteered and been trained for the role. External specialists are also involved. Again a moderation process follows the development centre. The person

giving feedback will be a partner, but not from the same office as the individual. Thereafter, the line manager partner will have the greatest responsibility for monitoring progress.

It is common for nominators to believe that it is their own reputation that is on the line if an individual fails to perform well at the development centre. This may lead managers to err on the cautious side in making nominations. However, this tendency may be reduced where groups come together to consider nominations.

#### *Dimension 4: Permanency of definition*

While the development centres are in no way intended to be pass/fail events, a few people disappear soon after attending, presumably because they realise that they are unlikely to achieve their aspirations within the firm. The rest need to manage their own development to remain as 'talent' and succeed. However, there is considerable support for those who are clear about developing themselves. Opportunities are likely to be available to fill gaps in experience, as long as the individual is motivated to seek them out.

Once promotion to a management position has happened, the individual will have fulfilled the potential identified when they were nominated for DC1 and will continue their career until they have sufficient experience and seniority to be considered for nomination for DC2 – the next level of talent i.e. for partnership. In this interim period, there is no formal talent process.

Once an individual has completed DC2, with the development needs for promotion to partnership detailed, failure is less likely provided that the person has the clear ambition and dedication to develop and succeed. For example, business units run mock interviews six months before appointment to partnership. This can have different outcomes – an interim appointment, appointed with specific conditions, appointment as Client Service Director (an interim role for some, a final role for others), or resignation from the firm. An important element of promotion to partnership is the preparation and presentation of the business case to justify their promotion.

#### *Dimension 5: Recruitment as a source of talent*

Internal vacancies are published, as are some secondment opportunities. Some opportunities are e-mailed to individuals, some travel by word of mouth. Better people know who to talk to. People in large centres are at an advantage, as are those who regularly work with partners, as networking is much easier for them. It is a distinct disadvantage if a local partner isn't particularly communicative.

Promotion to partnership may not depend on there being a vacancy as the prospective internal candidate is expected to make a business case to be made a partner. This may be based on additional business of a sort already

being undertaken in the office, or it may concern a new specialist area, for example due diligence work. Individuals are expected to choose their own specialism, and develop business in that area.

Recruitment externally takes place at every level, including partnership, though this is regarded as less successful as they may not fit the culture, and they may not develop the same high levels of loyalty as those who have been developed 'in house'.

### *Dimension 6: Transparency*

There is neither particular openness nor undue secrecy about the talent process, though there is more of the latter at DC1. Information is published on the intranet, but is not highly publicised. Attending a development centre may be noticed, as might attending more development events than average. The most visible activity is that of going on a secondment. There is certainly a perception that the 'favoured few' get these opportunities. This observation may lead some to realise that they have to be more proactive if they wish to find a secondment.

Some offices show more visible support for talent than others, and it becomes apparent to others that self-promotion may be necessary to get noticed. People inevitably compare their progress with that of others in their peer group. If the comparison is somewhat negative, this may lead to someone raising their profile.

There is no means of anyone being sure who is talent and who is not, other than by observing who gets which opportunities and drawing appropriate conclusions.

## **Developing talent**

### *Dimension 7: Development path*

This depends on an individual's aspirations and motivation. Having a supportive partner is a huge asset, especially when the required development would be best satisfied by the experience provided through a secondment. Projects and secondments are likely to be the main differentiator between development of talent and that of others.

### *Dimension 8: Development focus*

Development is definitely based on addressing areas of weakness and gaps. The development centre results in a report and development plan that is based on the weaknesses observed, although strengths are also listed, and given prominence. It was said that the culture of accountancy is about identifying and addressing weaknesses.

### *Dimension 9: Support*

Some support may be offered by an individual partner or line manager. In addition, the individual will generally need to seek out partners who will

coach, mentor or sponsor them. This sort of support is fundamental to identifying the most appropriate development route and making it happen. There is also an online learning tool to help people to manage their own development.

#### *Dimension 10: Influence on career*

The regulatory environment can have a big influence on people's options, though seeking additional training or qualification is unlikely to be blocked if well argued. Individuals influence their career by moving around, and gaining breadth of experience, sometimes through secondments and special projects. Progression is largely down to each individual, with the support of at least one partner, more commonly several. Good people know how to influence and work the system. Partners have varying degrees of commitment to supporting the development of others. It was not uncommon for people to describe themselves as lucky to have been noticed by a particular partner.

#### *Dimension 11: Connected conversations*

At DC1 level, the key conversations take place with one's line manager, local HR manager, local staff development manager, and possibly a partner, depending on how supportive he or she is to the identification and development of talent. Some individuals may have acquired a mentor as well, though this is more likely post qualification.

At DC2 level, conversations will certainly involve the line manager partner, backed by the local HR manager. Various other people may be involved, particularly a mentor and/or coach, and possibly a managing partner.

Some individuals keep in touch with earlier bosses, often partners in other offices. Working with partners, and travelling with them are highly valued opportunities to keep in touch informally. Having worked in several offices has a distinct advantage in widening networks, and finding mentors and similar contacts. Building a network of influential and supportive partners is clearly a mix of skill and luck.

Individuals who wish to have regular conversations about their progress need to instigate them each time – little takes place without being driven by the individual. This is an intentional signal that personal motivation and drive are key to advancement.

#### *Dimension 12: Organisational values*

There are pockets of out and out competitiveness, but the culture is collaborative on the whole. A degree of competitiveness is needed to succeed when pursuing opportunities, especially across offices, and in other organisations, but this is more commonly described as 'drive to succeed' and 'ambition'.

Socialising outside work is encouraged, and collaborative behaviour is much more acceptable than being overly competitive.

### *Dimension 13: Risk*

This can vary depending on local partners. Generally, the pattern is to prefer 'tried and tested', for example, through secondments. At appointment to partner level, a greater risk may be acceptable, as failure to deliver the business plan will lead to the promotion being reversed.

## **Structures and systems to support talent**

### *Dimension 14: Performance management*

Before gaining a management position, the line manager, local HR and possibly the staff development manager may all have a role in monitoring performance; however, primary responsibility rests with the line manager, and is subsumed in the normal appraisal system. Being good with clients is very important in almost all situations. Technical competence is a given. Success in leading projects is highly valued and often important. An ability to exploit opportunities is one of the most important attributes.

After DC2, a partner is likely to be the person tracking progress, both formally and informally, though it is largely the responsibility of the individual to make sure that they are working to improve the areas highlighted as weaknesses or gaps in their development centre feedback. Once again, the appraisal system encompasses the formal monitoring of performance.

It is open to managing partners and others to set up their own local monitoring systems, and this exists in some offices. In addition the national training centre keeps some records.

### *Dimension 15: Talent management processes*

The development centre nomination forms are published on the Grant Thornton intranet, as are the attributes used to assess readiness for them. In spite of this, many people do not appear to be aware of their existence.

Many other courses and development opportunities are also published on the intranet, under the banner 'aspire to learn' and are sometimes used by those wishing to enhance their career prospects. Those who have become staff development managers are most knowledgeable about the possibilities and are therefore best placed to make full use of the systems, both for themselves, and as advisers to others.

### *Dimension 16: Use of technology*

There is little use of technology at present. The intranet system and online learning tools are available, but are not making much impact. As networking and self-managed development are so central to progression of talent, it is debatable whether major emphasis on a computer system would be acceptable or attractive to most people.

*Dimension 17: Systems flexibility*

The process has existed for 3–4 years, with changes currently in the pipeline. Minor ongoing changes have been made to the development centre process, but the criteria for nomination and the attributes assessed on the Centres have not changed.

*Dimension 18: Ownership of talent*

The ‘firm’ owns talent in theory, and this is to some extent borne out by record keeping at the national training centre. However, in practice, the managing partner in the business stream or location is much more likely to take this on. ‘Talent’ have to demonstrate understanding of the whole firm, and also need to take primary responsibility for their own careers. There is no active career planning, other than what takes place between an individual and their sponsors or mentor. Movement around the firm can be constrained by technical barriers and regulation, or by a lack of contacts in other offices. Partners, and especially managing partners appear to own the majority of secondment decisions.

**Section 3: Areas of good practice**

The following points can be highlighted as particularly good practice in Grant Thornton’s approach to talent management:

- There is a strong body of partners, including managing partners who lead by example in identifying and supporting the development of talent in their own areas
- The DC nomination process is well established, and assessments for both levels of DCs are made on a regular basis
- Partners are highly involved in the whole process, including as observers and feedback givers on DC2s
- The appointment of staff development managers has ensured that every location has a qualified accountant who is available for development advice and support
- The major emphasis placed on self-driven development is congruent with the requirement to take responsibility for driving the business at senior levels
- Those who are nominated for a DC value the experience very highly, and are further motivated by being told that they are classed as having potential
- There are plenty of internal opportunities for motivated and able people – lack of an opening for promotion was never raised as an issue
- There is a perception amongst partners that DC2 is contributing to increasing retention rates at more senior levels (it is difficult to say that this is definitively so)

- Secondments are used very successfully as a means of developing and broadening talent
- Those identified as ‘talent’ at the more senior level usually have a clear idea of what is required to achieve partner level
- There is extensive support for talent who know what they want, and are prepared to ask for it
- Skilled people who are not identified as talent can still progress and be valued as specialists
- Role models exist that demonstrate that Grant Thornton is a flexible organisation – for example there are partners who work part time, or have taken career breaks.

## Section 4: Areas for further consideration

- **Consistency between offices** – The talent process is very strong in some offices. This still needs to become true for all offices for the talent management process to be fully embedded.
- **Timing of DC1** – It would appear that more consideration could be given to the timing of DC1 – those that undertake it too close to their exams may not be in the best position to fully hear their feedback and put it into practice quickly.
- **Selection for DC1** – The selection criteria for DC1 seem to be such that it would be possible for people who are talented but less confident in their careers not to be selected at this stage. Is this a risk worth taking?
- **Broader use of secondments** – Use of secondments can be patchy in places. Would a little more consideration about who does which secondment improve effectiveness of the process, and lessen any perception of favouritism?
- **Equality of support provision** – Could greater use be made of mentors, particularly where it is recognised that ‘talent’ may have an unsupportive line manager?
- **Support for the talent process** – Considerable emphasis has been placed on ensuring that partners are generally supportive of the talent process, however this does not yet appear to have happened to a great extent at management levels.

## Section 5: Fictional narrative

At last, I’m coming to the end of my articles, going to sit my final exams, and become a fully qualified chartered accountant. Yippee!!! It’s been a hard slog but I’ve made it to the end, and I’m really quite confident that I’m going to pass without any problem. I really feel I understand the stuff – it’s been a positive learning experience for me. There’s been loads of support here, though I think I’ve been lucky. Talking to Frances I dis-

covered that not all offices are as supportive as mine. For example, our Managing Partner took the time to have a ten minute chat with each of us when we started in the company, and again last month to talk about our career aspirations. Also my line manager has made me talk through my work with them so that they are sure that I really understand why I am doing what I am doing, rather than just knowing what to do.

Tomorrow is the annual 'career fair' for everyone in my position – i.e. about to qualify. We get to circulate with people from other office locations and departments and get a feel for what jobs are on offer and where we might like to go next. I must admit that I'm a bit worried now as I just assumed that all the offices would be like mine, but that doesn't seem to be the case. Frances has been much more on her own than I have. Mind you, that said, Frances isn't exactly a bubbly personality. I know her from University and she isn't what you'd call the 'life and soul' of the party. It may be because she doesn't drink for religious reasons, so she never really fits in at the social events. I do feel for her as Grant Thornton has a strong social side to its culture.

She hasn't been invited to this assessment centre that I have to go to next week. Evidently only a proportion get invited and it's at the national training centre. I've got to fill in these personality questionnaires before I go, and I hate those sorts of things. You never know what the right answer is or what they're looking for. Still, I should be pleased that I've been invited.

I'm not going to think about it until after the career fair tomorrow. I ought to do my homework tonight and find out as much as I can about the different office locations and managing partners so that I'm fully informed. Part of me wants to stay where I am. I really like my office and they are very committed to developing us as a group approaching qualification. I suppose I could also request to stay put and then seek secondment opportunities elsewhere.

I really want to concentrate on my career for the next five years. I'd like to think I'm good enough to keep getting promoted, and I know that if I don't give it my best shot I'll regret it in later years. If I'm not good enough to make partnership, then fair enough, I'll keep doing my job and be bloody good at what I do. The funny thing is, that I really work hard at being good at what I do, while Frances has found things easy. She really is bright and far more capable than I am. She has a really sharp brain. It's a shame she's so quiet about it, as I'm sure she could contribute a load more than she does. I don't think GT appreciate what they've got there. Maybe I should suggest to her that she tries to move to where I am. Mind you, I wouldn't want to have to leave to make room for her.... might need to think about that some more.



# 7

## Case Study of Anonymous Company 'Banco'

*Angelita Orbea*

Banco is a manufacturing and services organisation that employs approximately 60,000 people worldwide and has its head offices in Scandinavia.

### **Talent management strategy**

Banco views talent management as a holistic process for managing people starting with:

- the identification of key roles, competencies and behaviours, throughout the organisation
- assessing what the organisation already has
- identifying areas for recruitment
- bringing new recruits on board
- developing employees
- performance management processes
- reward systems; and finishing with
- exit procedures for individuals leaving the organisation.

The whole process of talent management is driven by Banco's strategy. The company holds a planning exercise which focusses on defining its key business priorities and hence the key competencies needed to separate itself from the competition. Banco also defines key roles needed by the organisation to help ensure it can develop a reliable pipeline of suitable people. The company identifies the key behaviours that should be demonstrated throughout the organisation on a day-to-day basis. All of this planning ensures that the operations of the organisation link back to Banco's strategic goals in both the short term and the long term.

The idea is for everyone to have a shared understanding of what Banco is trying to achieve. The company has a very egalitarian culture and likes to treat everyone in the same way. It believes that everyone brings a particular kind of talent and it is therefore committed to developing everyone. This is key

to the talent management strategy at Banco – everyone is considered talent – and hence the focus then turns to the job roles and positions within the organisation.

While Banco respects all its employees as talent and affords everyone development and opportunities, they also recognise that some roles in the organisation are more critical to business success. These roles need to be understood so that the organisation has the right capability and the right people in the pipeline ready, willing and able to perform. Hence there is a candidate pool specifically developed for these key roles and responsibilities.

If people want to be considered for one of these key roles in the future, they can indicate their interest to be considered for the candidate pool. Their managers discuss the decision with them in a developmental and non-judgemental way. Development opportunities are considered which will prepare the individual so he or she is ready and able to take on a key role when the opportunity arises. People do not have to be high performers to belong to a specific talent pool – it can be a long-term aspiration, although typically the focus is on high potentials and strong performers.

## **Maximising performance**

Banco places a high priority on ensuring that everyone is performing to their potential. The company has designed robust performance management and career development systems. Twice a year managers sit down and talk formally with individuals about their work, before agreeing to personal development plans. If necessary, specific feedback is given to the individual about a performance issue or behaviour issue and this is then incorporated into their development plan. Compensation package and objectives/plans for the next year are considered once per annum in a different meeting.

## **Talent reviews and the talent review workshop**

Banco's talent management strategy is operated through talent reviews where the pools of candidates for key job roles are considered. These reviews happen at different levels in the organisation.

Until now, Banco has tended to use a fairly informal process to identify the critical roles. The company is now conducting a more formal analysis of key experiences needed by people in order to succeed in key roles. It hopes that this analysis will also reveal critical relationships across the company which enable individuals to gain those experiences. The ideal is that individuals are developed and have the requisite experience necessary to step into the key roles before they start the role so that the skills base is present; it is just the new job role that they need to cope with.

On occasions, learning solutions are also considered, whereby an individual gains these experiences by learning on the job. If someone is not a perfect fit for a position but really has the appetite for it, and it will give them the experience they need, the company may at times sacrifice short-term performance for longer-term capability as the person develops in the role.

The HR team, which plays an important role in Banco's TM processes, also facilitates *talent review workshops* for the different businesses across Banco. An HR representative works with the lead managers of a business unit to ascertain their business goals in both the short and longer term. They then consider what this means for the organisation in terms of the structures they need to put in place and key processes like communication and decision making. The talent review workshop examines the business unit's leadership capabilities in terms of what is needed from leaders in order to make the right things happen. The review also highlights key strengths and risks across the business unit. The team then take the first steps towards succession planning by identifying a potential successor for each key role in the business unit. By the end of this process, HR has trained the members of the review groups in Banco's TM processes and procedures.

### **The Banco talent grid**

A major tool used during all these reviews is the talent grid, which is used for categorising an individual's potential and performance. Performance is assessed according to what has been achieved (50%) and how it has been achieved (50%). A 'star potential' is someone who has demonstrated exceptional performance and is also considered to have outstanding potential. The talent grid contains nine boxes representing different grades of potential and performance. While feedback is communicated back to individuals about how they are perceived, they do not find out where they are on the grid because the grid is considered to be a transient map and not a fixed assessment.

The talent management system and the various tools have also helped everyone become more aware of the importance of behavioural issues. Talented people can sometimes be very achievement driven, causing them to overlook behavioural issues. However, the new processes and the wider development discussions that take place as a consequence, encourage individuals to consider seriously and hopefully address the behavioural issues that may be hindering their progress. Overall, Banco's talent management system is becoming a very strong retention tool as people see their line managers having a real commitment to their ongoing development and success.

Banco managers use the map to calibrate their talent, not put numbers on people. In deciding which category someone falls into, managers con-

sider their performance and potential, long term target issues, mobility, flexibility, experience, skills, competencies, readiness to move and development needs.

Managers therefore tie the talent map to personal and organisation development goals. They consider people's long-term career aspirations, their development needs and how the organisation can support these people in their roles, with the ultimate goal of developing a valuable candidate pool for the business units. These discussions and tools can also help business leaders to identify coaches and mentors in the organisation.

### **The ROI (return on investment) prioritisation matrix**

While it may still be a little patchy in practice, the organisation is heading towards a system of support for people before they are in role. Part of this is to help the business leaders understand the risks, possibilities of failure, and the business costs associated with such failure, that are an inevitable part of developing talent.

In order to help construct transition plans for people exiting their current roles and entering their new roles, Banco managers use a ROI prioritisation matrix. This enables managers to plot people's impact in a role against their risk of failure, and then to consider the spread of investment across the group. This said, managers in Banco are aware that they must not err in the direction of too much risk avoidance. As an organisation in transition, Banco's future success depends on its people being willing to take risks and go for new roles in their careers. The company's talent management system seeks to support, rather than stifle, this behaviour. Banco's difficult task is to encourage people to step outside their comfort zones and learn something new, yet ensure its future success by making sure the right people are engaging in the right learning experiences.

### **Talent overview**

In addition to Banco's formal talent review systems, there appears to be a less formalised process during which HR monitors the progress of individuals who are considered as 'key talents' for the organisation. HR looks for opportunities and projects for these individuals to ensure their talent is being enhanced and that they are not becoming bored in their roles, or thinking of leaving. This occurs on an informal, *ad hoc* basis, and is a back-stop position to ensure that star performers don't leave simply because the talent management system is too slow at catering for their needs. HR can, for example, suggest special project assignments to ensure that the level of challenge is maintained for people ready for a move within the candidate pool while there is no obvious vacancy open for them.

## Role of HR

Banco's talent management system also heralds a new way for HR to work in the organisation. The new approaches to talent management are spreading throughout the organisation as one team finds it successful and another team/unit hears about it. Originally, Banco's talent management system was championed by its top level managers. However, in more recent times, lower levels of the organisation have heard about the usefulness of the TM system from other units and have piloted it themselves, eventually causing a wider uptake within the organisation.

One Banco interviewee likens the TM system to a 'virus' in the positive sense that it is spreading quickly and adapting and thriving in different environments. However, this useful metaphor also suggests the possibility that such a system could 'mutate' and be used in less positive or predictable ways across so large and dispersed a business as Banco. While there is a strong Banco culture, there are also different cultures across the globe. The talent management process encourages an appropriate balance between allowing business units in different regions to adapt the TM system to suit their business and cultural preferences and providing a central framework and philosophy that ensure horizontal leverage and consistency.

## Section 2: The talent dimensions

### Defining talent

#### *Dimension 1: Size of talent pool*

Banco supports the philosophy that every employee is bright and committed and has a specific talent to contribute. However, the company recognises that at particular times, some people perform better than others and have more potential than others. It therefore follows that the company's investment in people's development should differ according to their aspirations, their performance and their behaviour in the organisation. There is no particular restriction to the size of the talent pool.

#### *Dimension 2: Entry criteria*

Everyone is considered to bring a specific talent to the organisation, and anyone can indicate that they wish to be considered for critical roles.

#### *Dimension 3: Decision process*

Decisions about who is admitted to the key role candidate pool are made at different levels. Individuals can express interest for a specific role, others are nominated through the informal talent management process, still others get included by being star performers in the talent grid. As such there is no single clear decision process as to who does and who does not

get considered at the talent reviews, but rather a series of processes that consider the candidates between them.

#### *Dimension 4: Permanency of definition*

The holistic approach to recognising that each individual has a specific talent to contribute is a permanent feature of the talent management process.

#### *Dimension 5: Recruitment as a source of talent*

As much as possible, recruitment is carried out internally with a formal posting and application process. Job shortlists are drawn up based on CVs, background and knowledge, and written information. In some cases talented individuals are identified through networking or by news of a vacancy spreading by word of mouth around business units, with the general invitation to units to put forward their best talent or most appropriate candidates for consideration. This occurs most with key roles or senior posts. If a post is not filled by these processes, it is advertised externally.

Special projects tend to be allocated on a more informal basis according to how well people are known, as well as their performance record and reputation. People can be appointed to these roles, which can be full or part time, rather than applying for them, and more than one nominated candidate will be considered.

#### *Dimension 6: Transparency*

Individuals do receive feedback from their line manager about how well they are performing and what their potential is considered to be, although they do not specifically see where they are placed in the talent grid. Hence transparency remains an issue at Banco that is not yet resolved. To some extent, because everyone is considered talent, there is the argument that this is all the transparency that anyone needs.

### **Developing talent**

#### *Dimension 7: Development path*

People in the key role candidate pool are likely to have access to more stretching and strategically important roles across the organisation, in addition to development processes generally available to people, such as mentoring.

There are programmes for formal mentoring and coaching in the organisation, with mentors being available both inside and outside of the organisation itself. This is a key development tool for people advancing through the career structure, and people can choose to mentor someone or someone to mentor them – it is a mutually agreed arrangement which is in line with the philosophy of the organisation.

Mentoring is seen as especially vital for people who might have been promoted too quickly or who find themselves out of their depths, as there may

not be appropriate formal programmes available to help them in their new roles.

### *Dimension 8: Development focus*

There are nomination based competence development programmes for leadership and/or specialist areas, and these are generally very highly regarded in Banco. Development plans draw attention to career aspirations, on top of performance objectives, and are driven by the individuals themselves and then discussed at the performance review where the manager gives feedback and makes additional recommendations. The focus of the development activity is aimed both at addressing weaknesses for performance purposes, and developing strengths for career progression.

### *Dimension 9: Support*

The talent review process, as well as specific development programs such as mentoring, ensure that the star performers in the organisation receive some additional support in developing their career plans.

It is quite important to move around Banco. A mixture of roles often prepares people for the top international opportunities. Top talented people are expected to move through the organisation more quickly.

People go for the tough jobs as a form of career development. These jobs are seen as challenging and rewarding, and they give individuals the opportunity to put in their best effort and talent and receive recognition. Not everyone wants these jobs but there are always some candidates to choose from. People who express interest in key roles are quite likely to go for the tough jobs as a way of stretching themselves and proving their ability.

### *Dimension 10: Influence on career*

It is difficult to say who has the most influence over an individual's career at Banco. To some extent it is the individual who is expected to have overall accountability for their career and thorough understanding about their own capabilities and preferences. There are also those informally involved in the system who could have an influence over someone's career by making opportunities available to them in terms of project work, assignments, etc; and there is the line management function that is responsible for completing the talent grid which is then considered at the talent review meetings.

Line managers help their teams to achieve their development plan by supporting their careers in the organisation, and putting them forward for job rotations, projects, and promotions as they arise. An individual's manager can therefore have a strong influence on their career development and progression.

### *Dimension 11: Connected conversations*

There is ample opportunity for individuals to talk to their line managers or HR about their career aspirations and goals. These conversations can take place as part of formal reviews or more informally through networking opportunities.

### *Dimension 12: Organisational values*

Banco aims to have a collaborative culture. The organisation prides itself on being a very egalitarian, values-based organisation rather than a hard-nosed, results-driven organisation. People enjoy working for Banco as they are valued for being themselves, and are encouraged to have fun and enjoy their work. The company is committed to finding the right opportunities for everyone and if someone is not successful in their role, it is generally accepted that they are not in the right role and that they simply need to be transferred to a different position.

Competition between and within teams is kept to a minimum, partly by individuals not being aware of their talent status, and partly because the size and dynamism of the organisation ensure there are plenty of opportunities to keep people feeling challenged and stimulated at work.

### *Dimension 13: Risk*

Banco managers use an ROI prioritisation matrix. This enables managers to plot people's impact in a role against their risk of failure, and then to consider the spread of investment across the group. This said, managers in Banco are aware that they must not err in the direction of too much risk avoidance. As an organisation in transition, Banco's future success depends on its people being willing to take risks and go for new roles in their careers. The company's talent management system wants to support, rather than stifle, this behaviour. Banco's difficult task is to encourage people to step outside their comfort zones and learn something new, yet ensure its future success by making sure the right people are engaging in the right learning experiences.

## **Systems and structures to support talent management**

### *Dimension 14: Performance management*

Performance is reviewed by the individual's line manager through their *Investment in People* process (IIP) which is the standard annual review process in the organisation. There is no systematic 360 degree process, even though feedback is solicited from peers and direct reports in an informal way. Three performance categories are recognised with an expectation that 80% of employees will be categorised as 'on target', with some of the remainder being considered 'exceptional performers' and others as 'improvement required'. 'Exceptional performers' are formally considered as a group in a



talent review. The talent review process is directly linked and very much aligned to the performance management process.

#### *Dimension 15: Talent management processes*

Banco has very clear structures and systems in place to ensure that everyone is using the talent grid, and the talent review process in essence monitors and evaluates the results of this process. Some flexibility is allowed across different countries and regions, as cultural interpretation is necessary with regard to the process by which the grid is applied. Formal and informal structures operate alongside each other and ensure the best possible results.

#### *Dimension 16: Use of technology*

ICT is used as a means of recording performance data and mapping data across the organisation.

#### *Dimension 17: Systems flexibility*

The strategy informs the TM system in two ways. Firstly, in terms of defining what are the key roles, competencies and behaviours needed by Banco in the future, and secondly through the process of setting annual objectives as part of the performance management system. These objectives are generally agreed by the senior management team first and then cascaded down, so that each individual can see how their objectives link to the organisation's strategy.

The HR department champions the talent management system throughout the organisation, and it is being eagerly adopted as each team or unit that engages with it discovers its value – hence the system is being widely welcomed throughout Banco.

#### *Dimension 18: Ownership of talent*

This is ambiguous throughout Banco. On the one hand, the line manager offers an important perspective in terms of reviewing performance and potential in the talent grid, and yet on the other hand, there are the talent review workshops which consider the positions of people across the organisation at the various levels.

An important change brought about by Banco's talent management system is that management teams are now sharing talent, instead of locking people into vertical development within their own teams and functions. Management teams are even prepared to let their better performers move to other Banco businesses to allow them to develop and reach their goals. This significant change has come about as a result of the new focus on talented people as a shared resource, rather than as individuals who are the private property of their team or business unit. Managers are now more inclined to offer their best talent to each other, rather than their non-performers. This in turn makes talented people highly visible, making it

harder for single organisations to hold on to them. Before the new talent management system, the biggest problem was that it was very difficult to spot relevant talent in other business groups. Now, more people know about the talent residing in other business groups, and this has helped Banco managers to hold more open, honest and positive discussions about the best way of nurturing talent across the company (respecting, of course, the bounds of confidentiality).

### Section 3: Areas of best practice

The following areas can be highlighted as particularly good practice at Banco with regards to their management of talent:

- The opportunity to express interest for key roles and development means that anyone can be considered for 'talent' roles.
- Everyone is treated equally at Banco in terms of opportunities and career development – it is the pace of progression that may vary.
- The HR department is being requested by business units to disseminate the process at a quicker pace than expected as the business units are seeing that the process is working for them in practice.
- Multiple focus on key roles, competencies and behaviour with regard to future requirements means outcomes are being considered in several dimensions.
- Banco's egalitarian culture means that everyone feels valued for what they can contribute. This can provide some support for employees to perform in a challenging work environment.
- The introduction of the talent management system has led to widespread sharing of talent across the organisation and broken down the silo mentality of keeping talented individuals within the team.

### Section 4: Areas for further consideration

The following areas might need further consideration in the future to resolve issues that might arise within them:

- **Depth of application of process.** Does the talent mapping process look deeply enough into Banco or is it still too limited to the higher levels in the company?
- **Information recording.** How does Banco ensure that information about key talent is accurately captured and optimal visibility is provided throughout the company?
- **Cross cultural application.** Does the practice of expressing an interest in a critical role transfer across cultures? Is this an Anglo-American practice that would sit less readily in the Middle East or Asia?

## **Section 5: Fictitious narrative – Experiencing Banco talent management**

Banco never ceases to amaze me. I've been here now for seven years and have had three 'promotions' in that time – the first being a sideways move to a more challenging role at the same level in a different area to get some breadth of experience and to test myself. My last move took me from the United States to our head office in Scandinavia. I was given a global role, albeit with a small area of responsibility. Now I've been offered – well, strongly invited to apply for – a move back to the States to a massive role heading up a whole business unit!

Wow! I've only been doing my current job for 11 months – I feel I am only just starting to get the better of it, and now they want to move me again. Is this too soon – am I ready? I don't want to be one of those people who is promoted beyond their level of competence and then fails.

I haven't really had any formal leadership training or development to set me up for this new role, but my old mentor in the States thinks I'll walk it. I'm surprised at the fact that people think I'm good enough for it, I had no idea I was held in such regard. My boss is always very positive about my work, and I've only ever had glowing performance reports, but I just figured that this was due to the Banco culture. Certainly, it can be difficult to talk about poor performance. On the occasions when I have had to raise these types of issues with my team, they've countered my comments on the basis that I am American and 'that is not the Banco way of doing things'.

In truth, I have struggled on occasion with the egalitarian approach here – sometimes I think it leads to people having too easy a life, not really pushing themselves, and being happy to be 'on target' and no more. There isn't really a strong competitive spirit within Banco, as we all get treated in pretty much the same way in a number of aspects. I tried to change this a bit when I arrived in Scandinavia but my ideas fell flat in this culture.

In some ways it makes managing a team quite easy. There is a formal structure for performance review twice a year, as well as the talent grid and talent review meetings. Despite these processes, I suspect that we just lack a little something that makes people really get up and go for it. Maybe that's why I've been so successful here. I'm quite competitive, and I want to get on, so I will go for the not so nice, challenging jobs even more than my colleagues.

Maybe that's why I've been offered this American post now. It's just that I'd have liked to have some development in anticipation of such a big role. Maybe I'm just having a crisis of confidence. Apart from a couple of senior management yearly development conferences, I haven't been on any courses, although I have had some one-to-one coaching, and various help over the years from mentors, including my current mentor back in the

States. Maybe I should seek their advice now. I'd quite like to know where I was positioned on the talent map and how I compare to my peers in this business unit.

Perhaps I'm being offered this opportunity because I'm happy with ambiguity. I don't mind that my career is relatively fluid, moving around the world, changing business units and so forth. I've even had roles in both sales and procurements which is fairly unusual. I will give anything a go, and Banco is a good environment in which to do that. Unlike people in more competitive companies, everyone in Banco wants you to succeed rather than fail.

So why am I worrying? If somewhere, somehow, the talent management process has identified me as a strong possibility for this post, why am I questioning it? Maybe it's because this is the first time that I haven't put my hand up and stated that I am ready to move on. Maybe I don't quite feel ready. Maybe my reluctance comes from feeling I haven't mastered what I'm doing here, rather than not being able to do the next thing.

I think I'll talk to my mentor and then decide – although I'll probably go for it regardless, as that's just the sort of person I am.

# 8

## Developing Talent

A number of the dimensions occurring in talent management systems relate to the development of talent. These would take precedence in the developmental perspective of talent management, and the other dimensions would become allied to these, while their relative weight varies within the other strategic perspectives. The competitive perspective, for example, may weight development very highly if development is valued by the workforce as it gives them an edge over their competition. M&G Fund Management is a good example where this is the case as the investment banking business is very competitive, very cut-throat, and low on loyalty generally. Fund managers go where they are most appreciated.

The HR planning perspective may weight development highly if the organisation is going through a period of rapid growth as they will be endeavouring to develop their talent quickly for new organisational roles. This is evident in the Malmaison Hotel Group and UnitedHealth Europe, both of whom are experiencing periods of rapid growth. The process perspective will ensure that there are the right development processes in place for the organisations requirements, much as there are the right recruitment practices, and so forth. This is more evident in MotorCo where there is a long established process that is embedded and serves the organisation well in terms of predicting and meeting future workforce requirements.

The dimensions that fall into this category are concerned with the development practices themselves as well as the career development/management processes the organisation practices. It is difficult to separate an individual's development from their career development when we are referring to talent management. The development dimensions are there to underpin the individual's career development, rather than simply developing them for their current job role and performance improvement.

### **Dimension 7: Development path**

This dimension is concerned with how people are developed once they have been identified as talent. The extremes of the dimension are by an

accelerated path whereby they receive the same development that anyone else would receive but at an accelerated rate, through to a completely differentiated, bespoke route that is designed specifically to meet that individual's needs.

The survey results suggest that organisations are tending to offer more development opportunities in certain areas than others when it comes to developing their high potentials, particularly with regard to developing leadership and management skills, and with regard to developing others. Krewson (2004) suggests that skills grow through many kinds of experiences and hence there is a need to string together a range of meaningful experiences to build character and skill, and retain talent.

In terms of the types of development activities available in organisations, the survey listed a range of opportunities suggested as positive initiatives for developing talent in the literature, and asked respondents firstly if those opportunities are available in their organisations, and secondly if they had ever taken them up personally. Promotions, project work, management training schemes and other management qualifications were the opportunities most available in organisations. They were also those that had been undertaken the most – possibly because they were the most readily available. However, secondments, transfers and shadowing opportunities were those with the biggest differences between being available and the numbers actually taking them up. This could reflect a silo mentality in many organisations, not just with line managers but within individuals themselves, being reluctant to move around the organisation – a pattern which is replicated less in multinational organisations where it is common for high potentials to take secondments overseas, transfer between departments, and gain wider experience outside their current business unit. Indeed, not doing so is seen as a career limiter. B&Q retail group actively use secondments as a means of trialling people for promotion opportunities. Individuals can 'act-up' in other stores before taking on a permanent promotion to check that they enjoy the work and are able to cope with the additional work responsibilities. Using secondments in this way means that individuals don't have to manage their immediate colleagues and are put in a new environment where nobody knows them so that they have the best chance of succeeding.

Barlow (2006) notes that as people have different backgrounds and different skills, they need to have personalised development plans in what she refers to as succession development (the development of pools of potential people for succession plans). M&G Fund Management are an excellent example of this. They operate in a highly competitive market place where headhunting and poaching of fund managers, amongst others, is common practice. One way they retain their top talent is through the highly personalised development opportunities that they draw up with people so that they can develop their skills in a way they wish, rather than in line with what the organisation might prefer to offer.

## Dimension 8: Development focus

Here the issue is where does the focus of the organisations development activities lie? The extremes are on strengths, or on weaknesses.

Digeorgio (2004) proposes that great managers focus on strengths and work around weaknesses, while most managers focus on talking about weaknesses – also called areas of development – and hence 80% of people are unable to identify their strengths. Once they do identify their strengths, they want to use them more. Then they form partnerships with people whose strengths are their weaknesses – that way you get teamwork rather than competition. Weakness fixing, he claims, prevents failure while focussing on strengths leads to world class success. Morton *et al.* (2005) recognise negative talent cultures as including those where the focus of development is overly weighted on weaknesses and areas of poorer performance, rather than building on areas of success and strength.

While everyone reading this can see the logic in the argument to focus on strengths, we still tend to focus our development attention on weaknesses. After all, why go on a course to learn something you are already good at? However, this is where we are going wrong. Development focus should not be about ‘going on courses’ or ‘making things better’. Development focus should be about developing the individual for their future career and success, not necessarily at addressing weaknesses that are hindering their performance today – unless of course they are likely to continue to hinder their performance in the future. Some of the public sector organisations that withdrew from the research were particularly good at addressing this dimension. They operated a competitive, open market approach, which is outlined later in the book, but it essentially meant that people became very specialist and were bought into projects according to their specialism. This meant they gained ever more experience in their specialist area and hence developed their specialism even further. They did not, however, work on the areas or in the areas where they performed poorly.

Handfield-Jones *et al.* (2001) suggest that if senior leaders don’t share a common idea about what constitutes superior performance, then nobody in the organisation will be developed to achieve it. The strategic perspective therefore is important for the positioning of the organisation along this dimension as there does seem to be a link between this dimension in particular and succession planning. By focussing on individuals’ strengths or weaknesses, the organisation must have some idea of what they are preparing the individual for in terms of future roles and responsibilities. While it is questionable whether succession planning is a subset of talent management, or whether the latter is an evolution of the former (Heinen & O’Neill, 2004), succession planning activity itself should be clearly linked to the organisation’s strategy. An organisation needs to know where it is going in order to plan what it needs to get there, and link HR strategy and

processes to business results (Farley, 2005). Once the organisation knows where it is heading, it can start to plan individuals' careers, and decide how much 'risk' it wants to tolerate in not addressing weaknesses.

It is interesting to note the results of the survey with regard to what development activities individuals feel contribute to talent development. The results show that international experience and changing jobs every two years were generally seen as less important than other factors to the Chartered Management Institute membership. In large multinational organisations, however, these two factors are key to talent development, see for example the case studies of MotorCo and Banco. Indeed, in some organisations an individual cannot progress beyond a certain level without international experience. These results may be reflective of the largely UK-based sample, but it suggests a lack of engagement with the concept of globalisation amongst some of the management population in terms of their own development.

With regard to changing jobs every two years, only 34% of the sample agreed that there were opportunities to move around jobs within their organisation, and hence this result may be reflective of that fact. Again this is something which may need to be addressed by many organisations as moving people around jobs within the organisation is a key means of breaking down silo mentality and developing talent throughout the organisation. Again, MotorCo deals with this issue consistently and fairly across the board. There is an expectation at MotorCo that everyone will change jobs every two years, whether it is horizontally or vertically. This stops people becoming too 'comfortable' in any one team or with any one manager, and ensures that they are meeting new challenges, if only by a change in context rather than job role.

## **Dimension 9: Support**

This dimension is concerned with how much support is provided to the talent pool within the organisation. The extremes are organisations that take a highly paternal approach and nurture talent in new positions, to those who throw their talent into stretch jobs and leave them to sink or swim.

Counter-intuitively, competitive cultures can sometimes be the most supportive, as each person's success can be unbalanced by someone else's failure, so a peculiar culture emerges where people are competing against each other to be the best, but equally don't mean for anyone else to fail. This is not only seen in the professional services firms such as Accenture, but also in the public sector competitive cultures outlined later in the book.

Support can also link back to segmentation; those within the talent pool supporting each other, particularly if they feel alienated from others in the organisation. Mentoring and coaching can also be key here, and indeed are



key themes emerging in the literature. Pollitt (2004) suggests that leaders rate mentoring and one-to-one coaching of potential talents in the organisation as one of the best methods of nurturing and developing them into the future leaders of the organisation. Scheck McAlearney (2005) finds that mentoring plays an important role in career development by providing both professional guidance and psychosocial support. This can be particularly important for high potentials as they can feel they are under constant scrutiny to perform and need support in dealing with the pressure. Grant Thornton's are a particularly good example of the use of mentoring and coaching to develop talent, as are M&G.

The survey asked respondents whether or not they felt their organisations were committed to nurturing their employees. Those working for charities feel that nurturing occurs across the board, those working in the public sector feel it is more *ad hoc*, directors feel it is all employees while lower levels don't have this same appreciation, and part-timers feel it is more *ad hoc*. The results for the directors is perhaps the most interesting as they are largely responsible for setting the agenda. Clearly they feel they are setting one agenda but the reality throughout the organisation is that it is not being appreciated or understood correctly by those it should be appealing to.

## **Dimension 10: Influence on career**

Here the key question is who or what has the most influence on an individual's career? At one extreme it is the individual, while at the other it is the organisation.

The question of who becomes responsible for managing an individual's career underlies much of the talent management debate. The Gratton & Ghoshal (2003) idea of the 'volunteer' employee puts the emphasis firmly on the employee. It is their career and they will choose where to invest their time to develop it. Alternatively, the talent management approach wants individuals to stay within the organisation and be developed for critical roles in the future. In this model the organisation wants to take responsibility for ensuring that the individual is developed and ready for the career move, and they want to guide the career path of the individual in the direction that they need. There is a fine balance that needs to be achieved. In order to perform, the organisation has become dependent on the talents the individual possesses giving the individual the balance of power in the employment relationship. At the same time, the individual needs the organisation as a work community in order to develop and use their talents, shifting the power back to the employer. Hence the relationship needs to be shaped on reciprocal terms (Schoemaker & Jonker, 2004).

Certain industry sectors are particularly vulnerable at present, including the finance sector, IT and pharmaceuticals. Winkler (2007) stresses the

importance of career management and development opportunities as retention strategies in the finance sector, a view shared by Paul Hart of Microsoft who claims that professional training and career prospects are the most important influences on retention amongst their finance staff (Suff, 2005). In these industries, the professionals are the masters of their own careers, so the organisation is seeking to get some buy-in influence by offering a career rather than simply a professional role.

M&G are an excellent example of an organisation in the finance sector that is achieving the right balance. They retain their staff by allowing them the responsibility for their career and the direction they want to take it in, while supporting them to achieve this while staying within the company. Hence if someone is really talented at marketing but wants to go into HR, they will cross-train them and facilitate the move; otherwise they will lose that person to an HR role in another investment house.

## **Dimension 11: Connected conversations**

This dimension is concerned with the number of people that the individual can involve themselves with when making decisions about their own career and progression. The extremes are their line manager only, through to a much wider group of people.

Career discussions appear to be exceedingly important to talented individuals and are recognised as such by the professional firms case studied in this book (see, for example, Accenture). The 2005 What's Working Survey conducted by Mercer Human Resource Consulting found that 50% of employees who thought that their organisations could not meet their long-term career objectives were thinking of leaving, while this number more than halved for employees who felt that their organisations could. Hence it is important for individuals to have the opportunity to have a broad range of career discussions across the organisation in order to make some judgement about whether there really are the opportunities for them in their organisation or not. This makes transparency key in the talent management system, and this is something the public sector competitive open market model is particularly good at.

Similarly, being given good opportunities for continuous learning reduced the number thinking of leaving from 57% to 32% (Mercer HR, 2005). The development perspective has a clear advantage here, and case studies such as M&G and the Malmaison Hotel Group are good examples of this in practice as both operate in industries where there is particularly high staff turnover.

However, it does not all seem to be about opportunities. A Gallup study of 80,000 managers concluded that the greatest drivers of employee engagement and retention are intangible, mostly related to the way a manager treats their employees (Branham, 2005). Hence the conversation with the

immediate line manager is important also. In fact, the role of the line manager cannot be understated if someone has the 'wrong' line manager. Employees are more likely to stay if they have a good relationship and open communication with their immediate boss. Hence frontline leaders should develop their retention skills, which include coaching and talking to their teams about their future (Frank & Taylor, 2004).

In Fortune 500 organisations, female executives are leaving at twice the rate of men because of their frustration with the work environment (Dickinson Shephard & Betof, 2004), resulting in 77% of new businesses in the USA being opened by women. Changes employers could have made to keep these women in their employment were inclusion, a more flexible environment, feedback and career planning. In short, they felt under-utilised. These results are nonsensical – talented people leaving their jobs because they are not being allowed to do as much as they would like to do for their organisations!

## **Dimension 12: Organisational values**

Here the concern is with how competitive the organisation's value system is. The extremes of the dimension are individually competitive at one end of the spectrum, through to supportive teamworking at the other end.

The key nature of this dimension is the idea of the talent culture overall. How do competition and teamwork feed into the talent culture of the organisation? Does the reward system recognise individual achievement or collaborations and contributions? While many organisations might declare a rhetoric of teamwork and contribution, the reality is that most individuals are appraised, performance managed and rewarded according to measurables that are calculated on their individual performance. Often this is simply because it is easier – but this does not necessarily make it the right thing to do. Only 37% of survey respondents felt that everyone helps everyone else achieve in their organisations, suggesting that the organisations employing the sample population are tending more towards the competitive culture than collaborative. Equally 35% of respondents did not agree with the statement 'I feel I am treated fairly in the workplace' which again suggests that cultural practice may be an area where many organisations can improve their performance.

Unfortunately, two of the case studies that withdrew from the research were those that demonstrated highly collaborative cultures – an interesting view; neither of the organisations liked this view in the mirror! They were organisations that truly did declare a rhetoric of teamwork, and reward outcomes accordingly, rather than confusing their HR system somewhere between the two. The downside of this, for those organisations concerned, was that the concept of individual talent had somehow been stifled to the point that individuals actually didn't want to be recognised as talent. In

one of the companies, individuals actually turned down the opportunity of joining the talent pool. This is not a lost cause however as these organisations merely need to adapt the concepts of talent management to the cultures they have created. Rather than destroying their culture with talent management, they should build on it. They need to start thinking in terms of 'talented teams' rather than 'talents' as individuals.

The survey asked respondents what it meant to be labelled high potential or talent in their organisations. The results are very insightful. Firstly, just because people are considered to be talented does not mean that they are going to have a stronger voice or be listened to in 80% of organisations! Secondly, being considered high potential is seen as being high pressure for nearly half the sample population; and thirdly, it very rarely (only 7% of the time) causes resentment amongst peers. Given peer resentment is one of the key areas of concern around the transparency debate, these results challenge some of our assumptions.

Equally, when asked why they thought people had been identified as high potentials, the respondents again were very positive in their answers, identifying leadership potential and high performance as the top selection criteria. Less than 15% of respondents felt that they were selected for the purely cultural, subjective reasons of their face fitting, or playing the system right. On the face of it, organisations are doing okay at implementing their talent management systems as the majority of people are recognising that 'talents' are being identified on performance and potential criteria rather than subjective gut-feel type criteria.

Lockwood (2007) sees the workplace culture issues as being key to achieving employee engagement. People become engaged when they are in a work culture that is right for them. Some people like a competitive culture, others don't. It is important to recruit the right sort of people for the culture that you have, unless of course you are taking a change management perspective in which case you may deliberately recruit counter-cultural employees. If people find themselves misaligned with the organisations' culture, they will leave (Frank *et al.*, 2007). Employee engagement appears to be key to retaining talent and motivating people at work. When the survey respondents were asked what motivated them at work, achieving personal goals, enjoyment of work, and feeling good about what they do were the top three answers. Their immediate management, salary and peers/work group were the three that contributed least to their motivation.

In addition, only 22% of the respondents agreed with the statement that they come to work to earn a salary as a means to an end, suggesting that the remaining 78% are looking for more from their work than simply their means of earning a living. Indeed, 66% openly declare that they are seeking to have a career. This does not, however, mean that they are open to being taken for granted. Over 50% would not mind working extra hours late more often provided they received extra reward for this.

This is also an area where generational differences seem to be appearing. Generation X see work as a lifestyle decision, and work to live rather than live to work, hence preferring a more collaborative culture at work (Feyerherm, 2005). Some organisations are struggling with this generational difference, with older generations perceiving the younger generations as 'lazy' when actually they are striving for a better work-life balance (D'Amico, 2007). The next generations are also more global in their thought patterns and less tolerant of discrimination (Tucker *et al.*, 2005). Over 50% of the survey respondents claimed they believe in the direction their organisation is going in. It would be interesting to revisit this statement in ten years time to see if it is higher.

Finally, in order to see how people identified with their work, job or profession, we asked the survey respondents 'when you meet someone new in a social environment and they ask what you do for a living, how do you respond?' The organisation came top, their job function came second, and job title was last. No particular differences are found to add detail to this result, other than younger, more junior managers tend to use job title, while older, more senior managers tend to use job function. Public sector is marginally higher on organisation, as are charities, but the differences are marginal rather than significant. What is interesting, therefore, is that organisation is the most popular response, suggesting that the organisation's reputation, brand and external activities could impact significantly on sense of identity, belonging and, consequently, engagement.

### **Dimentsion 13: Risk**

The question here is how much risk is the organisation prepared to tolerate regarding succession planning and the outcomes of the talent management system. Do they take a high risk approach or a low risk approach?

This dimension may link to the dimension on support. If you have a highly supportive culture, then higher risk appointments automatically become lower risk, as the organisation knows that people will rally to help them succeed rather than leaving them to sink or swim. This is clearly the case in Banco, the only case study we found that overtly measures and manages risk with regard to their talent management system. The Malmaison Hotel Group and UnitedHealth Europe do also actively consider risk in their systems but this is probably more of a result of their growth situations than an embedded feature of their system as such. M&G consider risk on a win-lose basis rather than at the same level of detail as Banco.

In order to keep high potentials engaged, they need to be stretched. If an organisation is low risk, the stretch might not be enough to keep them (Woodruffe, 2006). Role challenge is highlighted as a retention factor by Glen (2006) who found that money is not going to keep people any more.

## Issues to look out for when developing talent

A couple of paradoxes or pitfalls emerged from the research with regard to developing talent. First is the concept of decelerating through accelerating. In some organisations, the introduction of a talent management system may actually slow some people down by putting in place systems and structures that they need to go through where previously they may have by-passed them by working up the organisation via their internal network. This adds an element of fairness to the process as it takes away some of the subjectivity that may be helping some people to rapid success, but equally it can be demotivating for these individuals as they may see themselves being held back from where they might be otherwise.

Second is the issue of whether or not you are arresting the moral development of high potentials through the process of fast-tracking. An unintended consequence of an accelerated talent development path could be the arrested moral development of the talented individuals that are developed. Glover *et al.* (1997) found that the amount of work experience an individual had, correlated with levels of ethical behaviour, such that the more experienced an individual is, the more ethical their behaviour is likely to be. Ford and Richardson (1994) found that seniority within the company hierarchy seems to lower the levels of ethical decision making, such that the more senior within the organisation a person becomes, the less ethical their decisions become. If an organisation has an accelerated talent management system which results in people being fast-tracked through the ranks of promotions, they could actually be raising their seniority levels while reducing the amount of experience they have at each level, and thus potentially contributing to a downward trend in ethical considerations and decision making.

Key questions for organisations to consider when developing talent:

1. Will certain development opportunities be limited to talent pool members only, or will everything be available to everyone according to general needs analysis?
2. How will you develop individuals so that they can contribute their utmost to the organisation?
3. How can you offer a range of development opportunities that will ensure that your workforce is as competitive globally as multinationals?
4. How can you make sure that line managers do not have too much influence over individual careers?
5. How much freedom can the company afford individuals in choosing their own career paths?
6. How much risk is your organisation prepared to tolerate with development opportunities, promotions and succession plans? What systems and structures can you put in place to help reduce the impact of the risk?

# 9

## Case Study of Anonymous Company 'MotorCo'

*Angelita Orbea*

MotorCo is an anonymised global manufacturer and seller of motor vehicles and components with its base in the USA. The European subsidiary employs 13,400 people. Employment practices are common throughout MotorCo, and employees can move between the UK, Continental Europe and USA operations.

### **Section 1: Overview of the talent management system**

Personnel Development Committees (PDCs) are MotorCo's primary mechanism for managing talent. Each management grade has a PDC which monitors and looks after career development for the level below. The PDC meets twice a month for as long as three hours and consists of 10–15 people across a management grade. Every area of the organisation falls under the remit of someone on a PDC, so each committee member typically represents ten managers in his or her area.

The PDCs consider everybody's career development, whether or not they are regarded as 'talent'. These committees are responsible for ensuring fairness in staffing decisions, covering, for example, training allocation, promotion opportunities, career development, job rotation, and whether and how to fast track high potentials.

All employees have an annual performance appraisal where their performance over the year is reviewed against their objectives, and new objectives are set for the next year. Some of these will be 'stretch' objectives, and support is given to individuals to help achieve these. The business objectives also drive the process. Board level objectives are set first, and then their direct reports are set with their objectives based on their bosses, and so forth down the line. This ensures that everyone's objectives are working together to help take the organisation in the right direction.

Individuals are responsible for expressing their career aspirations for the year at their appraisal. After a discussion, the line manager and the individual agree to a set of development needs.

The names of those people who are keen for promotion are relayed to their PDC, which will make a decision as to whether or not they are ready. Someone who is judged as ready is added to a list of potential candidates for promotion who should be considered when vacancies arise. If the committee thinks an individual is not yet ready for promotion, it will explain its reasons to the individual concerned. The PDC will also provide some ideas of what the person could do to become ready next year – for example perhaps he or she needs another job rotation into a different area of the organisation in order to gain broader experience.

### **Performance ranking**

Performance appraisals are fed back to PDCs so they can review how individuals are doing and identify any development needs that could be addressed through opportunities such as job rotations and special projects.

The PDC is also 'forced' to rank individuals by comparing the performance feedback for everyone in its group. The top 10% of 'top achievers' are identified, then the next 80% of 'achievers'. This large group is split roughly in half, with the lower 40% requiring more development than the higher 40%. The remaining 10% of employees may be identified as 'improvement required' (although this is no longer a forced category following a successful challenge in the USA). The whole approach aims to be positive and developmental, although there are some individuals who disagree with their PDC's assessment and, if not resolved, in some cases contributes to deciding to leave the organisation.

Perceived high fliers have generally been consistently ranked in the top 10% over a number of years. This sustained performance is recognised by the PDC, which then discusses ways to progress this person through the organisation. For example, he or she may have shorter, quicker rotations to gain a breadth of experience in an accelerated manner. This then enables the company to put high fliers forward for promotion ahead of others. Underlying this approach is MotorCo's recognition that talented people are the most likely to leave. The company therefore makes an active effort to retain such talent by accelerating their progression through the PDC process, rather than by creating a track that bypasses the system. The process is comparative in terms of how people are performing in relation to everyone else.

MotorCo's talent management system is transparent in terms of its process – however the results of the process are kept confidential. Line managers tell only the individual concerned about his or her own performance rating – it is not a public exercise. If someone is a consistent achiever then this is appreciated by the organisation. These high fliers are encouraged to undertake job rotations every 18 months to two years to broaden their experience until they bank enough experience and skills to be eligible for promotion. Career development remains important for everyone – it is just the pace of career progression that differs.



Someone who is struggling as a low performer will receive help to improve his or her performance. The individual's pay will be affected, as annual pay rises are dependent on his or her previous year's performance. Hence, over a couple of years, poor performers can find themselves earning considerably less than colleagues doing an equivalent job but performing better.

The strength of the MotorCo talent management system is that it aims to be fair and works through creating consensus. The scrutiny of the PDC prevents a single line manager promoting or blocking his or her employee. Thanks to receiving detailed feedback from the PDC via their line manager, individuals will know what they have to do to demonstrate their skill and ability. Hence it is unlikely that someone is treated unfairly, even if they think that they are. However, there is a process of appeal. Anyone who is unhappy about their rating must first raise their concerns with their line manager, who decides whether to challenge the PDC. There is also an HR person on each PDC who deals with exceptional cases, for example, someone who complains about being harassed or bullied.

Usually, problems are tracked back to a line manager giving false information to an employee. This could be in the form of false promises or failing to deflate an employee's exaggerated belief in his or her own abilities. Such a situation often arises because a line manager is reluctant to engage in a difficult conversation. Line managers are encouraged to be honest but also to focus on positives. Feedback is generally given in terms of how many promotions someone is likely to gain in the next five years if they continue performing as they are, or how many more they may have if they change their performance. It is all about positive strokes rather than negatives.

MotorCo stresses both the 'what' and 'how' of performance. Performance is measured against a set of 12 leadership behaviours, so it is not just a question of whether employees achieve their annual SMART objectives, but also how they achieved them. The 12 leadership behaviours are based around qualities that MotorCo believes everyone needs to possess, such as integrity.

Each PDC is also responsible for ensuring that information about talent is passed upwards. The chair of each PDC spends 15 minutes briefing the PDC at the level above them. He or she will highlight those people who are ready for promotions and identify any factors that might influence their next promotion, such as personal difficulties or issues about geographical location. This effectively ensures that each level of management is well informed about talented people positioned two levels below.

In a bid to use performance data more strategically, the company is now re-launching a process called the personal development framework. MotorCo hopes to identify every job position and every employee and assess whether people are capable of performing their job or need further development.

This information should help inform succession plans and enable a better alignment between succession and development planning.

## **Section 2: The talent dimensions**

### **Defining talent**

#### *Dimension 1: Size of talent pool*

The 10% of the workforce who are performing best are considered the 'top performers'. The word 'talent' is not used as such in MotorCo. It is all about performance rather than potential. The aim of the process is that everyone is given a fair chance in the organisation. Those who prove themselves as top performers will progress more quickly through the organisation, but everyone has the opportunity to progress at their own pace.

#### *Dimension 2: Entry criteria*

Everyone is reviewed through a PDC and if they are in the top 10% of performers they are considered part of the talent pool. Entry to the talent pool is therefore easy in respect that everyone is automatically put forward for consideration, but difficult in that anyone needs to make the top 10% of performers.

#### *Dimension 3: Decision process*

The PDC process has overall responsibility for succession planning and talent decisions. These committees are responsible for ensuring there is a breadth of experience across the organisation and that no skills gaps develop. People at MotorCo are expected to have at least a couple of lateral moves within a level before moving up to the next level. This ensures that as they progress, they gain experience of many different areas of the organisation. MotorCo believes it is important for the more senior people to move beyond their particular function or segment and understand how the whole organisation works.

#### *Dimension 4: Permanency of definition*

Everyone is considered every year by a PDC and their ranking may change year on year. Persistent high performers are recognised as high fliers and their development is further accelerated through the organisation.

#### *Dimension 5: Recruitment as a source of talent*

Apart from entry level, all recruitment and selection occurs through the PDC. When a vacancy arises, the PDC discusses which people are ready for the promotion and how their skills sets match those required by the vacancy. Candidates are then drawn up from this list and invited to attend an interview. In addition, there is 'jobs online' which advertises all positions. Everyone who is not on the 'ready for promotion' list is still welcome to apply.

These aspirants will receive an interview if they can demonstrate they have the required skills and that they have been in their current job for a sensible amount of time. Generally, their line manager needs to support their application. If a suitable candidate cannot be found, suggesting a skills gap in the organisation, the PDC identifies someone who might have the potential to do the job. The committee considers the development and support this person would need once in post. The PDC also looks at why such a skills gap exists in the organisation and formulates a plan of development, for example job rotations, to ensure that it does not happen again.

#### *Dimension 6: Transparency*

While the process of the PDC is highly transparent, the outcomes from the PDC are not. Individuals alone are told their performance rating, and there is no public acknowledgement of top performers.

### **Developing talent**

#### *Dimension 7: Development path*

The PDC process is relatively prescriptive in terms of its operation, i.e. how often people are considered, and so forth. However, once someone has been recognised as someone who is constantly in the high performing category then they are seen as high flyers and their progress around and through the company is accelerated.

#### *Dimension 8: Development focus*

The focus at MotorCo is on playing to people's strengths. Much of this occurs through ensuring people achieve their 'stretch' objectives, especially through the use of job rotation. In addition, new appointees can opt for a mentor to help them adjust to their new role (and many people stay in touch with their former mentors). The role of the mentor is to support individuals in their new role, help them fit in faster and offer them advice based on their seasoned experience. MotorCo also offers training programmes through development primarily occurs on the job.

#### *Dimension 9: Support*

The nature of the culture at MotorCo, and the fact that everyone is moving around every two years, means that there is a very supportive culture where everyone helps everyone else achieve. Everyone has a set of objectives to achieve during the year which are driven by the organisation's objectives. The Board of Directors sets its objectives first, and then cascade these down the line. This ensures that everybody's objectives are linked to the future direction of the organisation. In addition, a set of core leadership behaviours has been identified and everyone is measured on how they achieve their business objectives according to these behaviours. It is in everyone's

interests for them to work together rather than competitively against each other.

#### *Dimension 10: Influence on career*

It is for individuals to decide what their career aspirations are and to discuss these with their line manager in order to formulate a career 'road map'. This is then discussed at the PDC, and actions are put in place to help people down their chosen path. While the route, pace or outcome may not be exactly as the individual desired, everyone has a fair opportunity for career development. Indeed, it is assumed that people will want to keep moving and if someone wishes to stay in their post longer than two years, they will have to 'publicly' opt out by making a formal request to stay put.

There is an internal database of CVs and it is the individual's responsibility to maintain and update their own profile. There is also an annual departmental meeting to review the internal development plan. This is particularly important for people who have chosen to remain where they are and who can therefore fall below the radar of the regular PDC reviews. The annual departmental review helps ensure these people are still valued and developed internally.

#### *Dimension 11: Connected conversations*

The individuals themselves generally have career conversations with their line manager, and with HR if they request them, and do make a direct representation to the PDC. However, the members of the PDC should know the individuals being considered, and hence a range of conversations about careers could be taking place along more informal lines.

#### *Dimension 12: Organisational values*

The culture at MotorCo is very open and encouraging. Everyone is able to discuss with their boss their career aspirations and what they want out of their work. Employees are encouraged to move round the organisation every 18 months to two years, although this is not compulsory. However, people rarely opt to stay put. Because of this constant movement of people around the organisation, there is a supportive, learning based culture. This enables everyone to transfer knowledge from one part of the company to another as they move job.

There will always be better paying, 'sexier' companies for people to work for than MotorCo, particularly in specialist areas such as finance. However, MotorCo believes that people stay because of the PDC system. Everyone knows that they are given a fair crack at the whip, that they will have career development. Even those who have no wish to progress in terms of management know they will be challenged and stretched in their jobs. People stay at MotorCo because they appreciate the company's positive

development culture and the way it gives both opportunity and job security.

### *Dimension 13: Risk*

The PDC process at MotorCo is relatively low risk as the rotational job experience aspect and decision making based on performance mean that the PDCs can be relatively confident that the decisions they are making will lead to success.

## **Systems and structures to support talent management**

### *Dimension 14: Performance management*

Everyone has an annual appraisal where their performance is reviewed against their objectives and MotorCo's 12 leadership behaviours. New SMART objectives are set for the next year, including some 'stretch' objectives, and a development plan that will help the individual achieve his or her stretch objectives.

All performance appraisal results are fed into the PDCs. These committees rank everyone, highlighting the top 10% as top performers and 80% as achievers. The latter group is split in half, with the upper cadre defined as high achievers. The remaining 40% need to improve their performance. The PDC will help formulate a development plan for these people and ensure they receive support in their workplace. Not everyone has a strictly recorded development plan.

### *Dimension 15: Talent management processes*

The PDC system has been in place in one form or another for over 20 years. There is certainly strong commitment to the system throughout the company, with PDC members being particularly committed to its success. The PDC system is intended to be transparent in terms of its process. MotorCo believes that everyone understands how the PDC system works and agrees that the process generates fair decisions.

### *Dimension 16: Use of technology*

ICT is used as a means of recording performance data and mapping data across the organisation but is not an integral part of the talent management process. It is an adjunct.

### *Dimension 17: Systems flexibility*

The PDC system at MotorCo has been in operation for over 20 years. MotorCo is not recognised as a top payer, but people stay because of the company's career management system, plentiful career opportunities and open and supportive culture. Plainly, the rewards gained from working for MotorCo extend beyond monetary rewards. The embeddedness of the system is one of the factors that attracts talent to MotorCo. Highly com-

petitive individuals are not likely to fit in, while those who want to push themselves in a safe, supportive environment find it a comfortable place to be quiet a success.

### *Dimension 18: Ownership of talent*

People at MotorCo are actively encouraged to change jobs every two years, whether it is within the same role but across the business, or to a different role, be it a horizontal or vertical move. Because of this, ownership of talent is held centrally by the organisation rather than within business units, as the movement of talent around the organisation is a by-product of the system itself.

## **Section 3: Areas of best practice**

The following areas are drawn out as examples of particularly good practice in terms of talent management:

- The system supports the rotation of talent. It is very difficult for people to hold on to their best members of staff as the PDC will question why someone has been in a role for two years and not moved on.
- The PDC process ensures that no single person has too much influence on another's career progression.
- Transparency of the PDC process has resulted in a developmental and trusting culture at MotorCo as there is a belief that everyone is treated fairly.
- The PDC system ensures that when a line manager moves on, there are still at least ten more people who are aware of how the team performs. This means team members do not have to start from scratch proving themselves to a new line manager.
- Each level offers people job rotations that are easier or tougher. The top performers remain motivated by the challenges of the tough jobs, while the more steady workers gain confidence by succeeding in a less challenging role and gaining wider company experience.

## **Section 4: Areas for further consideration**

The following areas may need further consideration in the future as the system continues to develop and be reviewed:

- **Use of 'end of career' population.** As people approach the end of their careers, there appears to be little opportunity for them to progress much further in the organisation. Maintaining motivation in this group may be difficult as they may feel they are marking time. Would it be valuable to position this group as 'super mentors' or something similar?

- **Lack of internal vacancies.** The system does not seem to cater for situations where as many as 20 people are listed as suitable for promotion yet no vacancies are arising. What happens if all 20 are still marking time a year later?
- **Difficult conversations.** There are a number of difficult conversations that could arise between line managers and individuals when the latter disagree with their PDC outcome. What support is given to line managers for these conversations? Is it possible for a member of the PDC to back them up?
- **Time consuming nature.** The process appears to be quite time consuming throughout the whole organisation. Could it be streamlined at all? (e.g. monthly rather than fortnightly meetings?)

## **Section 5: Fictitious narrative – Experiencing MotorCo talent management**

I am finally feeling completely stretched for the first time in the 11 years that I've been at MotorCo. I really don't think I can give another ounce to my job. It's a weird feeling, as I've always felt 'I could do more than this'. Every job I've had so far has, to some extent, been a bit of a walk in the park. Welcome to the real world, I suppose.

When I started with the company as a general salaried employee, it didn't take me long to get promoted to management level 6. Actually, this annoyed some of my colleagues, as they thought they were equally deserving of promotion. They did eventually get promotion, but I guess I was just picked first. I spent four years doing three jobs at the same level but in different areas of the organisation. I then moved up to management level 5. While I had good line managers in my previous roles, my new line manager was outstanding. Syrah really took an interest in me and what I wanted to achieve. She allowed me to specialise more and develop some real expertise. I was happy to spend two years working for her as I really felt she developed me in a more personal way, understanding who I was as a leader, and how that impacted on my team.

The PDC then suggested I ought to be moving on. Syrah helped me identify my next role and go for it. It was a big move, as she thought I ought to travel. Given my lack of a foreign language, the States was the obvious place to go, and I spent three years out there doing two different job roles. Finally I returned to the UK and moved up to level 4, where I spent the last two years. The role wasn't challenging enough after the States. It took me a while to return to the UK pace of life and the less aggressive approach to the work environment and life generally.

Now I've just been promoted again to level 3. I've got some serious responsibility, and I'm just approaching 35! Maybe part of my fear is that I've got here so quickly, where will I go next? Perhaps it's just a mid-life

crisis. My new mentor is on the Board of Directors, which is great in terms of positioning, but worrying in that I don't really feel I can call her up about any little thing that might be bothering me. I think I'll call on my old manager again and see if she'll act as a mentor also.

I sit on the PDC for this level so we look at all the level 4 managers. I've not had this role before, surprisingly, as I've always been more project and task focussed than people focussed. That's why my former mentor, Syrah, worked so hard with me to develop my own management and leadership style. I hadn't really paid much attention to the MotorCo 12 leadership behaviours before that, but I think Syrah could see that I wasn't going to succeed in the company unless I took them on board. I didn't recognise their importance until I started sitting on the PDC myself. I'd always focussed more on my work objectives.

The PDC experience is proving to be really good for me as it is forcing me to be disciplined and rigorous in the way that I consider everybody, rather than jumping to conclusions and going with the flavour of the month. To tell you the truth, I'm surprised the PDC found me a suitable candidate for promotion. I don't think I demonstrate the behaviours nearly half as well compared to some of the candidate we're considering for promotion. It's really making me think about cleaning my act up and focussing on how I achieve in my job.

Sometimes it's a real pain to take a whole morning out to sit on the PDC. However, I always feel I've gained something from the process, even if it is only time for some personal reflection. Also, I now have a pretty good idea about the performance of all the level 4 managers in our group, and who I might look at grooming as my successor. That's one of my objectives – to have at least two people in place who can take over my job by the end of my second year of being in post. There's nothing quite like making yourself redundant!

In all honesty, I think it will take me a year to get my head around the job myself – never mind finding and preparing a successor. I don't actually think I was prepared for the role – maybe that's what they want to avoid happening again. I'll talk to Syrah about it as I know she'll have some good ideas. If nothing else, she'll keep me grounded and focussed. I wouldn't be in this position today if it weren't for her. I feel very fortunate for having had her as one of my managers. I hope I have the same impact on my team so that they can feel the same way about me.



# 10

## Case Study of UnitedHealth Europe

*Marion Devine*

UnitedHealth Europe (UHE) is a UK subsidiary of the US-based UnitedHealth Group (UHG) and was created in May 2004. The US parent company, which is a private healthcare provider, employs over 60,000 people. Approximately 3,500 of these employees are based outside of the US across more than 40 countries.

Through a combination of organic growth and numerous small acquisitions, UnitedHealth is experiencing a period of rapid growth around the world, especially in countries with fast expanding healthcare sectors such as India (in the last ten months the company has recruited 1,600 staff). The company is particularly committed to recruiting local talent, especially individuals with in-depth local knowledge about the healthcare environment and regulatory framework. In some markets, these individuals are in high demand and the company is experiencing a severe 'war for talent'. UHG believes that a talent management strategy is the vital means of attracting and retaining these skilled staff. The group has developed an approach to talent management which can be implemented by its subsidiaries in the manner that most suits their labour market, healthcare economy and local/organisational cultures. The following case study explores talent management within UnitedHealth Europe.

### **Section 1: Overview**

#### **Talent management stemming from performance management**

The TMP (talent management programme) was first introduced during 2003 by the parent company to help identify and track high performers, identify gaps and also reduce the high turnover of talented people in the USA. The programme emphasises to line managers the importance of continuously developing people. There are regular performance reviews (mostly six monthly or sometimes quarterly) which focus on skills and competencies rather than talent. Every year objectives are set, and part of that includes setting development objectives. These take into account an individual's aspirations and the

skills gaps they need to fill in order to meet those aspirations. Individual development plans are drawn up based on feedback from a number of people through a 360 degree process, and the overall message is that the company values its people and thinks they are worth investing in.

Every employee is graded and all employees at more senior levels are automatically included in the talent management programme and come on the centralised talent management 'radar screen'. At these levels, employees tend to be middle or senior managers or technical experts, such as specialists, consultants and directors.

Scott Marks, former Director of International Human Capital, explains: 'Although UnitedHealth group has a strong pay for performance philosophy so that top talent is rewarded, we felt we weren't doing enough to identify and retain these people. Generally, employee turnover in the group is still high, but the key talent retention is better now and stands at approximately 98% (although this varies by business segment). We feel that these people are also performing at a higher level.' In addition, 'mission critical positions' are identified which are essential for the business to achieve its three to five year objectives.

### **Categorising talent**

UHE tends to categorise its talented people into the following four groups.

- People who are identified as high fliers – they have a lot of potential to move and grow quickly. Their career progression forms a steep curve and they have not yet slowed down or reached a plateau.
- Those who have very strong skills but have probably hit a plateau. They still have the potential to grow but their progression form a less steep curve.
- Strong and solid performers whose skills match their jobs well. These people are doing a good job and are probably not going to advance higher in the organisation.
- People who are not in the right job and whose skills are not complementing their jobs. Some of these people will be underperforming while others may be solid performers but feel unhappy about what they are doing.

Each group is viewed as talented – the question UnitedHealth Group is increasingly asking is which of these employees have the talent to become the leaders of the future?

### **Processes**

#### *The talent review*

A major component of the TMP is the talent review. This uses data gathered through the company's assessment process by line managers. Line managers

have responsibility for taking their employees through the company's online, global performance management and 'learning management' systems. People are rated on achieving:

- their business objectives
- leadership success measured against a set of six behaviours:
  - o how well they build and focus their teams
  - o 'execute with discipline and urgency'
  - o deliver maximum value to customers
  - o drive change and innovation
  - o model and demand integrity and compliance
  - o drive disciplined, fact-based decisions.

Line managers assign one of three ratings: needs improvement; meets expectations and exceeds expectations. They also assess their employees' potential by considering three factors: intellectual capacity; emotional maturity and learning agility.

The talent review uses this assessment information. The central Human Capital Development team work with the senior management team across the group and including UHE, to rate talented people using a 'nine box grid'. This contains nine categories against which people are rated. This is used to build a picture of the individual's strengths, general performance, development opportunities, potential future roles and assignments and retention risks over the next two or more years. In order to rate the individuals, they are assessed on their performance (three performance based categories) and potential (intellectual capacity; emotional maturity and learning agility).

Like any other employee, talented employees work with their line manager to agree with a set of development priorities and 'development actions'. These are linked to business objectives. Financial rewards such as bonuses and stock options remain an important part of the company's performance management philosophy.

Individuals who are new to the company are given one year to demonstrate their potential and make an impact. Individuals who are new to the role are given six months to prove themselves. By the end of the talent review, the organisation has built a sense of how well talented employees are performing and in particular, whether any individual needs additional support and training. It should also become clear which individuals might be in line to fill 'mission critical' roles.

The group has been considering the issue of transparency of the TMP. Scott Marks, former Director of International Human Capital, reflects: 'It varies across our division and businesses about how good we are at telling people that we value them and consider them as talented. We are probably better at talking to people about their weaknesses and when they are under-

performing, rather than about their strengths. In some areas of UHG, talent management is much more embedded into the culture. Top performers know they are top performers and that their organisation invests in them. They know we want them to develop their skills and that we're committed to giving them the experience and exposure in certain areas of the business to take on additional or new responsibilities.'

### *A 'holistic' approach to talent*

Because UHE is only a young enterprise in its current form, there is still a tendency to recruit rather than promote from within, although the TMP does encourage people to be used creatively within the organisation. Employees are viewed holistically in terms of how and where their skills and competencies can contribute to the organisation and what opportunities might be suitable for them. This holistic approach helps attract people who have previously worked for the National Health Service (NHS). The TMP also ensures that talented people are given plenty of opportunities to progress, reducing the natural tendency for line managers to want to keep hold of their best workers.

UHE's key leaders, numbering approximately five or six individuals, manage the bulk of the employees and participate in a talent review with a few additional attendees. The performance data from the whole organisation is put into a grid which looks at performance and potential. The judgement call on high potential is difficult to define but consensus is eventually reached through a process of intense discussion and debate. The grid allows UHE to ensure it is making the best use of people. The whole approach is more about making opportunities for people and ensuring they are on the right track, than about telling people the company thinks highly of them. Talent management is about adding value to the company and ensuring that people are well matched with their positions.

At the senior leadership level, everyone is encouraged to have plans in terms of who they are grooming in case they are 'hit by a bus'. They are expected to impart their knowledge to potential successors so there is someone ready to replace them, and they are evaluated against this criterion as part of their performance review. This ability to develop the next layer of people is seen as very important, and failure to do so is seen as a serious performance problem.

### **Role of line managers and HR**

Responsibility for performance management, including training and development, lies with the line managers. It is their responsibility to provide their reports with opportunities for development and to be aware of employees with high potential. Around 70% of development is expected to take place through on the job experience; 10% through training programmes, and 20% through mentoring or coaching.

There is a strong HR department that helps support line managers in developing their people. They share the responsibility for putting a development plan in place with the line manager and the employee. The HR department takes the lead in ensuring that managers are turning development plans into actions and will quickly notice managers who are not good at developing their people.

## **Section 2: The talent dimensions**

The TMP is now discussed with reference to the talent dimensions.

### **Defining talent**

#### *Dimension 1: Size of talent pool*

Talent is reviewed on a six monthly basis against a '9 square talent grid' by the senior management team to ensure that people are getting the right experiences to prepare them for their next career move as part of the TMP. Mission critical roles are also discussed to ensure that succession plans exist for the key positions. Essentially everyone in these grades is considered to be part of the talent pool.

#### *Dimension 2: Entry criteria*

Because the talent pool is often defined by job grade, then promotion to such job grades is the entry criteria for the talent pool. There are various support mechanisms to help people reach higher grades. For example, informal mentoring seems to work well in the organisation. People often naturally match up, and senior people are keen to take others under their wing. Mentoring looks like informal conversations across the organisation as people are encouraged to get together across the business and spend time learning from each other. Some relationships start at the induction process when people are introduced to the leaders of the organisation and given the opportunity to spend time with them to question them. They discover that the doors are open. Sometimes exposure to certain people is arranged, and if the relationship works then it kicks off on its own. Clinical people are sometimes partnered with their opposite numbers in the United States.

#### *Dimension 3: Decision process*

UnitedHealth Europe is aware that the word 'talent' can be used in a very judgemental manner, so business leaders work hard to stress that they believe that everyone who works for them has a talent – the question they then ask is which people have talents that will allow them to become the leaders of the future? At more junior levels this decision is very much left to the individual line manager to make. Once the individual becomes part of the talent pool then that decision is considered by the senior management team at the talent review.

*Dimension 4: Permanency of definition*

Because the talent pool is defined by job grade, the definition of talent is relatively permanent as it is unusual for people to be demoted to lower grades. This does not, however, mean that everyone in the talent pool is expected to be a future leader of the organisation. There are ample opportunities for people to pursue a specialist career path, without losing organisational influence. For example, they can become a senior expert in a technical or clinical area and still have an impact on the organisation's strategy and business. Managing groups of people is seen as important but as UHE is in the business of delivering healthcare services, how they deliver them is equally important. Specialists have, therefore, an important role to play in the design and delivery of products. There are also opportunities for people to move within the UnitedHealth Group and take foreign assignments as a means of developing their career further.

*Dimension 5: Recruitment as a source of talent*

In the UK, much recruitment is done from other healthcare providers, including the NHS with UnitedHealth (UH) actively networking with employees to entice the talented people over. The company is currently expanding internationally and is therefore using recruitment for roles at all levels. Once the company stabilises, it intends to promote mainly from within so that recruitment need only occur at the lower levels. People can then develop their careers within UH rather than moving to another company for their next career move. UHE's people and their strategy stay closely aligned because they are a service business, and to deliver they have to hire and develop the right people.

*Dimension 6: Transparency*

There is much debate within UHE and the UH group about whether to tell people they are considered as high potential. One perceived danger is that if these individuals then plateau, will they feel that they or the company have failed in some way, rather than seeing their situation more positively? Equally, would labelling them as high potential give them a false value of themselves in comparison to others? Would this send the wrong messages to other employees, particularly solid performers, who the company is equally keen to retain and develop? The company's solution at the moment is to make people feel valued and recognised and positive about their future, rather than 'labelling' them. UH does not keep the programme a big secret but at the same time it does keep the ratings confidential. However, some feel the TMP should be more visible generally as it gives people something to aspire towards.

**Developing talent***Dimension 7: Development path*

Every individual has his own career development path. While there are centrally provided courses that individuals can undertake with others,

many development opportunities arise from project assignments, informal mentoring, and shifting job roles to broaden experience. This can include transferring to the USA for a period of time to experience the US arm of the organisation.

#### *Dimension 8: Development focus*

Employees are viewed holistically in terms of how and where their skills and competencies can contribute to the organisation and what opportunities might be suitable for them. This holistic approach helps attract people who have previously worked for the NHS. The TMP also ensures that talented people are given plenty of opportunities to progress, reducing the natural tendency for line managers to want to keep hold of their best workers. As a result, there is more focus on playing to and developing an individual's strengths rather than focussing on his weaknesses. As the organisation expands, and there are less new roles to move people into, this balance may shift.

#### *Dimension 9: Support*

There is plenty of support for individuals as the culture of the organisation is one of nurturing and growing individuals in a caring, supportive environment. It would not be in the nature of the organisation or the industry to leave people to sink or swim.

#### *Dimension 10: Influence on career*

People stay with the company because of the positive way they are treated. It is not just the TMP but the whole focus on the development of the individual and his/her career that makes the organisation such an attractive employer. Anyone who works hard and shows a willingness to grow is supported and rewarded, whether he/she is a high flier or not.

It is difficult to say who has the most influence over an individual's career because it will depend, to some extent, on how proactive the individual wishes to be in promoting his/her career. There is the opportunity for individuals to seek out job moves, project work and promotions if they so wish, and equally their line manager will discuss their development and career with them at their performance review.

#### *Dimension 11: Connected conversations*

UnitedHealth has a broader way of thinking about career development. Because the group takes a holistic approach to development, individuals and their line managers have a wide discussion about the individual's skills and competencies, interests and aspirations and potential career steps. These discussions also focus on a variety of development opportunities and potential assignments that might benefit the individual.

While the culture at UH is very open, there are systems in place to support a wide range of connected conversations; however should an individual seek them out then he/she would not be ill thought of. Much of the discussion about an individual's future is carried out with his/her line manager, and the higher-graded employees are reviewed by the senior team, but the extent to which the individuals are talked to about this is unclear. It is not that the TMP is deliberately secretive, but more that it just happens that way through circumstance.

### *Dimension 12: Organisational values*

Many of the people in the top leadership roles in the organisation are doctors and nurses, so there is a belief that the right decisions are made for the right reasons. The organisation is very customer centred rather than provider centred. The company looks at people's particular strengths and avoids putting them in positions that aren't a good fit for them. If individuals invest in the organisation, the organisation will invest in them and their future.

The organisation is a very caring organisation, and the culture is very supportive. UHE does not see itself competing against the NHS, but rather being there to help the NHS succeed. The company has very strong values relating to clinical quality and standards of care, and to doing everything it can to help its employees succeed. This is seen as particularly attractive to people who come from the NHS. There is a culture of getting things done, 'doing the right things', and breaking through any barriers that may arise.

People want to grow – even those who are happy doing their job. Employees at all levels want to keep developing and the organisation's culture is one of providing opportunities for people who might not have been given that opportunity elsewhere. The emphasis is on enriching and equipping every employee to keep contributing to the organisation, for example through giving speeches or working on an internal strategy. UHE holds a monthly meeting for all staff where work projects are discussed and people are encouraged to volunteer for stretching assignments.

The clinicians have developed a very caring culture in UHE. They enjoy the freedom to become experts in their fields without the pressures of feeling forced to take on leadership roles. At the same time, the company willingly supports clinicians who wish to develop their management and leadership skills, or to move into a managerial role.

### *Dimension 13: Risk*

The company is currently going through a period of rapid growth, and therefore is likelier to take higher risk decisions out of necessity than if it were more stable in terms of its growth position. This may change as the organisation settles down in size.



UnitedHealth also tries to ensure that its mix of employees reflects its customer base – however the group has no active diversity programme in the UK. At UHE, there is a strong energy around the belief that the company can support its customers by having a workforce that reflects the diversity of the UK population. The company is particularly cognisant of the fact that it started as a fairly American-centric group and is open to considering different ways of thinking and working.

## **Structures and systems to support talent management**

### *Dimension 14: Performance management*

This tends to be done on an evidence-based approach. Line managers are asked for concrete examples of people's performance rather than what they think or feel. Managers who are not good at performance management lose people. They are aware that they need to be able to inspire and develop others, rather than simply express their opinion.

The performance management process at UH is very robust. There are regular performance reviews (mostly six monthly or sometimes quarterly) which focus on skills and competencies rather than talent. Every year objectives are set, and part of that includes setting development objectives. These take into account an individual's aspirations and the skills gaps he/she needs to fill in order to meet those aspirations. Individual development plans are drawn up based on feedback from a number of people through a 360 degree process, and the overall message is that the company values its people and thinks they are worth investing in. In addition there are a range of formal courses to address management skills and competencies, for example project management courses, formal coaching skills, and so forth.

### *Dimension 15: Talent management processes*

UHE uses 'champions' to head up the talent message. One of the directors of UHE is the former editor of the British Medical Journal and has been a strong champion for the organisation generally, bringing credibility to UHE's values statements. Another director who has acted as an advisor to Tony Blair, the UK's former Prime Minister, has been a similar stalwart. In terms of talent management, the TMP is championed by the Director of International Human Capital, with the support of the Senior Management team in the USA.

The company also uses rewards systems and succession planning to support its TMP. There are clear reward structures for those that want to lead. There is also a structure to reward people who have strong technical or clinical skills. Like their peers in management roles, specialists are given opportunities to progress and to make a strong impact on the business and its strategy. The organisation also has the facility to allow managers to give discretionary bonuses and rewards to help motivate people who might otherwise not fit the criteria for other reward schemes.

With regard to succession planning, some people are very explicit about the jobs they want to aim for, while others are encouraged to aim for a certain direction. The talent review grid allows the organisation to take a view of the whole workforce and identify where people could be going next, and where gaps in provision could arise in the future.

#### *Dimension 16: Use of technology*

UHG as a whole is a sophisticated technology user. While technology is used to record and support the TMP, there is no formal technological solution used as part of the TM process itself, although UHG continues to innovate in this area.

#### *Dimension 17: Systems flexibility*

The system has been operating in the USA for some time, and was implemented into UHE when it was started in 2003. While the process calls for review of individuals, the system itself does not appear to be being developed further at this time, but remains more static in terms of its own development. For example, the key areas against which individuals are considered are intellectual capacity, emotional maturity and learning agility, yet if these are working well for the organisation and achieving the objectives of the exercise, then developing the system further simply for the sake of change would result in a diminishing return.

#### *Dimension 18: Ownership of talent*

The aim is for talent to be owned centrally across the organisation, however the reality is that business units tend to think of their talent as more locally owned. During 2006, the organisation piloted a 'building a high performing team' programme focussing on helping managers and technical experts break out of a silo mentality, learn from one another and take a broader view of the business. The programme combines off-site training with one-to-one coaching over a six month period. Participants enjoyed the experience and felt they benefited. Although the programme has not been extended, senior leaders are very positive about the value of mixing different staff from across the business so they can learn from each other and the company may well design a cross business programme in the future.

### **Section 3: Good practice**

The following points can be highlighted as particularly good practice in UnitedHealth Europe's approach to talent management:

- Quarterly to six monthly review process ensures that the talent management process is ongoing and well suited to a fast-growing company.

- Career paths have been developed for those that do not want to progress into leadership and management roles, which still allow talented individuals to contribute at a strategic level.
- Development and career management focus for everyone in the organisation, with the mission critical roles and senior management having the additional talent review process.
- Appreciation that everyone has a talent which needs developing, even though the talent management process is focussed on those whose talent is in leadership.
- 360 degree process of gaining evidence and feedback on performance ensures that no single individual can have too much influence on any one else's career.
- Use of job rotation as the primary means of gaining development experience, including international assignments, supported by mentoring and coaching.
- Use of the reward system to support the messages stemming from the talent reviews and performance management systems, including the use of discretionary bonuses.
- Succession planning in senior roles is considered an essential job requirement. Managers are measured on their performance at grooming their potential successors.
- Line managers have clear responsibility for the development and career management of their teams.
- Culture is very supportive of people's development, supporting each other, and helping each other in their respective job roles.
- Focus is on skills and competencies, and giving people the opportunities to grow their skills and competency base.

## Section 4: Areas for further consideration

The following areas warrant some further consideration to prevent them becoming issues in the future.

- **Lack of clarity regarding transparency.** The matter appears to be left to individual line managers to provide their reports with feedback, rather than there being a process that ensures a consistent message is returned to employees. Does lack of clarity hinder motivation more than a clear but unpopular message?
- **Recruitment sources.** Is there an over-reliance on the NHS for recruitment? Could this lead to the NHS culture dominating UHE?
- **Equal opportunities and diversity management.** Does the talent grid and succession planning process pay due consideration to issues of equality of opportunity and diversity management?

- **Leadership development.** Is there a need for a more formal approach to leadership development? Are some people left to sink or swim – or does the job rotation/experience element cover enough to give individuals a basic management toolkit before taking on their first management role?

## Section 5: Fictitious narrative

I joined the company two years ago now. I had been working for the NHS as a district nurse caring for patients with chronic conditions – my specialism was diabetes, especially helping young people access services and improve their self care. It was a very demanding but rewarding area, especially when you succeeded in breaking down barriers and getting GP practices, schools, colleges, local pharmacies and supermarkets to work together.

I did reach a point, however, where I became increasingly frustrated. I was spearheading a local diabetes education campaign and giving input into a national think tank on community-based services, yet there was no support from my PCT, or even my line manager. Even though my project was directly aligned to our local delivery plans, no one would commit significant resources to what we were doing. We were making real progress in pulling together a coordinated strategy for the earlier identification and support of people with diabetes, but my PCT kept dragging its feet and delaying key decisions.

I got the impression that people saw me as a trouble maker, or at least someone who needed to be persuaded to work through the normal channels. In practice, this meant writing lengthy project initiations and delivery documents for various committees that never seemed to read them. I got the distinct impression that my line manager was distancing himself from my project because he felt it was all doomed to failure and he didn't want to get caught in the fallout.

In the middle of this, I met someone from UHE at a conference. One of the eccentricities of the NHS is that even mavericks like me can attend various development courses if we make a good enough business case. Of course, this is not the same as saying they will actually let any of us use those new skills and expertise back at work! Anyway, the UHE manager and I had a very interesting talk about new ways of caring for people with chronic conditions. I didn't know much about UHE at that point and I was quite surprised at what I was hearing. I'm embarrassed to admit that I've always seen private healthcare providers as commercial sharks but he was talking about working in collaboration with NHS organisations and not in competition. I was quite surprised UHE did so much research and that there were so many clinicians in senior positions. Then I met another UHE person at a government policy consultation and I was impressed at her knowledge and connections with key DoH and NHS policy units.

UHE took me by surprise by telephoning me directly to ask me to consider applying for a job with them. I was really flattered to be honest. They told me that my expertise and experience in diabetes were exactly what they were looking for. I visited their site and was really struck by how professional and friendly they were and by the range of interesting research and consultation projects. There was a real buzz about the place. They also offer an almost bewildering array of benefits as part of their employment package.

I went back to work and asked myself what was to stop me going? Although I loved working for the NHS, I could never do as good a job as I wanted. I didn't know where I was going in the long term because no one was ever willing to say if you are good enough to get to a senior position. To be honest, I didn't even know how people got to these places – it's always been a mystery to me how medical people broaden their skills and move into management positions. I would describe myself as an ambitious person, but I don't think you can say this openly in the NHS – I think my boss would think I was going for his job!

UHE, on the other hand, seemed very positive about who I am. They certainly didn't seem to see me as a problematic, maverick type. They talked to me about different job opportunities they could give me and that they were willing to help me develop however I wanted, either remaining as a specialist or moving into broader management positions. As they spoke about opportunities in research, consultancy and management, it made me realise that I really felt hungry for more challenge and more opportunities to grow and stretch – so I said yes!

The first few months were a whirl of activity but the thing that struck me during my induction was the strong emphasis on developing people. There's a very open, friendly atmosphere and people are encouraged to network with others across the organisation and even the wider UnitedHealth group. I met with our leadership team and found it very easy to get to know them as two out of the three were clinicians themselves. After a few months, they encouraged me to network with a manager from UHG in a related field to mine and I've been fortunate to have her as my mentor now that she's here on secondment with UHE.

Two years on, and I've never looked back. I know I made the right decision to join UHE. I'm now a middle manager, with a small research team of my own. I've been gradually moving into more management roles through various consultancy projects and I have been able to work on some strategic projects helping to develop new care pathways. Basically, if you want a challenge, the company will support you. I have made some blunders, especially not thinking through some of the commercial implications of decisions, but I've always received honest – and painful! – feedback to help me get back on track (most of it in the corridors and canteens rather than at any formal appraisal!)

Most of my learning is on the job, so it can be a 'Baptism of fire' but it's very difficult to find time to attend learning courses. This can mean a bit of a 'just in time' approach to development which is alright, but I sometimes yearn for the chance to think longer term about my development and direction. We are supposed to agree to a good development plan during our six monthly performance appraisal and to some degree that does happen, but sometimes the immediate demands of the job can dominate.

Some line managers are better than others at helping you think through larger issues. My line manager last year was brilliant. She helped me work through some quite difficult personal issues about whether I wanted to continue as a specialist – a nice safe option – or start preparing for a more strategic managerial role.

Mainly thanks to her support and encouragement, I decided to bite the bullet and say to the company that I wanted to progress further in management. We've identified a potential career pathway, and this has really helped me to think more deliberately and strategically about what I need to learn in my current role.

I have a small team reporting to me and I try to ensure that I'm available to them. To be honest, I don't really feel I do as much for them as I should. Of course I conduct their performance appraisal and help them make a development plan, but it's easy to forget that I should be opening doors for them in between these reviews.

That's where a little bit of 'gentle encouragement' from our leadership team makes all the difference. They're serious about the importance of developing people and they have a slightly unnerving habit of stopping you at lunch and asking specific questions about how your people are doing.

My current line manager is OK but she hasn't got much time to spend discussing career issues; nor have I for that matter. She does give me very positive feedback, however, and I know from her that the company thinks I'm doing a good job and that I could become a future senior manager.

I have heard that there is some sort of 'talent pool' that our leadership team regularly review but I'm really not sure what this is all about and whether I'm deemed to be 'talented'. To be honest, I don't much like the phrase talent – it makes you think of capricious, spoilt brats who expect everything delivered to them on a platter. I would have thought that it's a divisive concept, especially in UHE, where we think everyone has something valuable to give. If there really is a talent management programme, I'd like to know a little more about it – who says who is talented and what difference will it make to their careers? I just wonder whether it could become a big distraction and stop us from focussing on customer needs.

On the other hand, I could see value in having a pool of more experienced and senior managers looking at individual careers and taking a longer-term perspective. I personally would appreciate some broader and

deeper thinking around how my role could develop and the type of skills and expertise I might need three years or so from now. I don't think one line manager, no matter how good, can supply this level of insight or strategic viewpoint, especially given that healthcare provision is changing so rapidly.

So maybe there is scope for some form of career review process at the highest levels, but I don't think it should be positioned as talent management. If positioned correctly, it could be one more way that the company demonstrates its commitment to developing its people and that's the quality that attracted me in the first place, and still gives me a buzz. Basically, you know that if you're willing to take the challenge, the company will support you and everything is possible.

# 11

## Case Study of B&Q Retailers

*Elizabeth Braiden*

B&Q is a wholly owned subsidiary of the Kingfisher Group, and is the largest operating company in the Group, accounting for almost 50% of group sales. The largest part of B&Q is UK and Ireland based, with 332 stores, and 15% of the total product market in these areas. B&Q also operate in Asia. This case study focusses on the UK business.

B&Q is the number one Home Improvement retailer in Europe, and the third largest in the world. It employs approximately 39,000 staff in the UK, with this equating to approximately 26,000 full time equivalents. While the majority of expansion is now outside the UK, it has a strategy for the UK which involves moving from emphasising DIY and trade to including Do It For You – a market that is predominantly female, unlike its existing DIY and Trade markets. Implementation of this strategy will include improving levels of customer service, and revamping all of its 115 large warehouse stores.

### Section 1: Overview

#### Background

B&Q has introduced five values:

- We are can do
- We always treat people with respect
- We always strive to be better
- We always put the customer first
- We make things simple and straight forward

The performance review process includes an assessment of *how* achievements have been reached – i.e. the extent to which the values have been put into practice in achieving targets. The outcome of the review can affect basic pay.

The TM process was introduced at least six years ago. It is regarded as established and well embedded. B&Q are about to 'refresh and rejuvenate'



the process, through changes designed to, for example, make it less intuitive, introduce more rigour, and link the '9 box model' to development more strongly.

### **Strategic imperative**

B&Q sees talent management as vital to the business in that it is fuelling the business with capable, high calibre, high performers throughout the organisation. This is particularly important in a sector that is seen overall as having a shortage of talented people.

There are two distinct aspects to this, representing different levels in the organisation:

- (1) 'grow your own successor' through the back filling of all Board positions, and jobs at the next layer down – called Dofs (Director of...) of which there are 35–40 in total. This includes both short and longer-term plans. Talent in this category needs to pass through **every** level of the organisation, and continue to perform in each job. B&Q has an aim of making appointments at this level in the ratio 70% internal and 30% external.
- (2) 'grow capable teams to deliver'. This includes achieving numbers (targets), encouraging values, and demonstrating behaviours. This applies at all levels, especially in stores.

### **Structure**

The UK is divided into four geographical divisions. Each division is then divided into regions, with each region of about ten stores led by a Regional Director. The stores fall into three categories by size – warehouses are the largest, followed by super centres and then mini warehouses. Head Office is known as the Stores Support Office (SSO).

### **Culture**

There is a belief that everyone has talent, and is encouraged to fulfil their potential. Every manager and supervisor has a management development plan worked out between an individual and their manager. HR is more highly involved where individuals are identified as talent. Additionally, all members of staff, including all levels of customer adviser, have a personal development plan. This is largely self generated, using an online system, with the proposed development then being approved by line management and local HR. Each store receives a monthly 'seasonal learning box' in addition to all the other development opportunities. An important part of a manager's job is to spot people with potential, and encourage them.

B&Q was described as 'an open organisation where honest feedback is expected and valued'. This fits with employees knowing their score on the '9 box model'. There is also a strong sense of succeeding through team-

work. This is further emphasised through bonus rewards for whole teams and whole stores, for example, being a winner in a scheme called 'Go4It' is rewarded by everyone working in that store getting an extra day's holiday.

There is a sense of 'anyone can be entrepreneurial'. It is open for anyone to put forward ideas – if these are good they are likely to be accepted, even when they appear to be contrary to the accepted norms. For example, if a store believes it can operate with fewer fork lift trucks, but needs to spend a similar amount of money on an alternative arrangement, this might well be accepted if well argued, even though costs are very tightly controlled.

B&Q undertake Gallup's G12 every six months, with four headings – talent, engagement of employees, customer experience and profit. This is well established, and is used to achieve scores for departments and teams. B&Q have achieved a 'world class award' for their G12 results.

## Processes

### *Performance reviews*

All processes connected with talent management are strongly based on the annual performance review cycle, plus a mid-year review. This applies to the whole organisation from supervisor upwards. Performance is rated for meeting objectives, and for people and business skills. The review involves assessment of both performance and potential. Potential is defined as can perform strongly at next level, and is summarised in the B&Q '9 box model' as below:

### Performance

3	6	9
2	5	8
1	4	7

### Potential

Figure 11.1 9 Box Model used at B&Q

### *Talent*

Everyone in grid boxes 6, 8, and 9 are regarded as talent. There is a very strong belief that managers need to be empowered to make these ratings, with the consequence that consistency is seen as less important, something which is viewed as an acceptable trade off with disempowering managers. Grandparent managers also have an input to the 9-box rating.

There is a management development review process (MDR) which validates ratings, and this involves HR and grandparent managers. B&Q have confidence that this provides enough consistency. There are also functional

MDRs at head office. At senior levels (grade 8 and above, called Dof), the Board work on the MDR with senior HR people.

### *Talent – ‘Dof’*

When a grade 8 at head office achieves a ‘9’ rating that has been ratified by the Board MDR, they are then invited to attend a development centre. This runs every 1–2 years for about 12 people. Those that score well are then put on an 18 month programme, which includes a wide range of experiences likely to be new to them e.g. a day in the City. Parts of the programme are said to be a cross between ‘Dragon’s Den’ and ‘The Apprentice’. The programme also involves much greater contact with Board members, and other networking opportunities.

Those who do less well in the development centre may leave the company soon afterwards, though there was one instance of an individual doing the centre twice. Those identified as talent are informed of this fact, and asked to treat it in confidence.

### *Talent – in stores*

Two different schemes are available in store for those identified as talent.

### *The academy*

Senior talent programmes are for those promoted to management, usually trading managers, and involves them being put on a 12 month programme called the retail programme, or ‘the academy’, on the basis of a 6, 8, or 9 rating at their performance review, and an MDR that involves the regional director. The programme involves approximately two days each month, and focusses on leadership and commerciality. Each event is run at a different location within one division. Online work, practical projects, homework and presentations are also involved. A group of 12–15 people join the academy and work together in different ways, sometimes simply logging in to do so. People on this programme are likely to have both a coach and a mentor. These people are an important part of the process and have considerable influence on the opportunities likely to be available to the talent.

### *Fast-track programme*

This is available to any customer advisor (CA) who has been with B&Q for a minimum of 12 weeks. If an individual CA (on any of the grades CA1 to CA5) is rated as a ‘4’ (a 1–4 scale) for showing the right behaviours, they become eligible for fast-track development. They are interviewed by local HR to confirm the rating, and are then put on a fast track, which is designed to equip the person with the necessary skills and practices to perform at the next level up. They are then placed in a new situation ‘acting up’ for a period of four to twelve weeks. If this position is at trading manager level, acting up will take place in another store, usually in the same region. While on

fast track, everyone has a mentor and coach, and is likely to have weekly meetings with these people throughout the acting up period. The whole process is designed to give each person the maximum chance to succeed. If for some reason, the acting up period is not successful, it might be extended, if just minor issues arise. Alternatively, the individual is likely to be found another job at their original level, usually not involving going back to their 'old' store. If successful, they will have their promotion confirmed.

At this point, they are technically no longer 'talent' or on fast track until they are again ready to perform at the next level. However, if they show promise, it is likely that they will retain a mentor, and their ongoing development will be supported. Having an enthusiastic and skilled mentor is undoubtedly an enormous advantage. On fast track, it is possible to move through the grades from CA1 to CA5 in approximately two years.

### ***Promotions and moves***

Each store has five departments. It is possible to work in just one throughout promotions, or to gain experience in most or all of them. Once someone is ready to start their first trading manager role, the position can be chosen to minimise risk, by placing the individual in a department that is already running very well, and has a good team working in it, or by choosing an 'easier' department – probably hardware, as the goods change least there. 'Seasonal' is regarded as the hardest. The same sort of decision can be made for assistant manager, and then store manager. A smaller store involves less risk, as does one that is performing well, and has a good stable team of people. Going to a failing store is the greatest challenge. All these considerations are used to maximise the chances for each person to succeed.

There is little, if any, movement between the stores and head office.

## **Section 2: The talent dimensions**

The two processes in existence have many differences. Where necessary, they are described separately, and referred to as 'the Dof process' and 'the store process'.

### **Defining talent**

#### ***Dimension 1: Size of talent pool***

The Dof process includes an invitation to attend an assessment centre, with about 12 participants. This equates to perhaps 5% of grade 8s. Nominations take place once a year – but it is not a one-off opportunity – promising grade 8s who just miss out are likely to have another chance to be included the following year.

At store level, the philosophy is 'everyone is talent'. Access for all. Everyone has a personal development plan. Supervisors and above have a

management development plan. No one is precluded. Personal development plans have to be approved, as does applying for any development. Clearly no one is excluded, though equally clearly, it is more a case of everyone can develop to achieve their full potential, rather than everyone is regarded as having the talent to achieve store manager. There is a fast-track programme, which is available to the lowest levels (CA1), and is designed to support faster progression. There is no 'quota' for this – it is open to anyone with promise.

There is also a formal 'management academy', entry to it being based on the same '9 box model'. It is only available to trading managers and above. However, again there is no perception of a fixed quota.

### *Dimension 2: Entry criteria*

Being fast-tracked is open to everyone at lower levels, and is part of the performance review process. It is not a 'winner takes all' process – though more courses are likely to be available for the most able. Everyone gets the chance to move around the organisation. Most people's roles will have changed in the last 12–18 months, and they continue to develop that way.

Once at grade 8 at head office, a '9' needs to be scored to ensure consideration for talent management, and much more moderation is undertaken at this level. Directors are part of the identification and approval process. It would probably now be impossible to become a Dof grade 9 without going through the formal talent process at grade 8.

### *Dimension 3: Decision process*

At the more junior level, it is largely down to the line manager, store manager and local HR to make decisions as to who is and who is not considered talented. Regular meetings are held, as often as monthly, to consider who has talent, who is ready for new challenges, for preparation for acting up, and so forth.

At the more senior level, decision making is broadly based, and takes place twice a year. Last time round, four main Board Directors were involved, plus several senior HR people. Functional people are also involved in separate reviews for functional posts below grade 8.

### *Dimension 4: Permanency of definition*

At the Dof level, failure to perform in a particular job would put at some risk inclusion in the talent cohort, however, the emphasis would initially be on finding out what the problem was, and supporting the person to achieve and be successful. Two consecutive reviews that were outside the expected levels would certainly lead to no longer being defined as 'talent', and would probably lead to the individual leaving the company. There are instances where individuals have dropped out of the 'fast-track' development programme.

At a more junior level, the reassessment is made every year, as part of performance review, though again the emphasis would be on identification of needs and support for improvement. Staff who are 'acting up', and who fail in this phase would be put in a different job. This would not preclude them from seeking promotions in future.

#### *Dimension 5: Recruitment as a source of talent*

The aim is to fill 70% of posts by internal promotions or movement. At the moment they are successful with at least 50% of appointments, and the percentage is improving. Filling vacancies could be described as 'shuffling the pack'. People with high reputations in other companies within retail are also targeted which appears to be common practice in the sector.

#### *Dimension 6: Transparency*

Individuals who gain a 6 or 8 or 9 are told that they are classed as high potentials. This is confidential, but is probably apparent as they disappear on courses. This doesn't appear to be an issue within stores, as there are both development and change of role opportunities for all, and recognition that different people's careers move at different rates.

At Dof level, the situation is much less clear. It is more secret especially with respect to how to get nominated. A new development programme is planned for those who have completed the Dof assessment centre, described as a cross between The Apprentice and Dragon's Den. This may increase the visibility of the talent process, and create more of a sense of who is 'in' and who is 'out'. It is too early to say.

### **Developing talent**

#### *Dimension 7: Development path*

Development paths are both differentiated and accelerated at both levels. Senior development involves an 18 month in-house programme including coaching, experiencing difference (e.g. day in city with an analyst), a project (The Apprentice/Dragon's Den style), and presentations to the Board.

There is also a fast-track retail programme, with work-based learning. To qualify for this an individual has to be a first line manager in a store (e.g. trading manager or stock manager). Once again this is largely in preparation for a new role.

At CA level there is a planned approach to supporting the development of skills needed at next level. This is referred to as 'being fast-tracked', and can take place at any level including CA1 to CA2. It can last between 12 and 48 weeks. Line managers, in particular, have a role as coach and local HR support this process. It is possible for a consistently fast-tracked person to move from CA1 to CA5 in two years.

*Dimension 8: Development focus*

Focus in stores is on developing strengths, addressing weaknesses and in moving into new areas. Much development is carried out in preparation for a new job, with the emphasis being on new skills, practices and knowledge.

The Dof process starts with an assessment/development centre which clarifies both strengths and weaknesses. Much of the ongoing development is to address areas of weakness. Once again, there is also an emphasis on developing into new areas, where prior experience is unlikely. This includes knowledge of other areas of the business.

*Dimension 9: Support*

There is plenty of support for talent. Store managers can spend 70% of their time on the shop floor, observing and talking to staff. Much of this time is spent supporting individuals.

At Dof level, there is stronger evidence of the 'can do' culture than of support, with much of the latter coming from HR rather than line managers. There is a danger that 'can do' can spill over into competitive behaviour that may hinder the sharing of good practice.

*Dimension 10: Influence on career*

At Dof level, the talent management process is an essential part of gaining promotion and can lead to major changes in career path taking place, for example, a senior finance person moving into commercial. These can be prompted by the individual. Without being part of this scheme, careers for grade 8s are likely to be limited, though movement between departments at grade 8 does still take place.

Within stores, finding a more senior mentor can have a major influence. This would be likely to open up the less visible opportunities, particularly out of the Region. An individual can seek specific openings to progress their career, for example being seconded to specific situations (e.g. a store that is not performing well, a refurbishment, or a closure). While there are opportunities both within stores and within the Region, being mobile opens many additional opportunities.

*Dimension 11: Connected conversations*

In stores, the first conversation is likely to be part of the performance review process with their line manager, with back up from 'local' HR. Where the store manager is particularly supportive of people development, additional conversations might happen. Where the store manager is the line manager, the Regional Director would usually be involved. It seems unlikely that anyone at any level in store would have difficulty in seeking such conversations. Mentors are also very important.

For those on the Dof scheme, there are regular planned conversations with central HR, which are seen as an important part of the process, and are valued. Mentors are less formalised in head office.

### *Dimension 12: Organisational values*

There is a very strong 'can do' culture. B&Q is a fast paced organisation. It is described as a relationship-based culture, relying on networks to get things done. One of the advantages of being on the Dof process is the increased opportunity to meet Directors. This is true for trading managers in store as well. Being recognised by a Director is a real accolade.

B&Q aims to be a welcoming organisation with a strong team-based culture. The latter is evident in stores. There are high expectations of everyone, and clarity on the importance of diversity (e.g. age). There is a strong sense of 'we succeed together'. The only situation where competitive behaviour might exist is at head office, where anticipated vacancies might lead people to behave in such a way that they are noticed. Arrogance is unacceptable anywhere.

### *Dimension 13: Risk*

At store level, the emphasis is on making carefully prepared promotions, and thereby minimising risk. There is a 'hierarchy' of difficulty of roles (for example, being trading manager for hardware is easier than that for seasonal). There is also considerable preparation for a new role or promotion, then a period of acting up in a different store.

By contrast, there are significant changes in roles at head office and at a senior level, for example a finance person moving into marketing, that would suggest that much greater risks are taken in head office appointments, with an indication that people are moved on when they have problem solved and planned to improve, but probably before the plans have been implemented. This suggests an even higher level of risk, as plans haven't been proved.

## **Structures and systems to support talent management**

### *Dimension 14: Performance management*

Behaviour is an important part of the annual review process, as is performance against targets. Each item on the performance review is rated on a 4 point scale in order to allow managers to make a 'judgement call' in transferring to 9-box (i.e. 1–4 in performance review, 1–3 in 9-box).

There is a bonus system which is based entirely on achieving quantifiable targets, partly at whole company level, and some at store level. However, at appraisal, having subordinates rated as talent is important, and can affect basic pay.

At customer adviser levels (CA grades 1 to 5) behaviour is absolutely critical to being recognised as talent.



*Dimension 15: Talent management processes*

On the development side, there is an online system for individuals to devise their personal development plan. This is widely recognised and used, and is highly valued by those with aspirations and potential.

At store level, there is recognition that the performance review process is core and that achieving the right outcomes in terms of the '9-box model' is vital for increased access to development and job changes.

In terms of B&Q knowing what talent exists in stores, this seems to be largely held in the heads of store managers and Regional Directors. At head office, there is a regular review of talent at a senior level. This process involves several directors, and is much more formal.

*Dimension 16: Use of technology*

The TM process is currently a paper-based system. There are plans to incorporate it into the B&Q SAP HR system next year.

Access to development opportunities is highly supported by online systems, and is an important part of making it possible for everyone to drive their own development to a great extent.

*Dimension 17: Systems flexibility*

The basic system (9-box) is well established and embedded as part of the performance review process. The process by which individual appraisers reach the 9-box score is more likely to be variable, as personal judgement is called for. The policy is to encourage managers to take the initiative, and to avoid the risk of placing consistency above manager initiative and responsibility. The principle area of variation is in what is assessed at different levels in the organisation.

By contrast with this stability, the talent development processes change regularly through seeking feedback from participants, and building the learning into the next programme.

*Dimension 18: Ownership of talent*

The organisation seems to own talent generally. Once people are identified as talent, their line manager has a major role to play. HR and specialist function have roles too. Secondments are used. At senior level, Kingfisher and outside UK (especially Ireland) offer other opportunities. People move around a lot. Typically managers will have five stores within travelling distance of their home, so house moves are often avoided. This is seen positively in both head office and stores.

At store level, there is a formal process of 'acting up' in another department or store, for a trial period of four to 12 weeks. This also implies that the individual will not come back to their former role. Talent at store level is most usually kept within the Region.

### Section 3: Areas of good practice

The following points can be highlighted as particularly good practice in B&Q's approach to talent management:

- There is clear commitment to enabling everyone to develop to the limit of their abilities, with everyone having a personal development plan. This is operationalised through accessible development opportunities for all employees, backed by an online system to aid knowledge of development programmes, availability of them etc.
- Lack of academic qualifications is not seen as a limitation, with very junior members of staff having the opportunity to be recognised and developed. Coaching and mentoring are well embedded in the culture, and available to everyone in stores.
- Talent management is led by line managers in stores and they are prepared to 'swap' their talent with each other. Everyone has opportunity to progress without the need to relocate. This is driven through the Regional structure.
- Both local and head office HR are part of identifying and developing talent.
- Individuals learn of their rating for talent management as part of the performance appraisal process.
- Talented individuals are given many opportunities to progress. There is commitment to filling vacancies internally whenever possible. Promotion and movement within and between stores is planned, with prior development to maximise the likelihood of success each time.
- There are additional opportunities to progress and develop through special projects and assignments (e.g. store closures, refurbishments)
- Talented people's careers develop at a pace which is matched to their abilities. Staying longer in one role would not mean coming off the 'talent path'.
- Performance targets, and expectations on line managers to develop their staff are clearly laid out
- Considerable emphasis is placed on helping individuals (in stores) to define and achieve their aspirations. Line managers can play a valuable role in persuading individuals to 'raise their sights'.
- Store managers are very well informed about the potential of their managers, and often of staff at lower levels.

### Section 4: Areas for further consideration

The following areas warrant further consideration to prevent them from becoming issues for the company in the future:

- **Development Centre Process** – The Assessment Centre for Dofs may be seen as having a pass/fail outcome, which may lead to valuable grade 8s

leaving the company. Lack of clarity about the route to nomination, and the expectations of those who are nominated may risk people leaving B&Q, even when they are identified as talent and valued.

- **Speed of Job Rotation** – At head office, it may be that some people are moved on so quickly, that they spend their time problem solving and planning for change, but never getting chance to implement the change before moving on. This may give a false performance reading.
- **Inclusion of Everyone** – Where mentoring and coaching skills are less evident, it may be possible for individuals to slip through the net. On occasions, people described themselves as ‘lucky’ to have been taken up by a senior member of staff. Is this true, or would they have been spotted anyway?
- **External Appointments** – With well established talent management systems, the consequences of making external appointments to some jobs may risk significant demotivation of identified talent.
- **Dual Structures** – There was little reference to movement between head office and stores, or *vice versa*. How does B&Q ensure that top management at head office have sufficient knowledge and understanding of the challenges faced by store-based staff?

## Section 5: Fictitious narrative

I’ve been with B&Q for more years than I care to remember. It’s got so much better since it was bought out by the Kingfisher Group. At the time I was just a shop assistant, and didn’t really think about work as a career, it was merely a job that paid the wages to feed the family. Since the takeover, I’ve been promoted three times and now run a department within the largest store in the region, and I already know that the company is planning for me act up as a deputy store manager in one of the smaller stores as soon as a vacancy arises. I could go sooner rather than later if I was prepared to move out of the region, but with the youngest kids still at school it seems unfair to unsettle them. There is no issue at B&Q about not wanting to move too far from where you are currently located.

I’ve just spent a year doing this course which took us to different stores once a month for a couple of days to look at some element of retail. It was really interesting and I’ve got lots of new ideas from it to share with my team. It was good to meet other people from around the region as well, as sometimes it’s good to have a sounding board before trying something new. Of course our mentors are good for this too, but sometimes you want to talk something through with someone outside of your regular contacts – if that makes sense.

There is a real team atmosphere at work. We all have our own personal development plans and targets, but most of our performance is linked to

the team and store's success, so it makes everyone pull together. Also, you're safe to make friends with your team because you know that if you get promoted it will be to another store so you're never in that difficult situation of trying to be your best friend's boss! I still go out drinking with my old mates from my first store, and we're all located around the region now at different levels of management. Funny really given we all left school aged 16 (with a lot of truanting in that last year) with no qualifications to our names. Actually, that's a lie – Barry got a 'D' for his art! He now acts as a mentor to the youngsters that start out in his store in the painting and decorating section of the store. He always did have an eye for colour and shapes.

It's not like that nowadays. Kids these days have all the qualifications under the sun. My eldest son's 'a graduate'! Can you believe it? A son of mine who's been to University? He studied Business Studies and thinks he's a right little entrepreneur. And despite all that, he chose to stay in 'the family business' and applied for a job in Kingfisher Head Office. It all seems to be very different there. He's currently on a graduate recruit programme that gives him a flavour of lots of different areas of the business before he settles into a department for a while. He says 'for a while' because evidently there is the opportunity to move between departments throughout his career, so if he gets bored with 'Sales' for example, he can try 'Finance' or 'HR'. It all sounds terribly important. It's strange how competitive things seem to be at head office compared to in the stores. He talks about developing the right 'network' of contacts, and raising his profile in the office – not language you hear in the stores generally.

My second son is probably just as bright as the eldest but doesn't have the same drive and ambition. He prefers to enjoy what he is doing, and takes real pleasure in having conversations and helping people out. He's going for an interview next week for a customer advisor position at the region's largest warehouse store. I hope he gets it. He isn't interested in going to University, but he's bright and a grafter. I'd rather have him on my team than my eldest to be honest. He's just so much more of a team player. Hopefully he'll get put on the fast track programme and move up to managing a team quite quickly. The competition between the boys can get a bit difficult at times when we gather for Sunday roast. The eldest doesn't live at home any more, so we only see him on Sunday's. University's made him really independent, and sometimes I feel like we're talking different languages. No worries about that with the next one though. He'll fit into the store culture very easily, and I've got mates around the region who'll look out for him.

I don't feel worried about my sons working for B&Q. They've always treated me well, and I know that so long as they keep their heads down and work hard they'll do fine. The company is very fair, and there're lots of opportunities for everyone – even if some people get there faster

than others. Despite the fact that they're so different, both my boys can have good careers here. They have higher expectations than I did which will serve them well, as even I'm about to become a deputy store manager. Wouldn't it be funny if I ended up working for one of them in the future .... I think that might be the time to retire!

# 12

## Case Study of M&G

*Alex Poppleton*

M&G is the third largest fund manager in the UK and one of the longest-established retail fund managers. It is the investment arm of Prudential Plc, with £165 billion under management, and offices in the UK, Europe and South Africa. M&G is one of the most respected fund management groups in Europe with Equities teams specialising in UK and European stocks for retail, institutional and internal funds, supported by dedicated research and retaining a market-leading position in global equities. It also has the largest Fixed Income team in the city, together with industry leading teams in a number of specialised financial areas. M&G Group also has leading property investment groups, PruPIM, and a highly successful hedge fund business.

As an investment house the organisation is focussed around fund management businesses in equities, fixed income (bonds, and other paper investments), and property portfolios. Supporting these fund management entities are retail and international distribution business and supporting operations, technology and professional functions including finance, HR, audit, and risk. Recently the long-serving HR Director retired and has been succeeded by the previous Head of Organisational Development, who in turn has promoted his deputy. The new HR Director had previously been responsible for developing and executing the M&G talent management strategy with his predecessor, having worked closely with the HR partners and their teams and his current Head of Learning & Development (L&D) for many years. This means he has a very hands on knowledge of the talent management strategy which he personally developed and implemented with his own team and the previous HR Director.

### **Section 1: Overview**

The M&G organisation has been separated into five businesses, each with their own board, to enable them to pursue appropriate strategies for their own business areas. Some of these businesses are mature, and others are just starting up, therefore having different talent management needs. Fund management

is a highly regulated business by the Financial Services Authority. As a fund management house M&G is a 'talent-led business' in which its highest profile players' performance is scrutinised on a regular basis by the fund league tables and the financial press. In this industry the flow of funds often follow individuals or key teams, who can attain a very high profile status, but can just as quickly lose their prestige, and the resulting outflow of investment money can quickly reap long-term damage to the business.

Against this background of clarity on performance of funds, fund managers need to develop short, medium and long-term strategies for their funds depending on their objectives. One fund manager likened this to managing a talent pool much like a football club, with some very high performing and rewarded 'star players'. However, the need to build and develop a high performing team around them where the other less high profile roles are still highly valued is key to the overall contribution.

In this environment enabling and supporting key talent is one of the most critical roles for the HR team, and particularly the L&D team. M&G sees itself as having a more collaborative and consensus-oriented team approach than some of its competitors. However, how that team is developed, as well as how key individuals are supported is critical within the business. Those regarded as having the talent to lead are given the space and support to do so in a way that matches the needs of the organisation and individuals. In practice this often means building the organisation around peoples' strengths to some degree and also preserving the special culture and unique identity within those key business areas, whilst acknowledging it is part of a wider corporate organisation and network of global asset management teams.

This is a fund management organisation that sees their business and expertise as investing for long-term return. As M&G has a talent-led approach, investing in talent development for return to the business, is a mirror, in human terms, of what the investment business does with funds. At M&G their talent strategy has been to create tailored interventions that respond to individual needs and situations, whilst applying an overall framework and language for describing, assessing and developing talent. However, there is also a strong culture of teamwork and acknowledgement that even the most individually talented fund managers need to be supported by an excellent team of analysts, technicians, marketeers, distribution, functional specialists and management, in order to perform in the medium and long term. M&G's approach is investment-led: development of individuals and teams is done within the context of the objectives of the individual businesses within M&G, and the overall corporate benefit.

### **Talent planning**

The first key talent process is the formal talent planning exercise which is done within each business, at least annually. It looks at the succession

issues and risks, sets benchmarks and looks at how that business is building its talent 'pipeline', and the options for developing key people. In all the talent processes no one is excluded because the view is that everyone has some degree of talent, not just an exclusive group, and that potential is never properly known until it is tested. The overarching objective is to maximise the value of M&G's human capital and minimise people risk. In particular, being able to make shifts to new roles and levels is valued. The investment approach that M&G takes with people has a certain science to it supported by experiential data and perceptions based on observation of how people might perform in a future role. If latent talent is perceived, then often ways to investigate, or experiment further are used to gain more data, such as giving the person new projects, extended management team experience, board exposure, external experience and/or assessment. The aim is to create more rounded management teams. To do this there needs to be a really effective dialogue between HR/L&D and management teams. The aim is to get a better sense of where individuals are at – where they are going, in which direction, how quickly, who could succeed them and what are the risks/vulnerabilities around the individual or team and what can be done to mitigate these risks.

The talent process is not elitist, but M&G identify key people who are chosen from a combination of self-selection, testing/psychometrics, experience, and role-model feedback. In the recruitment process for the investment businesses, for example, there is investment in training as well as the obvious interventions such as a top down, bottom up approach and 360 degree-based performance reviews, half-yearly reviews and yearly talent planning. This process becomes more and more transparent over time as it becomes ingrained and a visible part of our culture. Understanding people's key motivations is critical and the fund management business will often create opportunities to play to people's strengths as well as matching people to opportunities. Although there are formal reviews this is about a process with creative dialogue on an ongoing basis. Due to the regulated nature of the business, M&G needs to manage people risk rigorously but also to take calculated risks on their perceived potential. The question being asked is 'What is someone's long-term value to the organisation?' and to this end M&G aims to create a sense of multiple careers or a well-defined long-term specialist career path if that best suits the individual. This is distinct from other players in this market who tend to only build the professional capabilities of people within the different businesses of a fund management house and may well create silos.

### **Developing a tailored approach**

The HR team have created a talent management strategy that develops specific solutions for specific talent, potential, individual and team issues with the different businesses. The talent management process is not defined as a



corporate 'manifesto' or policy that the individual businesses must adhere to, but rather close working relationships built up over several years. The HR team works directly with individuals and line managers to determine business and career focussed development needs on an ongoing basis. The small L&D team focusses on initial development diagnosis, using their professional experience and psychometric diagnostics. Development needs can range from personal qualities and style, to transition support, to developing technical skills. From this initial needs diagnosis, the L&D team will recommend options, which may include training, shadowing, new roles to develop skills or experience, mentoring, or coaching.

### **Internal mentors as informal 'coaches'**

At M&G they believe that for many of the technical capabilities, such as fund management, developing talent beyond a certain level of knowledge and skills requires working alongside 'experts'. This is understood to be a key way to transfer unique qualities to develop potential into real capability 'almost by osmosis', but individuals are encouraged to identify their own mentors, as well as being formally assigned. Aside from the technical skills and knowledge there is often much to be learnt from hands-on coaching – learning the 'arts' of the job from acknowledged talents in their field. In other situations an external coach may be suggested, when there is no available or appropriate internal resource, or when an external view or capability can bring something not available internally. Occasionally this is remedial, but much more often it is about harnessing investment in key people. External coaches are often used to support people seen to have potential and placed in new roles to stretch and develop their capabilities. This is firstly to support them to succeed in transitioning into the new role, and secondly to help boost them up to the 'inflexion point' in their new role when they are able to operate well on their own. In this instance coaching is a key intervention, matching and then working closely with the coach and coachee, as well as others in their line, team and business to enable success.

### **External coaches and match-making skills**

The external coaches are an eclectic group of very experienced coaches with a variety of skills, background and expertise, such as professional or technical coaches who have themselves had similar industry roles. Others are more psychologically oriented, leadership specialists, or bring specific commercial or technical acumen. All are highly outcome focussed. Each has their own particular style and approach. They share a depth of experience as coaches and are trusted to work with individuals or teams through their relationships with the L&D team. They are not 'managed' as a group in a formal way, and there are no standard qualifications or credentials. The critical intervention is the 3 or 4-cornered contract between the coach,

coachee, past experience and track record are key selection criteria, L&D/HR person and line manager or mentor, defining the purpose and objectives for the coaching contract. This is often discussed together in an open way so that all parties are clear about the contract and the roles they each play in supporting the coachee. Sometimes the briefing is more sensitive, and therefore not done all together, but the coach will always have a clear set of needs and objectives they are responding to, without being prescribed to about how to work. The L&D expertise in selection is very much done by feel, providing a 'match-making service' between coach and coachee which meets the identified overt and more subtle needs. This 'matching' skill is highly valued and it seems rare that the relationships do not work. The HR role is also to provide governance around the process to ensure clear outcomes are identified and progress assessed and recorded against these.

### **Valuing difference**

The coaches' capability with any specific coachee is evaluated and its impact is understood from conversations with the coachee, with those working with the coachee and the coach themselves, and ultimately the business results. Due to the close relationships within the business, changes are often evident through anecdotal evidence and performance in the role. One rationale for this eclectic and highly personalised approach is that the different businesses that make up M&G vary in their maturity, longevity and the style of the key people running them, so the L&D team and their coaches need to be well briefed and adaptable to the specific situation. The ultimate goal is improved business performance and engagement and to that end coaching is a highly 'bespoke' and a close way to work with key individuals for specific periods. The coaching relationships are finite, with initial time limits fixed at the beginning. The relationship may extend beyond this but will finish once the coach and coachee acknowledge that the objectives have been reached, along with any others that emerged as important in the process. Sometimes a different coach with a distinct approach will be recommended once the objectives set for the initial coaching have been met, for example, business capability moving onto developing personal style.

### **Corporate commitment to people investment is key**

M&G prides itself on investing heavily in the development of its people and guarding closely the team-oriented and high loyalty culture it has developed. Their prioritising of talent development at Executive Board level down means that they are committed to building their business around their people, in preference to buying them in, where possible and this has real meaning. Consequently in the market for talent M&G enjoys a reputation for investing in people often for the longevity of their career, with people often moving to very different parts of the organisation and having the possibility of being able to stay within one organisation, but have

several careers. Having several tailored options as a core part of the talent management strategy is a conscious philosophy to have more options and be more responsive to needs within the organisation. It helps to provide a lot of diversity that supports M&G with a variety of external perspectives which counters the potential impact of developing internal talent as too introspective.

Many people who have been the beneficiaries of this talent management investment are strong advocates of M&G and the support they have received for their careers. It seems to have created loyalty for the organisation and developed potential talent into mature and capable people and business results.

## **Section 2: The talent dimensions**

### **Defining talent**

#### *Dimension 1: Size of the talent pool*

The talent pool is defined as everyone – it is not an exclusive group within M&G. As a talent-led business they begin the talent management process at recruitment and strive, by and large, to only recruit people into their businesses who they would regard as talent. In addition they do identify key people with critical skills or long-term leadership potential. Individuals can nominate themselves for specific programmes and their potential is tested in a variety of ways.

#### *Dimension 2: Entry criteria*

There are many cases of people being able to carve out very personalised career and talent processes, by excelling and delivering in ways that demonstrated potential were not particularly limited or restrictive. There is a series of basic hurdles, which are probably relatively high compared to other organisations, to remain a part of the organisation.

However, it does appear that with the informal, networked culture of M&G and in particular the talent process, that the quality, interest and focus of people around you who might influence your promotion, and development is critical. In many business areas, the focus on developing talent has a major priority in formal and informal business terms, and is often championed by excellent mentors, line-management and in-role development by working alongside people who are themselves excellent.

#### *Dimension 3: Decision process*

The decision process is an interesting one of working with a broad consensus of people involved in the conversations about that individual's opportunity. This would often include the individual, their line manager, a L&D and/or HR person for that team, or who had been working with them, other relevant senior managers, and potentially their mentor as well.

It seems clear that in areas of the business which are thriving and where people are of a like mind, particularly in the fund management businesses, their intentions and investment clarity for talent is really paying dividends. In other areas, the organisation is learning fast from the fund management businesses regarding developing talent in a more focussed and productive way, which is really beginning to pay dividends. An inherent risk in this highly networked approach is where the perceptions of talent become more political, particularly in business areas that are going through change. The key role for HR and the leadership teams is managing this aspect.

In M&G people know that they are valued by the organisation, even when their immediate management is not a helpful relationship, and that loyalty is demonstrated time and time again in the outstanding retention figures. The evidence is plain that people at M&G value, appreciate and trust the organisation's involvement with their career, and that on the whole their experience is that they have been decent, supportive and loyal to their staff. This is an unusual and highly valued experience in the fast-moving world of fund management.

#### *Dimension 4: Permanency of definition*

The general definition of everyone having some level of talent has been a permanent fixture since the inception of the talent process and before in the culture of M&G. The key individuals or roles may change and move up and down the spectrum of perceived potential as the business and individual context changes, so this 'key group' has been evolving in a way that mirrors the objectives and focus of the M&G businesses.

#### *Dimension 5: Recruitment as a source of talent*

Recruitment is a highly focussed source of talent for M&G. Whilst their priority is often to resource and give opportunities internally, they recognise that they need a mix of external recruitment, both at a graduate and other levels throughout the organisation. The decision to look at external recruitment is made, as with everything else, in consultation with the appropriate people in the business and HR/L&D will often take soundings in other parts of the organisation, as well as within the business itself. Internal candidates may be discussed and a pragmatic process is adopted which is situation specific, with some key tools and measures applied which are used across the organisation, for example Leadership Risk psychometrics (Derailers).

M&G do take recruitment and retention very seriously and are well aware that many of their people will be headhunted on a regular basis. In fund management and this area of financial services, individuals are often aware of their personal value and caché to an organisation, so developing good market knowledge of the recruitment industry and current offers is vital information. To this end M&G have an internal team of recruiters staffed by Origin, who specialise in recruitment at a junior to mid-management

level and work in-house in this growing market in financial services. The team consists of three people and they each have different specialisms, but the key benefit is having a focussed group of people recruiting solely on behalf of M&G and extending and developing M&G as a brand in the recruitment market place. The information that feeds back from having this in-house team creates excellent data for the reward and recognition processes, performance appraisal, talent and succession planning.

M&G have been very successful at developing a reputation for attracting well-rounded individuals that often want more than just an interesting job and good package. In particular, M&G meet all of the criteria they identify in the market as the top six priorities for people seeking to move: company, role, career/talent management, work/life balance, money and culture. So the recruitment specialists get involved at an early juncture with business areas considering external recruitment, or even internal, as they tend to know who is interested in new roles and are a meeting house for all information on open options. They will get involved in developing an appropriate specification for the position, with the key stakeholders involved. They will also provide expert guidance on how to present the role, where to advertise/select and the appropriate packages. They will run the recruitment process, holding first level interviews and narrowing down responses both internal and external to a shortlist. This team are highly integrated into the M&G L&D/HR teams sitting between them and are clearly perceived as adding a lot of value.

### *Dimension 6: Transparency*

For M&G transparency is something they have strived to improve greatly, and have made great strides largely to do with the approachability of the talent process. The talent management process is clear to most of the staff, and although not all the conversations are documented openly, there is a reasonable clarity about outcomes and specific areas of interest. Feedback to individuals is given from these sessions and others, and although this is not fully transparent at all times there is a real focus on not ducking any difficult issues. There are several things which support the transparency of the talent process: the inclusion of everyone into the process, and in particular the ability of individuals to put themselves forward for assessment through talking to HR/L&D, or their line manager or another contact; the long-term nature of the conversations that take place regarding opportunities to develop and the investment made in people in the organisation; the criteria for success are clear, alongside visible, tangible support for individuals who need it, such as coaching, development and support; although the standards required are high the attitude is one of optimism and support, not of putting people in key roles and then allowing them to 'sink or swim' – it therefore becomes transparent in the organisation that M&G is serious about developing and retaining talent, and how it goes about that.

## Developing talent

### *Dimension 7: Development path*

The development paths are flexible and multi-faceted. People are developed individually and their development path is built around the specific roles and skills that they need in order to move on. However, there is consistency in method of designing the development path, specifically in bolstering and creating support around people who are put into those more challenging roles.

### *Dimension 8: Development focus*

The development focus for high potentials is to stretch them to demonstrate their capability. Often people are identified as high potentials but are yet to show what they can do in a bigger role, so options are created to test that creativity. The primary driver is still the business areas so that opportunities that are created are real and meaningful for all those concerned, and often with high stakes. Assessment and development tools are also used to get a more rigorous, objective view of their motivation, potential and risk areas. M&G plays to people's strengths, developing opportunities for them to move into, and allowing them to specialise in more than one career area as they develop, but also seeks to manage and mitigate the risks of getting it wrong.

### *Dimension 9: Support*

The support may consist of coaching, selected from an eclectic group of coaches to bring just the right approach, mentors from inside and outside the organisation, training and development, shadowing time to learn from an experienced professional, and support from line and other senior managers. Nobody is left to sink or swim – that would be counter-cultural at M&G. The environment is generally very supportive, which is unusual for the fund management business generally where the trend is for highly competitive workplaces internally.

### *Dimension 10: Influence on career*

M&G is a highly networked organisation, in which huge potential is levied through intertwining the formal and informal processes for career development and talent management. The evidence here seems to be that M&G has a large influence on the careers of its staff, and in particular those high flyers in whom they take an active interest. One of the clearest indicators of this is from both individuals and HR/L&D that M&G has actively created more than one career for them, or even three or four during their time in M&G or perhaps the wider Prudential group. There is a clear sense from individuals that this activity results in M&G retaining the people they want in their businesses, and for those people they will create new opportunities, structures and even careers if necessary.

There are some people whom they do not want – in particular in investment those who are ‘A-type personalities’ who are aggressive, individualistic and internally too competitive to work well with others. They look for people who are able to work as a close team with and around the fund manager, to create excellent fund performance, in the knowledge that for all the stars and ‘über-talent’ in the fund management industry those individuals need to be supported by excellent analysts, systems and support teams.

M&G’s fund management businesses look for talent which is high potential, but also with wider expertise than investment specialism, with unusually high value being placed on management roles as well. The outcomes and benefits of this are that key individuals report being ‘personally engaged’ with the implicit strategy of investing in the people in their marzipan layer – rather than chasing the top names in the market. Equally M&G has attracted top names, particularly where there is a strong cultural fit. This means that the investment teams are not destabilised by a stream of top performing, but demanding fund managers moving in and out of the businesses according to the latest performance figures, equally they are able to refresh their pot of talent externally in selective cases. Instead M&G’s business strategy of re-building its investment brand through investment in medium term sustainable results is echoed in its talent process. This results in very low turnover of key people, with high performance in the business. This is a difficult strategy to pull off as putting people into fund management roles as a development opportunity risks the performance of that fund – so rigorous assessment of competence and regulatory compliance is key. Yet, the question this is attempting to answer is how do you manage and develop people into fund roles and build succession cover for more senior fund managers.

In the Operations area, they have recently created a Board of Selectors, as a subset of the Group Operations Board to look across the whole piece and identify and create more opportunities, some of which have been identified from ‘mapping’ the high potential talent. In particular, scarce resources in this area with talent are seen as not only highly productive with a delivery track record, but also innovative with the intention to give them the opportunity to develop more broadly or further in their specialism. In this area, they are acutely aware of the potential blockage that lack of turnover can have on career operations people, who are highly in demand in this field – and therefore they are being highly creative about developing new options for them.

### *Dimension 11: Connected conversations*

One of the most prominent features of the M&G talent process is how connected the conversations are across the organisation about talent in general, and about specific individuals as well. Not only does the talent planning

process involve the whole senior leadership team in each business and discuss everyone at a middle and senior level, but there is also ongoing informal dialogue between HR, L&D and the management teams about what they need strategically and tactically in their businesses, and who needs support, development and exposure to grow their talent. In particular, the focus is on conversations which develop more rounded talent in the management teams and creating ways to find out and explore people's potential. These informal perceptions and glimpses of potential are tested through enabling people to take on new projects, participating in an extended management team in their business, being given board exposure, external job possibilities within the Prudential group and outside it, and assessment opportunities.

The combination of the ongoing structured and informal conversations means that talent is an ongoing conversation in M&G. Although each business is focussed on its own needs and priorities there are many conversations going on at the M&G corporate level and through HR and L&D which facilitate connections horizontally and diagonally, as well as vertically. One important factor is how much individuals themselves are involved in these conversations. There is a real sense from individuals that their needs, wishes and aspirations are taken seriously and listened to, and that they benefit from the broader views which contribute to those conversations for possibilities which they might not be aware of, or have been exposed to. In addition, the benefit of the connected conversations is that there is a felt sense of people's potential through those discussions with the objective being to ask 'what is their genius?' This is a question which necessitates a qualitative answer very often in order to really get to the substance of it, and therefore this ongoing dialogue is critical to developing a real sense of that. Such individually-oriented information is necessarily highly limited from a systemic or more generic assessment process.

### *Dimension 12: Organisational values*

M&G defines itself as a talent-led culture which is a congruent approach given they are in a talent-led business in fund management. In this fast-moving industry, and particularly in relatively small niche and focussed businesses there is a presumption that talented individuals will be recognised and rewarded highly. Alongside that recognition is demanded consistently high performance, albeit in an environment in which individual funds and businesses can be highly profitable at one point in time, and circumstances can then impact that performance radically.

There is a culture of taking calculated risks within the investment businesses, supported within the operational and service areas of assessing risk, and without that risk there is no possibility of real reward beyond the most basic return. This culture is not about being high risk, but about having a critical, analytical dimension to their people and talent thinking and actions.



***Dimension 13: Risk***

In M&G the risk is weighed up with the investment return potential for the human capital involved and the long-term benefit of the business. Risk is managed well, as this is an organisation that deals in risk, but in particular it handles each experiment as a possible loss, without necessarily tarring the individual with failure. This approach allows the individual to learn and grow from the experience, and the business to do the same without coupling the two together and blaming the individual for lack of success. The approach is much more to look again at the support and see if enough was there and how it could be improved.

**Structures and systems to support talent management*****Dimension 14: Performance management***

The performance management process has half-yearly reviews with the talent planning as an annual process. This is the key business assessment of delivery for individuals across all the businesses and this feeds the talent planning, which has a broader, longer-term remit. Performance management is embedded into the talent management process.

***Dimension 15: Talent management processes***

The formal structure and system for talent management are the talent planning process, and the Prudential group talent and leadership review process, as well as regular discussions around people development. Internally the M&G talent planning process is a succession and talent management process that looks in detail at least once a year at who is in the talent pool in each business. The process is a retention and performance optimisation tool and helps to create tailored development for individuals and the businesses, growing talent from within. There has been a conscious effort to develop a talent process that embodies the brand values for M&G: originality, conviction and energy, as well as being very facilitative and tailored to each area.

The talent planning process has evolved over the last eight and a half years, in the beginning it was met with some scepticism. As the process has been developed to become more aligned with M&G values and be more transparent and flexible, it has been seen differently, with a focus on building talent from within. It is no longer seen as a big event but part of normal working life. As this process has developed further it has become more flexible and is no longer confined to the original framework but is more aligned to business strategies. The L&D and HR teams are aware that currently progression and development opportunities are not consistent, because they depend largely on the discretion of the manager. So the talent planning process is an important step which involves the whole management team. This helps to mitigate the 'horns and halo' polarised views of individuals from their line manager.

The definition of key talent at M&G is much clearer: someone you can pluck out of one area and put in somewhere else, who can work within a new team and in a specific strategic business scenario. They must be an agenda setter, a people leader and deliver. In the broadest sense this is an agenda that people are the key asset in the business currently and in the future, that talent needs to be developed and sometimes moved across Prudential's asset management community with less parochial attitudes than in the past.

#### *Dimension 16: Use of technology*

The performance management process is supported by a system called SABA which holds, runs and supports the performance management discussions and data, prompting managers to have meetings, holding the draft report, setting objectives, and getting inputs from 360° feedback for the appraisal. Over the last three years the system has been rolled out to support the consistent use of performance management appraisals in the whole organisation.

#### *Dimension 17: Systems flexibility*

Talent management at M&G has been developing as a process for over eight years and is particularly well embedded into the culture of the fund management business. The system has evolved into a flexible process that is pragmatic and adapts to the needs of the business units and their staff. The way the system has developed means that it is continually adapting to the organisations' needs while maintaining a sense of longevity and comfort in the organisation. To this extent, this is a good example of an organisation adopting a cultural perspective to talent management.

#### *Dimension 18: Ownership of talent*

The ownership of talent rests firmly in each business, and to that extent each business creates opportunities that fit itself and build around the talent they have. So there is a creative dialogue in making opportunities for people in the business and in the business for people. Each business nurtures its own people and one of the roles of the HR and L&D team is to have relationships and networks that facilitate being able to know about potential opportunities and people in the whole organisation that might benefit moving across businesses to develop. Whilst there are some people whose specialist skills or knowledge might not be easy to deploy in a different business, it appears that the willingness to think laterally and to offer horizontal moves, and new careers is much greater than in other fund management organisation, where specialism can be very limiting. Many of the people I spoke to talked about staying at M&G because it offered them a new 'career' or roles that they might not have had if they had moved to other organisations.

### Section 3: Areas of good practice

The following practices can be drawn out as particularly good examples of talent management processes:

- The promotion of the Talent and L&D Champion to HR Director role ensured the talent management system was embedded and supported by all HR systems.
- Annual talent planning exercise reviews the position of the talent pipeline *vis à vis* succession planning and acts as an early warning system to ensure all vulnerable and key positions can be covered.
- Use of internal assignments and exposure to stretch people and push the limits of their perceived talent in a risk managed environment.
- Multiple sources feed in to the talent identification process including self-selection, psychometrics, experience, and role-model feedback.
- Half yearly reviews keep the talent management system up to date and ensure that everyone is regularly given the opportunity to be included to a greater extent.
- Coaching is used to support talent development, with a choice of hand-picked internal or external coaches as appropriate.
- Expert mentors develop talent through on-the-job training – ‘learning through osmosis’.
- Coaching contracts are well-rounded and robustly agreed between the coach, coachee, L&D/HR and the line manager regarding both the business and personal objectives of the coaching.
- There is a lot of opportunity to move around the organisation and have several careers within the one organisation. This is a good retention tool for people.
- Specialist recruitment function/internal recruitment agency ensures consistency in employer branding and acts as a source of external data.
- Pragmatic, flexible approach allows for everyone to be treated as an individual with their own bespoke development and career plan.
- Loyalty and commitment are strong as a result of the highly inclusive process and wide range of opportunities open to them.

### Section 4: Areas for further consideration

The following areas may be points for further consideration:

- **The power of one** – Individual talents have immense power in the system due to the nature of the job and the specific labour market. The challenge of the organisation is to maintain an appropriate balancing level of influence in the power equation.

- **System dynamics** – The system has developed in such a way that it is very pragmatic and responsive to individual needs. Equally business needs must continue to be paramount to ensure the individual does not hold the system to ransom and to safeguard the organisation for the long term.

## **Section 5: Fictitious narrative**

It was not possible to capture the essence of being talent managed at M&G as every individual's experience was unique to them and any attempt at a narrative became contrived.

# 13

## Systems and Structures to Support Talent Management

Heinen and O'Neill (2004) argue that every organisation has a talent management system whether it is by default or design. They suggest that whatever you do with regard to managing your high performers can be called talent management, even if it is nothing different to how anyone else is treated and is therefore back to the default performance management system. Hence even doing nothing is doing something – it is just nothing different.

The systems and structures that support the talent management process are largely HR systems, but can also be IT systems. From the HR perspective, the integration of talent management into HRM is key, as would similarly be the case with the process perspective. The competitive perspective would require more flexible HR systems to meet individual needs, and the developmental process would anticipate the HRM systems to support the HRD focus of the strategy.

Cynics might argue that talent management is just another HR fad, but few fads seem to have turned themselves into a new tranche in the labour market. The roots of talent management can perhaps be traced back to the downsizing and outsourcing trends in the 1990s, including the slimming down of graduate recruitment schemes (Carrington, 2004). Talent management shifts the focus of HRM away from people as resources towards people being men and women who need to be appreciated and valued for who they are (Casse, 1994), and hence it can completely refocus the activities of HRM away from command and control towards a model of shared success. In many organisations, HR has already moved beyond simply being a purveyor of talent to becoming an integral part of the talent management process, as evidenced by the case studies; extending its activities beyond its traditional role to include activities such as leadership assessment – although all would probably agree that they could still go much further. A number of dimensions arose around the systems and implementation elements of talent management, highlighting how it can differ from HRM. For many of the case study organisations, this was the area that was

key to their succeeding with talent management, although it tends not to be the focus of attention for talent management champions. Integration is key – particularly strategic integration, as this drives and underpins the whole process.

There were five dimensions that contributed to the systems and structures that support talent management.

## **Dimension 14: Performance management**

This dimension focusses on how people's performance is measured in the organisation: whether it is by outcomes or outputs that individuals achieve over a period of time, or by inputs and processes that they contribute by the way in which they perform.

The dichotomy here is really one between results and behaviours, i.e. what is achieved against how it is achieved. Needless to say most companies will be somewhere between the two, as even top performers get pulled up by the organisation if they are upsetting too many people in the process. This involves more than simply reinforcing good performance, it requires managers to highlight undesirable behaviour, and not just politely focussing on results (Carrington, 2004). Tools such as 360 degree feedback can be useful in guiding these conversations as they can be difficult to carry out.

Over 75% of survey respondents agreed that achieving performance outcomes was very important in their organisations. Interestingly, only 30% felt that departments within their organisation competed against each other for results. Performance bonuses based on achievement of outcomes, top achiever rewards, and individual bonus offerings can all set elements of the organisation into competition with each other rather than into competition with the external competition. This can also lead to departments in the organisation wanting to keep hold of their 'talent' rather than sharing it with others, resulting in the talented individuals not getting the wider development opportunities that would enhance their careers. While organisations may want to retain the performance achievement focus, decreasing the internal competition may lead to greater efficiency and less silo mentality.

There is an underlying assumption underpinning this rationale, of course, that people are actually performance managed in their organisation. Sadly, the survey results suggest this is not the case, and that 10% of employees are not included in their organisation's performance management systems. This increases to 15% if the member of staff works part-time, to 25% if the company employs less than 25 people, and 20% if the organisation is either a private limited company or partnership. Given that the survey sample is the Chartered Management Institute membership, this is cause for concern. That means that 10% of the management population are not being performance managed.

To move the debate from the outcomes/outputs model to the behaviours/inputs model, some authors and organisations (see, for example, Farley, 2005) argue that talent management should be based around a system of core competencies. Redford (2005) argues that this leads to too narrow a focus on talent for future leaders and limits the recognition process of talented individuals to those who are good at demonstrating behaviours against the required competences. Conger & Fulmer (2003) disagree arguing that leaders fail because they don't have the wider set of necessary core competencies for leadership, even though they are highly accomplished in their specialist area of management. This suggests that perhaps there is room for more than one type of talent within the system. Danfoss, for example, recognise three types of talent in their talent management system, all of which are supported through different mechanisms: there is leadership talent, specialist talent and entrepreneurial talent.

Watkins (2003) argues for clear articulation of the ways in which the specific success requirements of roles will change, both laterally and hierarchically, based on their specific delivery requirements and their behavioural implications. This clarity, he claims, provides shared anchor points, rather than hazy or varied notions of what is required, against which to judge and develop potential in succession planning. This would be helpful if the organisation is, for example, adopting the HR planning or process perspective to their talent management system, but if they are engaged in a change management approach, it may not be possible to do.

Following on from the issue of how you measure performance is the issue of how you measure potential? Is it more than capability or competence? Dalziel (2004) argues that if you simply rely on past performance as a measure of potential then you end up with the Peter principle; people being promoted to their level of incompetence. In defining the criteria for selecting high potential employees, many organisations link the identification of their talent to current job performance rather than using an inventory of ideal attributes (Snipes, 2005). This may be because it is easier to do, and measurement of attributes or competence is a field that is widely criticised and problematic. Plus there is the additional problem that most organisations want the same inventory of attributes!

When it comes to recognising a distinction between performance management and the identification of 'high potentials' or 'talents', 25% of survey respondents felt their organisations do not recognise a distinction in the process, and 32% neither agreed nor disagreed. This means that only 43% of the sample believed their organisations can distinguish between current performance and their definition of talent. Current performance therefore does play a key role in many organisations' definition of talent – perhaps because the measurement of potential is problematic.

The survey results also indicate that only 31% of respondents are confident that their appraisal system is capable of identifying high performers/high

potentials. Given that over half of organisations appear to be relying on their performance management system for talent identification, this picture is not good.

## Dimension 15: Talent management processes

This dimension is concerned with the extent to which the talent management processes supporting the system are actually understood. The extremes of the dimension are explicit structures and systems that everyone is aware of and understands through to implicit structures and systems that nobody really articulates.

This is a curious dimension as to some extent one end of the dimension is unknown. If the structures and systems are implicit, then people may not be consciously aware of them, and hence may not be able to identify them as existing at all. Hence some of this dimension may be attributable to language barriers or the use of jargon, or may be due to a lack of transparency. Banco is a good example of an organisation that has a very rigorous talent management system in place, but the lack of transparency means that individuals are left guessing as to where they stand in the system, or indeed if they are even included in the system. While this works for them as they have a very egalitarian culture in the organisation, in other organisations the benefits of having the system at all could be lost.

In the public sector case studies of the Metropolitan Police and the National Probation Services the structures and systems are clear, as they are for Grant Thorntons, Lloyds TSB and MotorCo. Some of the others are arguably open to interpretation, sometimes because they need to remain flexible to meet individuals needs, such as in M&G, and sometimes because it is to the advantage of the organisation for people to live with a bit of uncertainty, such as at Accenture. Sometimes this has simply not been an issue that has been considered by the organisation as they have been so busy implementing and growing that consolidation in order to make explicit has not yet occurred, such as with the Malmaison Hotel Group.

While having an explicit structure in this dimension can lead to clarity for individuals, there can be more flexibility in a more implicit, less formalised system as nobody knows if the rules are being stretched or adapted to meet individual's needs and circumstances.

To some extent this dimension links with performance management, as a robust performance management system is one which a talent management system can build on. Performance management should feed into talent management, and *vice versa*. The two should not be mutually exclusive. Equally the talent management processes should reflect the business strategy and be aligned to the strategic perspective being adopted.



## Dimension 16: Use of technology

This dimension focusses on the centrality of the role of technology in supporting the system. In some organisations the extreme of IT independent is achieved, and the talent management system is essentially a paper-based activity, while others are heavily IT dependent, using the technology for longitudinal or tracking purposes.

Farley (2005) argues that the substance of this dimension is a critical success factor for managing talent processes in terms of ensuring operational and process HR excellence. He argues that we should stop looking at processes as discrete, and use data and technology to support them through measuring and reviewing key figures and information.

The survey asked respondents whether or not their organisation had a good IT system to support how HR works. Over 40% declared they did not, and just over 25% felt that they did. This more than halved for organisations involved in sales/marketing/advertising. This could be good news for the IT industry, as there is clearly a market opportunity here, but it does suggest that HR and talent management efforts may be under-supported in terms of ICT generally, which would contribute to their difficulty in reporting results against the bottom line. Essentially, organisations that require a ROI measurement without an IT system in place to generate the data could be asking for the impossible.

Measuring return on talent management is a source of difficulty. Creelman (2004) notes that a measure of organisational health can be used as a potential measure of talent management, as it includes absenteeism, staff turnover, and earnings generated, suggesting a broader measurement base rather than trying to measure the specific return on a talent management initiative itself. Arguably the bottom line as a measure in itself suffices, but how do you know how much of that is down to your talent management system? Morton *et al.* (2005) suggest measurable outcomes include competitive advantage, business results, organisational capabilities, strategy execution, organisational morale, attraction/retention of talent and employee engagement. They argue that calculating the return on investment and costs of talent loss from losing a key player in comparison to the costs of under-performing people makes a strong argument to organisations to invest in a talent management system in itself.

Research by the Chartered Management Institute into the concept of human capital and workforce capability found that only 68% of organisations measure the contribution made by employees, while only 29% have any measure of talent (Scott-Jackson *et al.*, 2006). This is supported by the number of organisation failing to have robust IT systems to support their HR endeavours in this study.

Malmaison Hotels had the most robust IT system to support their talent management endeavours, and indeed would find it difficult to continue if the system crashed.

## **Dimension 17: Systems flexibility**

This dimension is concerned with how static the application of the system is. The extremes are prescriptive or static at one end, and evolving or changing at the other end.

To some extent, this dimension is looking at the embeddedness of the system, and while every system should be reviewed, some are constantly changing to meet individual needs and changing organisational needs, while others are more embedded into the companies' cyclical procedures.

The IT system supporting the talent management system also impacts on how dynamic or static the application of the system is. If an organisation has no measure of the system's success then it will not know how to improve the system, develop it further or expand its application.

Consideration also needs to be given to internal differences. Getting the talent management system right in one part of the business will not necessarily mean that it is working equally well elsewhere in the business, or that it will work equally well at different levels of the organisation as it rolls out. It is important to realise mistakes and learn from them, adapting the system as it progresses through the organisation.

Regardless of the strategic perspective being adopted, it is important that the talent management system itself is reviewed to ensure that it is meeting the requirements of the organisation, as well as the talent management strategy. If the organisation moves from one strategic perspective to another then it will need to shift its position along the dimensions. Equally, an organisation may find it needs to shift its position along some of the dimensions due to changes in the market or other internal or external factors impacting on the organisation.

Network Rail, for example, are using their talent management system precisely for this purpose. They are adopting the change management perspective to shift the organisation as a result of external pressures from government and other stakeholders. Once they have achieved a shift, they will need to re-evaluate their position, and adapt their system accordingly. This may be the result of a change in strategic perspective as it is unlikely that they will require the change management agenda forever, or it may be bring about another change in the organisation.

Ipsen Pharmaceuticals are just starting down the talent management path and hence are considering these issues as a set of issues for the first time. They have, of course, been doing something in various ways in various parts of their organisation, it just hasn't been formalised and

structured into a deliberate talent management system before. However, they now recognise the need for talent management in the increasingly competitive pharmaceuticals labour market if they are to stay ahead of the game in their specialist area.

## **Dimension 18: Ownership of talent**

This dimension is concerned with where the ownership of talent is viewed to be in the organisation, and the dichotomy is between local ownership within business units, or shared around the organisation.

The shared around the organisation approach implies a more strategic, senior management team buy-in, while the former suggests the strategy is to let each unit do its own thing. While the HR planning perspective ought to lend itself to the central ownership, the process perspective can operate equally well within both. Most organisations, however, appreciate the need for a more central ownership approach in order to get senior management buy-in and true strategic alignment with the programme. They also appreciate the longer term need to break down the silo mentality that still exists within many organisations today.

Bryan *et al.* (2006) suggest that in large hierarchical and silo-based organisations, managers have difficulty finding talented people for new roles, and employees face barriers trying to find new development opportunities. This problem weakens efforts to build knowledge and assets across a broad swath of a company. Hence some progressive companies have set up talent markets where talented people can negotiate job transfers, obtain development opportunities more easily, build networks, and develop intangible assets. To some extent this is what the public sector competitive model achieves as there is an open market in which people 'sell their wares' in order to get invited to contribute to projects and teams. It has many advantages and should not be dismissed out of hand. The system is discussed in full later in this book.

Guthridge *et al.* (2006) report in their findings that senior executives blame themselves for lack of progress with talent management as they are not finding the time to put into the process. This may be why Hansen (2007) has since noted that organisations are introducing specialist talent management roles in their HR teams to focus on breaking down the silo mentality and looking at moving people around and across large organisations. The aim seems to be common, it is the practice that is failing. MotorCo, however, have it down to a fine art with their PDC process and their two year job-rotation/movement scheme. They have made a huge commitment to time to do this, and hence would not find themselves among Guthridge *et al.*'s sample. It is seen as a necessary part of the job role of management, and the responsibility is not taken lightly.

## **Issues to consider when putting structures and systems in place to support talent management**

A number of paradoxes and pitfalls emerged from the case study analysis which need to be addressed by organisations when they are considering the structures and systems supporting their talent management process. Firstly there is the knock-on effect for HR. It is difficult to implement a talent management system without it having a knock-on effect on most other HR and line management functions. For example, early on in the implementation process, organisations have found that they become more acutely aware of how they are managing poor performance in the organisation and this becomes a focus of activity as well, although it is at completely the opposite end of the spectrum to talent management. Other examples are succession plans, development plans and processes, recruitment processes, and so forth.

Secondly, is your system working against the mavericks, and if so, does this matter? Some talent management systems can be structured and systematised to the point that the mavericks in the organisation feel they have no place and cannot succeed with their endeavours. Because by their very nature mavericks won't tick the right boxes, they may fail to get noticed as talent and leave the organisation for greater opportunity elsewhere. Mavericks can be very useful to organisations as they challenge the status quo and push the boundaries bringing continual change to their work and work colleagues. However, because they take risks and move things forward, they do not always achieve the high results that get recognised in an organisation.

Thirdly, have you identified the talent gatekeepers in your organisation? When Japanese management techniques came to the UK, managers were suddenly asking their workers 'how should we fix this?' as it was the workers than knew best how the job was done. There is a danger with talent management that the wrong people become involved in the decision processes rather than the people who really know who is getting the work done. Involving the right people in the decision-making process is key, else the whole process will lack credibility.

Fourth is the importance of networks. One thing that may not have come through strongly enough in the report but was very strong in the case studies is the importance of networking. People who were considered talented were well networked. This has implications for equal opportunities and the management of diversity, as it is easier for people to network with people who are similar to them.

Finally, there is the issue that is best identified as the warning 'beware of the shadow organisation.' There will be people in the organisation who resist and try to undermine the talent management system. There will be people who resent the concept; people resent the fact that the system wasn't there for them but now they are supposed to help others; and

people who are simply resistant to change. The power of the grapevine should not be underestimated here, and attention should be paid to addressing this else it may undermine much of the work the talent management system is achieving.

Key questions to ask when considering systems and structures to support talent management in your organisation:

1. How good a predictor is past performance of future potential in your organisation? Can people demonstrate potential in current job roles through projects and assignments, or do skills profiles change significantly as individual's progress up the organisational hierarchy?
2. How many people are going to be involved in measuring performance? Would you consider tools such as 360 degree feedback to identify behavioural capability?
3. How can the organisation ensure that no individual line manager has too much influence on any one of their employee's careers?
4. How often are you going to review the talent management system to ensure that it is changing with the business needs and strategy?
5. How are we going to measure the success of the talent management process? How are we going to ensure that we capture the data that allows us to take this measurement?
6. How are you going to communicate your talent management processes throughout the organisation to ensure that there is a common understanding of the organisation's commitment?
7. How can you achieve the right balance of local and central ownership of talent, such that business units are empowered to keep themselves operational while not stifling the talent recruitment and development process?
8. What is the right balance between collaboration and competition in your organisation? Too much collaboration can stifle ambition, and too much competition can impact on results and the environment in the workplace. How can you administer reward and performance management systems to reflect this balance?
9. What does being in the talent pool really mean in your organisation? Will the talent pool have a stronger voice, be listened to more, or input more in decision making processes, or will it simply mean more pressure to perform to a higher standard?

# 14

## Case Study of Lloyds TSB

*Ann Knights*

Lloyds TSB (LTSB) is a leading UK-based financial services Group whose businesses provide a comprehensive range of banking and financial services in the UK and overseas. The Group was formed in 1995 from the merger of TSB and Lloyds Bank. In June 1999, TSB and Lloyds Bank branches in England and Wales were re-branded Lloyds TSB. Branches in Scotland came under the new brand of Lloyds TSB Scotland, which now has branches stretching from the Northern Isles to the Mull of Galloway. Scottish Widows joined the Group on 3 March 2000. This combination created one of the UK's largest providers of life, pensions and unit trust products.

The Lloyds TSB vision is to be the best financial services organisation in the UK. The organisation's business model is based on building long-lasting relationships with customers, meeting more of their financial needs and thereby generating sustainable, high quality earnings growth. One of the cornerstones of the business model is engaging staff, as this is seen as critical to driving customer satisfaction.

The Lloyds TSB Group employs 63,000 staff, across the Group Centre and its four divisions: UK Retail Banking, Insurance and Investments, Wholesale and International Banking, and Group IT and Operations.

### **UK retail banking**

UK retail banking has around 30,000 employees and provides a full range of banking and financial services to around 16 million personal customers through over 2,000 branches across the UK, as well as telephone and internet banking services. Cheltenham & Gloucester is the Group's specialist residential mortgage provider, selling its products through branches of C&G and Lloyds TSB Bank in England and Wales. The Group is one of the largest mortgage lenders in the UK.

### **Insurance and Investments**

Scottish Widows is the Group's specialist provider of life assurance, pensions and investment products, distributed through the Lloyds TSB branch

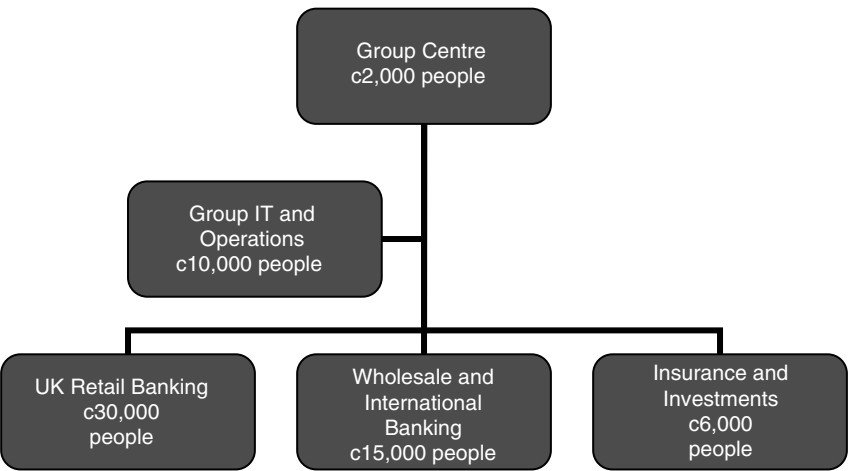
network, through independent financial advisers, and directly via the telephone and the internet. Insurance and Investments also includes general insurance underwriting and broking, and fund management. The division has around 6,000 employees.

**Wholesale and International Banking**

This division provides banking and related services for major UK and multi-national corporates and financial institutions, and small and medium-sized UK businesses. It also provides asset finance, manages Lloyds TSB Group’s activities in financial markets through its treasury function, and provides banking and financial services overseas. Around 15,000 of the Group’s employees are based in this division

**Group IT and Operations**

The Group IT and Operations division provides key support services including Back Office Operations, IT, Procurement, Property, Risk, Security and other key services to the Group’s profit and loss divisions. The service employs around 10,000 employees.



*Figure 14.1* The Lloyds TSB Group Structure

**Section 1: Overview**

**Strategic context**

In 2003 the CEO, Eric Daniels joined the Group and launched the current strategic journey for the bank. The organisation’s vision is to be the best

financial services organisation in the UK. The bank aims to achieve this by building strong customer franchises that are based on deep customer relationships, executing brilliantly, and managing its most valuable resource – people.

The organisation has a three phase strategy in order to move towards its vision:

Phase 1 – focus on core markets: enhancing earnings quality and exiting non-core or volatile businesses

Phase 2 – build customer franchises: extending reach and depth of customer relationships, enhancing product capabilities, improving process efficiency and working capital harder

Phase 3 – expand from strength: leveraging financial strength and capabilities and expanding into new product, customer and geographical markets.

Daniels sees performance management and talent management as key in developing Lloyds TSB as a high performance organisation. Initially the focus was on performance management, with the development of a balanced scorecard system which created clear line of sight of goals at all levels in the organisation. The focus then extended to include an assessment of the bank's capability in key areas. With this in mind Daniels initiated a comprehensive people review process for senior people across the Group.

### **The 'talent challenge'**

Having stabilised the quality of earnings by successfully focussing on core business activities, the business has moved into phase 2 of its strategy, which is aimed at deepening customer relationships and becoming the number 1 UK bank. As stated above, the emphasis during this stage of the strategy is raising the bank's profile in core markets. These activities have a strong dependency on the quality of the talent stream, and in particular the retention and development of those with key customer knowledge and relationships. As this phase completes, the organisation will move into phase 3, building on powerful core capability in core markets to deploy the model into new markets.

The implication of this strategy for talent management is the need for a responsive, evolving approach which attracts, retains and develops the talent needed for realisation of the current consolidation phase, whilst thinking into a future of expansion and growth.

### **How is talent defined within Lloyds TSB?**

Talent is defined as 'those individuals assessed as having the aspiration and capability to deliver greater contribution in their current roles and the



potential to develop into roles of greater depth and/or breadth over time'. Thus talent is defined as a factor of performance (current), potential (future) and behaviour (capability).

Current performance is assessed through the individual balanced scorecard which is linked directly to the organisation scorecard via team and business unit scorecards. Capability and, to some extent, future potential are assessed through Group Leadership Capability, and increasingly through a number of role or function specific profiles. These factors are jointly assessed by line managers and their individual reports through the annual career paths review.

Lloyds TSB operates a number of talent pools at group level and throughout the divisions. Talent pools are notional or specific groupings of individuals assessed as having the potential to progress, either in key specialist areas or general management/leadership roles. The development of individuals within the talent pools is managed and their progress monitored to meet succession needs and to build core/critical business capability requirements. The way that these pools are managed varies greatly across the Group, across divisions and indeed within divisions. This is because pools are created for very specific purposes at specific times.

Within the divisions the overview of talent is held at three levels:

1. New talent – Graduates
2. Specialist/role specific talent
3. Generalist/leadership talent

### **The purpose of talent management**

The stated purpose of talent management within the organisation is to ensure 'right people, right place, right time, right skills/capabilities'. This is within the context of the evolving three stage development strategy.

A critical role for talent management within the bank is that of making talent visible – widely and locally.

One of the key aims of the talent management processes is to achieve robust cover for each key role. At this time key roles include Managing Directors (34 roles) and Group Directors (6 roles). Such cover is pulled from a wide pool: more recent recruits to Lloyds TSB, those with considerable length of service and graduates entering the organisation on the various programmes available. The lead time for a graduate entering the business to progress to band 2 (senior manager) is eight years. A critical challenge for talent management is how to manage talent effectively throughout that period.

The group centre has articulated clear aims for talent management at group, divisional, team and individual level. These aspirations are set out in the following table.

**Table 14.1** Aims for Talent Management at Each Level of Lloyds TSB Group

<b>Group</b> <ul style="list-style-type: none"> <li>• Identified successors for Executive and key roles</li> <li>• Talent assessment, enables identification of capability gaps</li> <li>• Movement of talent across the Group to drive strategy forward</li> <li>• Developing key leadership capabilities in senior management population to reduce reliance on external hires</li> <li>• Common language/measures of talent across the Group to enable the business to track its progress as a Group – Talent Dashboard</li> <li>• A common assessment tool/measurement for leadership capability – Career Paths, People Reviews</li> </ul>	<b>Divisional</b> <ul style="list-style-type: none"> <li>• Successors for Divisional Executive roles and key roles</li> <li>• Facilitating talent movement across the Division to build divisional strength</li> <li>• Identifying and developing key talent</li> <li>• Identifying and building key capabilities</li> <li>• Common language/measures of talent across the Division to enable tracking of progress as a Division – Talent Dashboard</li> <li>• Common assessment tool/measurement for leadership capability/specialist capability – across division</li> </ul>
<b>Team</b> <ul style="list-style-type: none"> <li>• Identifying talent</li> <li>• Developing talent</li> <li>• Developing bench strength across key capability</li> <li>• Succession to key roles</li> <li>• Motivating for greater performance</li> </ul>	<b>Individual</b> <ul style="list-style-type: none"> <li>• Regular, constructive feedback</li> <li>• Dialogue about aspirations and expectations</li> <li>• Clarity of career and development options within LTSB</li> </ul>

### The talent management process

The Lloyds TSB talent management process is centrally enabled and divisionally applied. That is to say that a group talent team, working at times closely with the senior leadership of the business (for example during the people review process), provide enabling structures, processes and systems. The talent management system has as standard across the Group: the same definitions of talent, a core framework for talent management and a core IT system which captures talent data consistently throughout the Group. In addition an overview of senior talent across the organisation is held at group level. Key decisions in terms of implementation are devolved to divisional and sometimes business unit level.



*Business Unit Talent management feeds > Divisional Plans > Informs Group Activity*

**Figure 14.2** Framework for Group Talent Management in Lloyds TSB

The core approach to talent management within Lloyds TSB is to identify leadership, functional and capability requirements at the group, divisional and business unit level and to then develop talent pools with supporting development processes to respond to these requirements. For this reason there is a group leadership pool and a number of divisional leadership pools, as well as emerging leader pools in some divisions. Within Group Finance there is a finance talent pool aimed at strengthening the pipeline of successors for key roles through a development programme.

Core components of the process include:

- Career paths
- People review
- Development-oriented talent pools

### **The structure of the talent management team**

Within the Group HR function there is a Group Head of Performance, Talent and Resourcing and a Group Head of Talent providing support and structure across the Group. The former also takes direct responsibility for managing succession and development for very senior talent within the organisation. This includes the Group Executive Committee (GEC) and the senior leaders within the divisions.

Within each division there is a talent team with specific responsibility for enabling talent management across the division. This means applying the Group framework to managing succession, development and identifying emerging talent within that division.

### **The career paths process**

The career paths process is designed to be an open process of conversation about aspirations and potential in the context of the business now and in the future. Divisions have some discretion as to how far down the hierarchy they cascade the process. Typically divisions include directors, heads of departments, senior managers and general managers. Career path conversations are held annually in June with everyone in the appropriate roles

– with the exception of those who have recently joined or have recently changed leadership level. The individual and line manager contribute data about performance to provoke a conversation about both performance and potential. Performance is a combination of performance against personal balanced scorecard objectives set with the line managers at the beginning of the year and against the agreed set of Group Leadership Capabilities.

The personal scorecard sets out contributions in five areas (based on Kaplan and Norton) – financial, growing the franchise, risk, customers, and people – and is linked to the business unit and organisational scorecards. Line managers and individuals each undertake a separate assessment of performance against the agreed set of Group Leadership Capabilities – ending in an agreed rating of 0–10.

These ratings contribute to a final rating for performance and potential (PPM rating) using the 9 box grid set out below. Those with a rating of A1, A2 and B1 are likely to find themselves in leadership talent pools.

This rating is then captured in the IT system (YPLO – Your Performance and Development Online) and is used by local talent managers to drive local development plans and to feed upwards into divisional and group overviews.

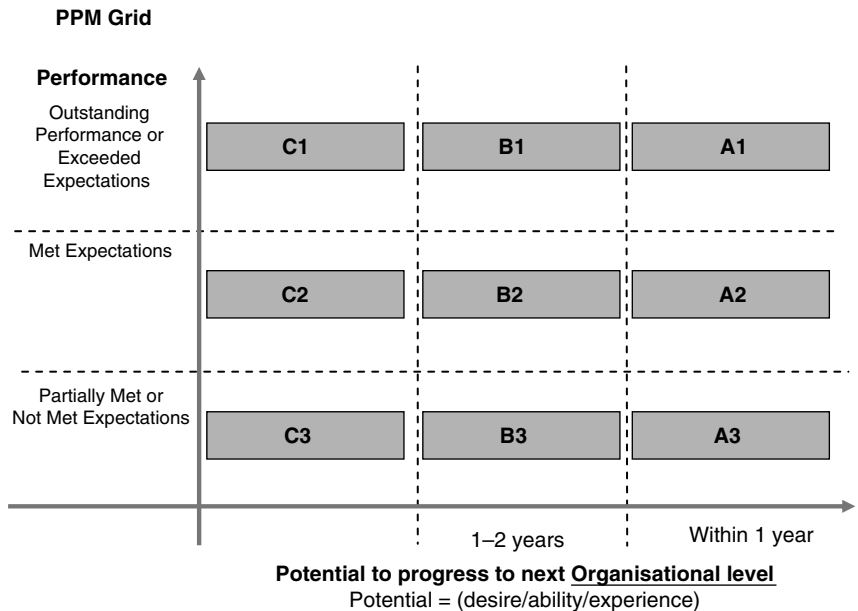


Figure 14.3 PPM Grid

In the early days of the talent management process – assessment was against the Group Leadership Capabilities and performance measures. This has evolved and now an individual's experience profile is also taken into account, which is particularly relevant in more specialist areas.. There are now 42 different career path experience profiles for marketers, actuaries etc.

The principle outcome of the career paths process is a cadre of people (talent) whose performance, progression and development becomes highly visible to senior managers and executives within the group or division. Within retail banking for example, high potentials join a 'Talent Watch' list. Senior managers and executives then take an active role in developing and deploying this talent effectively.

### **The People Review and Talent Dashboard**

The key drivers for making talent visible within the bank are succession, mobility and development. In support of these imperatives, Lloyds TSB has implemented two key processes in the last four years aimed at providing overviews of talent requirements and talent available across the Group and Divisions.

The *People Review* process was initiated in 2003 by Eric Daniels and the *Talent Dashboard* was implemented in 2007.

The Group Talent Dashboard provides an oversight of succession for senior and key roles, talent pools, leadership and key functional capability and the percentage of external appointments to key roles.

The group wide People Review was initiated by Eric Daniels to enable a top down review of talent in the organisation. It involves a review of the senior talent pipeline within each of the divisions. The objectives of the review are to:

- assess performance, potential, leadership capability and development needs of LTSB's senior leadership population
- contextualise people requirements in terms of current business challenges/climate
- establish future resourcing requirements and challenges
- review the internal leadership pipeline and assess succession cover for key roles
- review progress of key talented individuals on the Business Leadership Development Programme

This review potentially covers the top managers group wide, through five separate reviews (one for each division). Daniels chairs a half day meeting with each division, attended by the head of that division, the Group HR Director and the HR Director for the division. In preparation for the meeting, the Talent Management lead for each division pro-

duces two sets of documents, based on Group templates to feed into the review:

- an overview of key messages about talent for that division. This includes for example; recent recruitment and leavers, the overall PPM grid for senior grades for the division, succession tables for key roles and succession plans
- a one page summary for each Band 1 (director) in the division which includes; development plan, current mobility, development focus, individual PPM rating, risk and impact of loss and recent CV/experience.

The discussion covers weaknesses in the leadership pipeline, age, gender and diversity profiles, and an overview of leadership capability in the division. An agreement is reached about development priorities for individuals and for the organisation as a whole. The discussion also includes opportunities for individuals and succession planning issues for the business. The outputs of the people review process are actions plans at group level for talented individuals where each level looks to engage with two levels down – a form of a grand parenting process.

### **The key talent pools**

Lloyds TSB operates a number of talent pools which are tailored to meet specific needs at group, divisional or business unit level.

Details of two of the key talent pools are set out below, as illustrations of the programmes available to talented people within the organisation.

#### **The graduate talent pool**

Lloyds TSB runs a groupwide Graduate Leadership Programme and eight Specialist Graduate Programmes covering HR, IT, Audit, Finance, Corporate Markets, Customer Insight, LTSB Scotland and General Insurance.

The Graduate Leadership Programme aims to take good graduates and transform them into great leaders, ensuring they have the skills and knowledge essential to go the distance. Through three one year long placements in different divisions and locations the aim is to give an insight into the full scale and scope of LTSB.

The Specialist Graduate Programmes are intended for exceptionally able graduates who know where they want to develop their career. These programmes aim to prepare the graduate for a technical or leadership role.

**The graduate talent pool – *continued***

The programmes are supported by a dedicated graduate development manager (GDM) who is responsible for overseeing the programme, ensuring that there is consistency and that development and business needs are being met. Each GDM works on behalf of an area of the Group and sources placements which provide stretch and challenge to ensure full development opportunities are provided.

Self managed development is a key factor throughout all programmes. The graduate has an active role to play in developing their competencies and skills and they are encouraged to plan and focus on development in the short and long term, allowing time for review and analysis. To enhance their development, Graduates participating on the various programmes are either allocated an Individual Learning Account (ILA) with a set sum to spend on development throughout the course of the programme or are fully funded and supported in gaining external qualifications such as ACCA (Associate of Chartered Certified Accounts), CIMA (Chartered Institute of Management Accounts) or CIPD (Chartered Institute for Personnel Development). Graduates receiving an ILA have a considerable amount of discretion over how the allocation is spent. Participants in the programme can also access external courses, which they pay for through their learning account, through a partner organisation.

**Group Operations Leadership Development Programme**

The Group Operations Leadership Development Programme has a high profile within the division as a well organised, quality programme. The programme is open to middle and senior managers in Group Operations. Participants are identified through the career paths process, which feeds into the functional and then Group Operations people review. There are around 25 people on the programme drawn from a total management population of around 400. People leave the programme as they move into new roles and are replaced by new participants emerging from the people review.

Participants are allocated an executive mentor and a coach and have a one to one with an HR partner every quarter. One of the key aims of the programme is to develop a sense of joint responsibility for managing talent (between HR and the Group Executive). For this reason, senior executives are highly integrated into the development process. For example, participants attend quarterly dinners, lead by a senior executive (such as the MD of Group Operations) who offers a teachable point of view. Also, each of the leadership team mentors a challenge group, who are engaged in project work which is expected to deliver real financial results for the business.

## **An evolving process**

A key requirement of talent management at Lloyds TSB is that it should evolve in anticipation of and response to the priorities implied by the three business strategy phases.

It is also required to respond to the evolution of the organisation itself. From a talent perspective Lloyds TSB is in transition from a federal structure, following key mergers and acquisitions, to truly operating as an integrated group. This continued transition implies a strong central function and a shared way of interpreting talent and potential.

## **Section 2: The talent dimensions**

### **Defining talent**

#### *Dimension 1: Size of talent pool*

Everyone who participates in the career paths process is assessed for performance and potential and therefore has the opportunity to be defined as talented. Typically, as in the Group IT and Operations and Retail Banking divisions, the career paths process is operated for all middle and senior managers, approximately 7,500 people across the Group.

The percentage of people achieving a PPM rating of A1, A2 or B1 across the Group (and thus most likely to have access to key talent programmes) is around 25%. However those people not achieving A1, A2 and B1 ratings are not automatically excluded from the talent programmes. There are numerous exceptions, made as each individual is considered on a range of other factors as well as the PPM rating.

Talent pools at group, divisional and business unit level are typically small in comparison to the available population. For example, there are currently around 30 people in the key Group IT and Operations leadership talent pool, from a total management population of approximately 400. The key pool at group level, the Business Leadership Development pool, includes 70 people. The Group graduate programme hosts approximately 70 participants in each year of intake.

There are many talent pools at group and at divisional level. These are centred on specific development programmes in response to specific talent requirements within the organisation at group, divisional and business unit level. There is a specific finance talent pool, whose purpose is to strengthen the pipeline of successors in that discipline, again with a specific development programme for that purpose. Divisions have also established emerging leaders pools (for example in Wholesale and International) with development events to support them.

One critical criterion for Lloyds TSB is responsiveness. As needs emerge, so do new talent pools to respond to those requirements. In addition, the number for new pools being set up reflects the increasing importance



placed on talent management and talent development to support the Group strategy. Because of this it is difficult to assess what percentage of the overall employee population is part of a talent pool.

### *Dimension 2: Entry criteria*

Assessment of talent is on the basis of performance and potential. Those who are rated as ready for promotion now and either exceeding or meeting performance expectations or people who will be ready for promotion in less than two years and who are exceeding performance expectations (A1s, A2s and B1s) are generally viewed as talent and may become eligible for talent development programmes (such as the Group Business Leadership Programme or other leadership development programmes at divisional level). It is possible, however, to be considered to be talent and not to join a talent development programme. This is sometimes because funding for and places on programmes are limited. Alternatively the particular development programme may not be deemed relevant for a particular individual.

In general, entry to talent pools is not easy. The identification and assessment processes vary slightly, but typically involve line, functional and HR managers. At senior levels managers can expect to have their recommendations scrutinised at divisional and even group executive level.

Self nomination exists only in the sense that individuals rate themselves first, prior to the career paths conversation with their line manager. People can also self nominate into some academies. For example, within Wealth Management (within the Retail Banking division) individuals can nominate themselves as ready to move up to the next level (say from Financial Advisor to Senior Wealth Planning Officer) and therefore for the development process that supports this move.

### *Dimension 3: Decision process*

The decision process about who joins the various talent pools begins in many cases with the career paths conversation between the line manager and the individual. Whilst this is positioned as an open dialogue between line manager and report, the final decision about the individual's rating sits with the line manager. Practice varies in different parts of the organisation. Generally, the line manager recommends an individual for inclusion in an appropriate talent pool (for example in the Group Operations talent pool). This recommendation would then be supported at functional level and incorporated into the people review. Final decisions on who will join divisional talent pools are taken by the executive team.

For the Group Business Leadership Programme, recommendations are escalated through a similar process to the Group people review. Therefore, for Group and Division level pools, the senior executives may become involved in decisions via the people review processes. For functional pools the decisions would be made at functional level. At all levels there is

significant involvement of HR people in recommendation and endorsement of people for talent programmes.

#### *Dimension 4: Permanency of definition*

People remain defined as talent for differing periods depending on the nature of the talent pool they are in. Some pools are aimed at accelerating or enabling progress to a particular grade or promotion. For example, within Retail Banking participants in the Area Director (AD) talent programme (which is designed to develop people into the AD role) move out of the talent pool once they are promoted to AD. This is also true of the group level Business Leadership Programme, whose purpose is to accelerate participants through two levels of the hierarchy. In other programmes, unless a participant fails to attend key parts of a programme, he or she will remain in the talent pool until that programme is finished.

Nominations to talent pools by line managers are subject to a challenge process with the leadership groups (whether at group or divisional level) and membership of key talent pools is reviewed each year. For example the review might include review of a recently promoted individual to determine whether it is appropriate for them to stay in the talent pool or focus on current performance in the new role.

#### *Dimension 5: Recruitment as a source of talent*

In most cases the bank advertises internally first, opening up to external candidates in the absence of a sufficient internal pool.

Within the IT and Operations division there has been significant success in developing people into new roles internally. For example in Year 1 of the division's Graduate Leadership Programme, all of the participants who stayed in the programme had taken on new roles or additional responsibility by the end of the programme.

Bands 3–5 (middle to senior manager grades) are typically recruited internally. External candidates are sought only in rare cases where specific, scarce skills are needed or where particular skills are not available internally in a specific geographic location. Talent Champions are working to improve the mobility of talent to respond to this challenge.

#### *Dimension 6: Transparency*

The talent management process allows for a great deal of transparency to the individual, although information on succession is more limited. Career path conversations for example are an open dialogue between line managers and reports about performance and potential – where the conclusion is an agreed assessment of a rating. Line managers typically tell individuals that they have been nominated to join a talent programme and follow up with a conversation to say whether they have been successful.

There is transparency about what programmes exist and how people join them.

However there is no specific effort to publicise the names of people attending or completing the programmes more widely than to the groups of people involved and their line managers. This is partly so that those outside the programmes do not feel that these programmes are the exclusive entry point to more senior positions, as indeed they are not.

People typically associate themselves with a particular development programme more than seeing themselves as being in a talent group or talent pool. Managers are not always fully aware of how the talent management process is being applied to them. Some will be aware of being a potential successor to a number of roles, typically within their current division, but succession planning information is not widely shared.

## **Developing talent**

### *Dimension 7: Development path*

There are a number of different talent pools across the Group, associated with different purposes and development programmes. For example, at the group level, the purpose of the business leadership talent pool of 70 people is to accelerate participants' progression two levels up the leadership hierarchy. There is a development intervention in place to support this acceleration. This is also true of a number of talent pools within the divisions. There is a sense that people in the major (group wide or division wide) talent pools should be capable of progressing at least to a specified senior management grade level.

Specific development paths are developed for the individual talent pools to support participants in meeting their leadership or functional performance potential. Because there are so many talent development programmes and opportunities, proactive individuals with supportive line managers can almost develop a bespoke career development pathway for themselves.

### *Dimension 8: Development focus*

Talent management at Lloyds TSB is focussed on developing people who are recognised as having capability beyond their current roles. Therefore objectives are principally to build on a base of strong performance to accelerate development into leadership or better functional performance. At the overview level, the emphasis is on developing the capabilities which the bank needs to deliver its strategies and meet performance targets. At this level the focus is often on filling capability gaps.

### *Dimension 9: Support*

People participating in the talent development programmes are offered a significant level of support in the form of workshop-based interventions,

mentoring, coaching and masterclasses, including significant exposure to senior managers. For example, within the Group IT and Operations Leaders Nurturing Leadership Programme the divisional MD and his eight direct reports each take responsibility for 13 managers, whom they develop over a 13 month programme. Participants meet with their executive every other month for a development activity and attend another executive's development activity in the other month.

There is a great deal of developmental support available within the organisation. The career paths process is intended to identify potential participants for these activities. A strong sense remains, however, that development is driven by the individual, particularly at the senior manager level. Despite the high level of support available within programmes and in terms of opportunities available, talented people tend to have the view that they also need to drive their own development, and indeed this is actively encouraged through all the development programmes and performance management processes.

The official process for filling internal roles is to advertise on the intranet and this is now common practice as the bank moves away from the previous more paternalistic system of nomination. In some cases individuals are recommended for particular roles or are contacted by divisional HR to ascertain their level of interest.

#### *Dimension 10: Influence on career*

Responsibility for career management and development in practice lies primarily with the individual. The career paths process, the people review and the development programmes provide avenues for wider discussion of career and indeed succession planning. However, ultimately there is a strong sense that it is the individual who must drive their career and make the most of the many opportunities available to them. For example there is an online market place for mentoring which is open to any individual and an online job shop advertising opportunities within the bank. Line managers play a critical role in supporting the career development of their reports. This key role includes helping their reports to navigate the wealth of opportunities available to them within the organisation, rating their performance and potential and acting as an advocate for them as part of the formal people review processes.

The bank trains line managers to have quarterly performance discussion with their reports and encourages monthly one to one meetings.

The formal talent management process allows for the line manager and the individual to have joint responsibility for the individual's career development. As mentioned earlier, participants in the Graduate Development Programme have a dedicated support person and access to action learning, mentors and active coaching throughout the three year programme.

*Dimension 11: Connected conversations*

The principle conversations about an individual's career progression are with their line manager. This is formalised within the career paths process and in some cases incorporated into quarterly or even monthly conversations about performance. Individuals also have access to a business unit specific HR team, but would typically connect with the talent team via their line manager. The bank also operates a mentoring scheme which is open to all employees.

Participants in the graduate programme are managed by a central graduate team. Each graduate's career throughout the three year programme is managed by a dedicated graduate manager.

*Dimension 12: Organisational values*

The talent culture within Lloyds TSB is multi-dimensional. There are clearly defined talent pools, with clear assessment criteria and processes. Within these programmes people are supported and managed through structured development processes. Yet there also appears to be a very strong culture of self sufficiency and to some extent competition. For example, graduates effectively compete with each other for the most desirable placements. There is a strong sense of an achievement-oriented, can-do culture, where the top people take a proactive approach to driving their own development and career progression.

There are tensions between the different aspects of the culture: the leadership capabilities, which form a key part of the career paths process, emphasise both individual and team performance. There is an effort to reinforce team effectiveness and driving success through others, but performance processes are primarily looking at the what and how of individual achievement.

*Dimension 13: Risk*

Generally the attitude of the bank is towards low risk, although this varies depending on the level and nature of the role. Thus part of the focus of the talent management processes is to make every effort to get people ready for promotion prior to promoting them into new roles. This is exemplified within some parts of the Retail Banking division. There is a tendency to take less risk at more junior levels (for example at Financial Adviser level) where very robust processes are used to ensure that an individual is ready for the role. Compliance with external regulation also has a significant influence here.

However, within the graduate programme, high performing graduates may be placed on 'big ticket' programmes, with support. At senior levels people are sometimes moved into stretch roles out of expediency.

## Structures and systems to support talent management

### *Dimension 14: Performance management*

Throughout the four divisions, an individual balanced scorecard is used to set targets and assess performance. Every manager within the Group is assessed against the Group Leadership Competencies (restless curiosity, driving team effectiveness, delivering results, leadership, winning commitment) as part of the performance management process. The core meetings in the performance management process are the annual and mid-year reviews, where ratings for performance (and at mid-year, potential) are given.

Within the graduate programme, balanced scorecard objectives are agreed with the line manager for each placement at the beginning of that placement. There is a review after the first month, at the mid-point and at the end of the placement.

### *Dimension 15: Talent management processes*

The Lloyds TSB talent management system is essentially centrally enabled and divisionally operated. Thus at the corporate centre an overview of the talent management process is carried out by the Group Head of Performance, Talent and Resourcing. Within each division a Talent Champion takes responsibility for implementing the core talent management process in a way which responds to the needs of the particular division.

The career paths process appears to be applied relatively consistently in the divisions. Line managers and reports value the opportunity to have a proper conversation about personal goals and to discover development needs. The quality of these conversations is dependent of the capabilities and motivation of the line manager. Typically these conversations are followed up with relevant development processes.

The Retail Banking division has undergone a significant amount of change in terms of structure and ways of working in recent months and years. This has meant that in many parts of the business managers have had to adopt subtly different processes for talent management. Some relatively new business units are in the phase of identifying how the core talent processes can be applied to best effect, bearing in mind the larger number of new entrants and individuals new to role.

### *Dimension 16: Use of technology*

A particular challenge for Lloyds TSB is the requirement to capture data for large numbers of people. For this reason, a significant investment has been made in IT support for the talent management process, linking it to key aspects of the performance management and people development processes. The YPLO system captures data about performance and development in a standard format across the whole business. All individual performance objectives and personal development plans are held on the system.

The system is able to collect and collate performance and development data across the Group, however some users find it difficult to use. Several managers get support from a team member to 'do the mechanics' as they find it helpful to have someone who knows the system.

### *Dimension 17: Systems flexibility*

The Lloyds TSB talent management process is evolving in response to the three phase strategy and in response to the maturation and development of the Group. The talent management system is relatively young, having been initiated in its current form only four years ago. Some of the key processes (such as the talent dashboard) and talent pools (such as the Group IT and Operations Leaders Nurturing Leaders programme) have been introduced only this year. For this reason, as the relatively new system embeds, there is some difference in terms of the way that people apply and experience talent management.

The real challenge for the talent management professionals is in communicating effectively with line managers within the divisions, so that they are fully engaged with the evolving talent management processes.

### *Dimension 18: Ownership of talent*

The Group Centre is keen to encourage a greater sense of corporate ownership of talent. On an intellectual level, line managers and senior managers understand that it is good for the individual and the organisation to share talent. However, in practice, line managers find it difficult to lose high performers who are adding value in their team or part of the business. This is felt in many parts of the organisation and is exemplified in sales forces where managers' performance against sales targets are directly impacted by the loss of a high performing sales person.

A critical challenge for Talent Champions is how to enable a critical mass of mobile talent so that managers are confident that when releasing their talented people to new roles, the pipeline of talent into their team will make it possible to replace them. The graduate programme requires participants to move round the organisation, even where line managers may wish to retain them for longer than their allotted placement. There tends to be greater talent mobility at very senior levels than less senior levels.

## **Section 3: Good practice**

The following points can be drawn out and highlighted as particularly good practice at Lloyds TSB:

- Senior sponsorship of and direct involvement in talent management. Eric Daniels, the CEO, has shown considerable leadership and personal commitment to talent management since joining in 2003. He and his direct reports are actively engaged in the group wide people review.

- The talent management process, at group and divisional levels, is clearly linked to business objectives and priorities.
- The career paths process offers a setting for an open conversation between line manager and individual about performance and potential. The shared responsibility for deciding ratings adds significantly to the open quality of the conversation.
- The bank has developed processes which provide a clear overview at group and divisional levels of leadership talent. The people review process allows discussion of talent requirements and capability at senior level in the Group and the divisions.
- The bank offers a number of really good quality development programmes for talent pools which are respected by participants.
- The graduate programme is very well supported and managed at group level and is highly valued by participants and line managers throughout the organisation, resulting in a very high retention rate of graduates.
- There is increasing involvement of senior executives at group and divisional level in developing key talent as part of structured development processes. This has advantages for their development too.
- There has been investment in a team of talent specialists who at group and divisional level are thinking strategically about talent for the organisation.
- The talent management process has enabled greater clarity of expectations around performance.
- The bank has become much more effective in identifying talent requirements and developing talent to meet current strategic requirements.

## Section 4: Areas for further consideration

The following points may need further consideration to prevent them causing difficulties in the future:

- **Anticipating requirements** – How can the organisation ensure that it effectively anticipates capability requirements for phase 3 strategy. For example in an expansion-oriented strategy – what might an acquisition or merger mean in terms of capability requirements?
- **Corporate ownership** – How can Lloyds TSB encourage a greater sense of corporate ownership of talent? What needs to happen for line managers to trust that in releasing mobile talent they will not harm their own performance?
- **Maintaining consistency** – The talent development system at Lloyds TSB is designed to be responsive and devolved. This means that a relatively large number of pools exist across the Group with changing membership. In this context it is particularly important for the talent management proposition to be consistently and constantly experienced



by people throughout the organisation during and beyond membership of a 'talent pool'.

- **Risk management** – How might the bank take greater risk with regard to development and roles. This could involve moving people around business units where the individual could be tested and be successful but a wider perspective and more integrated group talent management structure may be needed to catalyse this.

## Section 5: Fictitious narrative

I have just had the great news that I have been promoted to a band 2 role. It's been an interesting journey since I joined the graduate programme that the bank ran back then – and a challenging one. When I look back at my first years in the graduate programme, it's clear that it really helped me to gear up for a career in the bank. In those days there were more, shorter rotations than there are now. But one thing was pretty clear to me, if I took a proactive role in shaping my career, I could take advantage of some exciting opportunities. I still notice in the graduates that come through my team now that those who look for placements that will deliver the development that they want and need really do stand out. One graduate of that calibre passed through my team recently and my line manager and I tried to persuade the graduate manager who was looking after him to extend his placement here – but she was having none of it!

I remember my first line manager when I came off the graduate programme telling me that my career development would be 90% what I put into it and 10% what the organisation puts in. There are many opportunities for development here – you have to decide what you want to do then get out and seek opportunities to make that happen. That might be why John, who joined from one of the investment banks, has found things more difficult than me. He was used to a much more predefined, structured approach to development. Plus I'm not all that sure that his line manager is as clued up about career development or as active an advocate as Janice has been for me.

I'm just finishing the Group Ops Leadership Development Programme (I'm rolling off the programme as a result of being promoted), which has been a great programme. I'm going to try to keep my mentor relationship going if possible as I'm a little unclear about what is available for me going forward. Who knows perhaps I'll become part of Dave's band ones (he's the MD of our division). I hope so because Janice often talks about the programme and how it has helped to motivate her, to strengthen her skills and performance and to move her forward and not stagnate. I would hate to stagnate!

In any case, I'll have my annual career paths conversation with my new boss in a couple of months. That should give us a chance to map out the

next stage in my career. That will be invaluable as, even at this level, it's easy to become confused by the different development opportunities on offer.

Of course, as I'm in a new role I'll not be an A1 this time – but who knows where the journey will take me next.

# 15

## Case Study of the Malmaison Hotel Group

*Marion Devine*

The Malmaison Group is a leading UK hotel business with an international reputation in food and beverages. Totalling some 20 hotels, equating to 1,300 bedrooms, the group has hotel property assets totalling £287 million. At the end of 2006, it announced total revenues of £79 million.

Named after the original home of Napoleon, Malmaison's hotels aim to be stylish and hospitable. The bars and brasseries form the hub of each hotel and employees are known for their passion and knowledge about wines, spirits and cigars. The group as a whole has won 26 national and international hotel and hospitality awards during 2006 (including the AA Hotel Group of the Year). The Malmaison Group has also won a number of awards for staff training and development and was voted as the best company to work for in the hospitality sector.

The Malmaison Group employs 1,600 staff, 500 of whom are supervisors and assistant managers. The group is run by a small executive team, including the Director of Operations and the People Development Director, and these two individuals spend a large portion of their time visiting individual hotels. Reporting to them are the group's 22 General Managers (GM), who have complete responsibility for the performance of their hotel. Each GM is supported by a Deputy General Manager (DGM) and various Heads of Departments (HODs). A key specialist role within each hotel is the Head Chef, who is jointly supervised by the GM and a team of National chefs who regularly visit the hotels to provide training and coaching.

The Malmaison Group consists of two 'sister' organisations, Malmaison and Hotel de Vin, which merged together in 2005. For the last 12–18 months, the group has concentrated on putting in a number of critical HR processes, such as a new competency framework, more consistent recruitment processes, appraisal processes, succession planning and an extensive repertoire of skills development training. After a successful integration, the Malmaison Group was acquired at the start of 2007 by MWB, a London-based international property business.

## Section 1: Overview

### Strategic context

Thanks to the capital injected by MWB, the Malmaison Group has embarked on an ambitious expansion programme that will virtually double the size of the group in terms of hotels and staff by 2009. The group has seven new hotels coming on stream over a period of 18 months. A further seven hotels are under refurbishment. In total, some 750 new positions will be created over the next two years.

The challenge for the company is to manage this rapid growth. Senior managers are aware of the need for both 'growth and stabilisation'. As each new or refurbished hotel becomes operational, a high performing team must be deployed to offer customers from day one the distinctive Hotel du Vin or 'Mal Life' experience, while the experience at existing hotels cannot be diluted.

### The 'talent challenge'

The merging of the two companies and the demands of the expansion programme has made talent management an urgent priority for the Malmaison Group. Until the merger, Malmaison and Hotel de Vin grew slowly and were able to rely on internal talent to staff their new hotels. Both organisations recruited and retained talented individuals by offering challenging careers and excellent training opportunities. Both companies had 'time on their side' and were able to ensure that staff learnt on the job and benefited from informal coaching before they were moved to a new role.

Such an 'organic' approach to talent management worked well when both organisations were growing slowly. Since the merger, staff are progressing more quickly (23% of staff were promoted during 2006) and a different approach is needed. According to Sean Wheeler, People Development Director, the group's stock of general managers/hotel managers and deputy general managers is nearly 'exhausted'. This has forced the group to promote high potential individuals more quickly than is ideal. Another consequence is that the remaining talent bank of potential deputy managers and heads of departments is relatively inexperienced. The company needs to find ways to accelerate their development and 'raise the bar' in terms of their aspirations and achievements.

At first glance, the simple solution is to recruit external talent so that the supply of high performing people flows uninterrupted during the expansion programme. Such a solution is at odds with Malmaison Group's history, culture and tradition of 'growing from within'. Both organisations have developed a strong reputation for offering fast moving and exciting careers. The Malmaison Group would therefore risk alienating many of its staff if it shifted the balance towards external recruitment, especially to fill 'desirable' posts in the new hotels.

Relying on external recruitment might also dilute the group's distinctive brand, corporate identity and culture. These values and beliefs help ensure a strong customer focus among staff and a conviction that Malmaison offers something special and distinctive. Employees also talk about belonging to a friendly 'family' where everyone can ask for help and advice. This emphasis on informality and openness further helps the group encourage staff to learn from one another and openly discuss their own development needs and career aspirations.

With these considerations in mind, the group has committed itself to the following goals, all of which help ensure the group's culture is maintained:

- Continue supporting internally fuelled growth – 80% of all appointments should be filled by internal candidates.
- Ensure managers gain experience and do not move too quickly – 55% of managers should remain in their post for at least one year.
- Use talent to graft the Malmaison culture onto the new hotels – 30% of the team for a new hotel must consist of high performing staff who should act as 'cultural ambassadors'.
- Ensure external recruitment for the remaining 20% of appointments targets the 'right' individuals, i.e. enthusiastic people who are passionate about hospitality and customer care and who can therefore embrace Malmaison Group's values and beliefs.
- Continue to invest in training and development to motivate and retain staff and ensure they can be moved successfully around the organisation.
- Explicitly recognise and reward talented employees.

### **The talent 'pipeline'**

If Malmaison is to grow successfully yet preserve its identity, brand and culture, the group needs to create a 'talent pipeline' which will supply an uninterrupted flow of talented individuals. The pipeline needs to ensure:

- the right talent is recruited – people who share the group's values and passion
- that it is developed quickly – through the timely delivery of training and a wide range of job experiences
- that it is not lost along the way – Malmaison cannot afford 'talent leakage' if it is to realise its goals of 80% internal appointments
- that it is deployed and mobilised at the right pace – quick enough to resource the expansion programme but at a pace that ensures talented people can consolidate their skills and learning.

Overall, the talent pipeline must function as a cultural tool, helping to ensure critical values, beliefs, behaviours and standards are reinforced with

existing staff and also handed on to the next generation of employees. The pipeline is also a tool for growth, ensuring the company can expand rapidly over the next two years at least.

The last 18 months or so has seen the group put in place a myriad of processes to ensure the talent pipeline succeeds in attracting, recruiting, retaining and developing people who share Malmaison's 'passion' for hospitality. In some cases, informal behaviours and processes have been formalised to ensure they are not lost during the expansion phase. Sean Wheeler, Director of People Development, comments: 'We want to retain our entrepreneurial culture so we standardise processes only if they truly add value. We then try to ensure that key decision makers among the staff concerned work on the design'.

### **Attracting and recruiting talent**

**Employer brand.** The Malmaison Group actively scouts for talent on both a local and national basis. In national terms, the company aims to 'go out and attract' by promoting its distinctive brand and also emphasising the opportunities for professional training and career progression. The company promotes its brand by sponsoring key industry events and networking with key industry associations such as the Restaurant Association and the Academy of Food and Wine. Malmaison Group has assiduously promoted its reputation as an employer of choice and has enthusiastically entered and won a string of national and local awards (Best Career Progression Reward, Springboard; Excellence in Training and Development, HCPTA; Best Places to Work in Hospitality, Hotels, Caterer & Hotel Keeper).

**Recruitment schemes.** There are also various recruitment schemes in place to attract high potential individuals in specialist, hard to recruit jobs. Malmaison Group has, for example, a Champion Chef Apprenticeship scheme across the group. It is actively building relationships (including exchanges and job placement schemes) with various universities and international hotel schools with the aim of being perceived as the 'first choice' employer.

**Graduate programmes.** In terms of recruiting potential GMs and HODs, the company has what is effectively called the two fast-track programmes. One programme is for graduates and the other, more specialised programme, is for food and beverage graduates. Both groups gain experience in a variety of roles across the group for between 12 and 18 months. They are assessed by senior managers after their stint in a department (where they make a formal presentation) and then again at the end of the programme. After discussing their desired career path, the graduates move into an assistant manager position.

The group views its graduate programmes as an important source of talent. By providing them with a fast track, these high fliers should be

ready to become Heads of Departments within 12 months of completing the programme. The group is currently holding extensive meetings with GMs to promote the programme and emphasise its strategic importance.

**Local 'ambassadors'.** In terms of local recruitment, the company believes the most effective strategy is to encourage staff to act as 'ambassadors' and recruit like-minded individuals. The company has a number of schemes in place to encourage and reward staff to attract talent (such as 'recruit a friend', 'talent spotting' and a £300 financial payout). Hotels also focus on recruiting local talent through a web presence and by building relationships with local schools and colleges.

## Identifying and developing talent

Previously, Malmaison and Hotel de Vin relied on informal processes to help develop the potential of all staff and to identify high potential individuals. Now, faced with more urgent needs, the group has introduced a systematic approach to managing its talent.

**Competency framework.** The group introduced a competency framework which, according to Sean Wheeler, describes the 'DNA' of what makes a good manager. Every role in the company is now described in terms of behavioural competences and various managerial/specialist skills. Competencies include: personal effectiveness, communicating and influencing others, achieving results, customer focus and 'commerciality'. A new appraisal process is based on these competencies. An extensive repertoire of training courses has been designed around the competencies for all staff and managers. The focus of training and other learning processes is to ensure individuals are prepared for their next career move.

**Talent Toolbox.** The mechanism for assessing, developing and tracking talent is an online tool called the *Talent Toolbox*. This was first developed and implemented two years ago for management staff and proved so useful it has been extended to all staff.

Talent Toolbox has various uses:

- six monthly online appraisal – line managers and their staff separately complete the tool, then meet to agree rankings against the competencies
- Career review – the goal is to identify the next suitable role for the individual to aim towards and when they would be likely to be ready for the move. The individual's GM must ratify this discussion. Line managers also explore:
  - o Job satisfaction and significant personal achievements
  - o knowledge or experience that could be shared with other staff
  - o career aspirations/dream, long-term goals
  - o company performance and ideas for improvements and innovations.
- Agree a personal development plan – with specific goals, success criteria and actions to a specified timetable.

- A training needs analysis report, based around the competency framework.
- Succession planning – a list of the next job moves identified for each member or staff, the specified hotel, and timetable for moving. This data is used by GMs for local succession planning and in succession planning for senior management.
- Total company data that helps gauge staff engagement.

**Talent Bank.** The Talent Toolbox has also enabled Malmaison to construct a fairly simple Talent Bank which helps identify high performing, high potential managers. Completed by line managers, the table shows the aggregated average performance ranking of the company's 500 managers. In the same table, their potential is also ranked (low, medium and high) as well as the risk of their leaving.

Although the uptake of the Talent Toolbox was initially slow, there is a general consensus that the career review is a useful way to capture valuable information about staff that was previously undocumented or trapped in local sites. It has also helped the company discover 'hidden' talent.

Talent Toolbox also supports critical conversations across the group. Malmaison genuinely believes in the importance of motivating and retaining its staff by listening to them. The online career review is a powerful way of ensuring such conversations occur regularly and are documented for the benefit of individuals and the group.

**Two way communication.** Many forms of conversations take place throughout the organisation. One such tradition is regular 'coffee chats', one-to-one, informal chats between GMs and their hotel staff every month or so that help gauge staff engagement and motivation. Worried that time pressures might lead to the demise of this tradition, the People Development team has asked GMs to 'diarise' these chats and to document the discussion.

**On-the-job learning, coaching and mentoring.** These informal processes have always been an integral part of working for Malmaison and Hotel de Vin. However, the pressure of the expansion programme means that some managers and specialists have less and less time to coach promising individuals. Many of the latter are on an accelerated career path and urgently need coaching (especially in business and leadership skills) to help ensure their skills and experiences keep pace with the demands of their new roles. Malmaison is just beginning to formalise coaching so it can ensure GMs coach their DGMs, and DGMs coach their HODs. Managers will be able to attend coaching skills workshops and it is hoped that coaching will become embedded as a core leadership behaviour.

### **Mobilising talent across the group**

Moving talent across the business is a high priority. The group needs to satisfy the aspirations of staff and ensure key individuals are gaining critical



experiences needed in order to progress at the pace required by the expansion programme.

Talent is not owned by any particular individual or group, although the People Development team have the specific responsibility of crafting the TM strategy. GMs are responsible for developing their hotel staff but they expect high fliers to move on to other hotels, as no doubt they did themselves. High fliers are encouraged to voice their aspirations and to apply for promotion. They are also expected to make themselves visible to more senior people, particularly their GM and visiting directors.

The Talent Bank now helps to identify and track high potential people. It will also move high fliers at a pace that both satisfies their aspirations and consolidates their business skills. The company is more aware that individuals moving into DGM roles need time to broaden and acquire 'backroom' skills involved in running a business enterprise. It now views refurbishing programmes as an ideal opportunity to allow DGMs to run a hotel for two months or so before the new team arrives to re-launch the operation as a fully fledged 'Mal' or Hotel du Vin hotel.

A newly appointed Talent Team has recently been appointed to work with GMs to fill vacancies within four weeks. The team especially focusses on management staff, hard to fill positions such as sommeliers, and regional/group management. The Talent Team seek to fill posts through internal transfers and then to look for external candidates. With the GM, the Talent Team examines the talent bank and succession planning data for likely candidates for key specialist or managerial roles.

## **Section 2: The talent dimensions**

The Malmaison Group holds a strong belief that all its employees are talented. The company's talent management system does not make any distinction between general, specialist and managerial staff, nor does it particularly mark out high potential employees for special treatment. All employees have access to training and development and, as part of their appraisal, career review and 'coffee chats', have opportunities to voice their ambitions and long-term goals.

### **Defining talent**

#### *Dimension 1: Size of talent pool*

Malmaison Group's culture is people centred and it genuinely believes that all employees are talented. Its philosophy is 'to attract the best and grow them from within'. It believes that by spotting and developing people's talents, they will be motivated and engaged and deliver better customer service.

More recently, the company has created a 'talent bank' for its 500 managerial staff. This is to help monitor their performance, development, career aspirations, likelihood to leave, and readiness for promotion.

### *Dimension 2: Entry criteria*

The online Talent Toolbox ensures that the performance, aspirations and 'promotability' of all staff is recorded and tracked centrally. Anyone can therefore put themselves forward as talented and expect the company to take their aspirations and goals seriously.

Given the number of staff and the pressures on managers due to the expansion programme, less geographically mobile 'talent', or talented individuals who want to stay put for a time in their current role, may be overlooked.

### *Dimension 3: Decision process*

In the Malmaison Group, 'people work for people', meaning that employees talk to each other all the time about potential job transfers and promotions. These informal processes are probably more important than formal processes for helping ensure talented people move around the group. However, the creation of the Talent Bank for managers is likely to mean that the Talent Team and GMs are likely to have a stronger say in determining which individuals are considered for key roles. One aim is to have more success in achieving greater lateral movement across the group.

### *Dimension 4: Permanency of definition*

Because everyone is referred to as 'talent', it can be difficult to identify individuals who are both high potential and high performing. The company has just started compiling a competency 'league table' that ranks managers in the Talent Bank according to their average competency score (five is the highest) and their perceived potential (low, medium, high). This league table is adjusted after each six monthly career review.

In addition to performing strongly, individuals who want to be regarded as talent try to be as visible as possible to their heads of department and especially their general manager. They are very public about their aspirations and apply for promotions and challenging job assignments. However, it may be difficult for the company to distinguish between a genuinely talented individual and one who is ambitious and mobile.

### *Dimension 5: Recruitment as a source of talent*

Recruitment is a critically important process as a means of ensuring the talent pipeline draws in high potential employees who share Malmaison Group's passion about customers, food and beverages.

The company works strenuously to promote itself as the employer of choice, and has an extensive raft of recruitment strategies at local, national and international level. External recruitment tends to focus on more junior positions and the goal is then to retain staff through developing them and offering them challenging career opportunities.

The company has the overall goal of filling 80% of vacancies with internal candidates and this is particularly true for more critical roles such as HODs, DGMs, GMs and regional/group staff. Filling these roles internally is seen as an important means of preserving the group's brand and culture. A recently created central 'Talent Team' meets with GMs to help them fill their vacancies, primarily through internal selection and then, if this fails, through external recruitment.

### *Dimension 6: Transparency*

The TM system is almost totally transparent, even if it is not widely understood throughout Malmaison and Hotel de Vin. The existence of the Talent Bank and the 'league table' of competency rankings are known only to GMs, the People Development team and senior managers.

The transparency of the system and the philosophy that 'everyone is talented' means that high potential and high performing individuals are not aware of being considered as 'extra' talented. Although senior managers know who these people are and keep a close eye on their development, they are reluctant to single them out in anyway.

## **Developing talent**

### *Dimension 7: Development path*

Regardless of whether they are deemed high potential or not, all staff work on their own personal development plan. Much of their development is on the job learning, with regular targeted training interventions.

Ironically, Malmaison Group is trying to slow down rather than speed up the career movement of high potentials to ensure they consolidate their skills before the next transfer or promotion. The group has now specified that 55% of managers should remain in their post for at least one year. The group is also aware that these managers may need greater support in developing more general management and leadership skills. It is in the process of defining these skills more precisely and designing a series of workshops. The group has also decided to offer DGMs more help in making the transition to GM role by letting them cover holiday leave for GMs and through temporarily managing a hotel under refurbishment.

Until recently, high potential individuals were not treated any differently to other staff, but Malmaison Group's graduate programmes may well represent its first steps in segmenting talent. Graduates are implicitly regarded as high potential individuals who are on a fast track. These graduates gain experience in every section of the business and receive strong support from their line managers and the senior managers who meet with them at the end of each assignment.

### *Dimension 8: Development focus*

The focus tends to be on weaknesses and skills gaps, due to the emphasis on preparing the individual for their next career move. During appraisal,

employees agree with their line manager a series of development actions, with agreed timescales and success criteria.

### *Dimension 9: Support*

People tend to receive a strong degree of support when they move into a new role. Because there is a strong emphasis on on-the-job learning, line managers are used to coaching their staff. There is a degree of leeway given to new appointees so that mistakes are tolerated and seen as part of a learning curve. Product knowledge is very important and employees are encouraged to support one another and share their learning.

### *Dimension 10: Influence on career*

The dynamic currently powering people's careers is the current expansion programme and the need to fill the expected 750 new positions over the next two years. Individuals who are ambitious and mobile can easily move around the group. It is less easy for other staff to keep moving and their HOD or GM has a critical influence on their career.

The balance of influence is changing, however, for certain critical roles such as DGMs, GMs and 'hard to fill' specialist roles, such as head chef, sommelier, and brasserie/bistro manager. It is vital for the company that individuals are effectively developed for these roles. Malmaison Group is just starting to take a more active role in clarifying the skills and experiences people need to acquire so as to succeed in these roles. Through the Talent Toolbox, the People Development team can take a more active role in career planning for critical roles.

### *Dimension 11: Connected conversations*

Such conversations flourish and it is relatively easy for talented people to be noticed. Still close to its entrepreneurial, family-based roots, the company values friendly relationships across the hotels. The executive team makes regular visits to hotels and therefore get to know high fliers. Talented people have much scope to make an impact as employees in general are encouraged to learn from each other, visit other hotels, and to ring their counterparts up for help and advice.

Some of these conversations are becoming 'institutionalised'. Traditionally, HODs and GMs hold monthly 'coffee chats' where they talk with their staff about their job satisfaction and career goals. This conversations must now be documented. The career review in the online Talent Toolbox also incorporates two-way communication. Line managers ask their staff about their career ambitions, job satisfaction and also how the company could improve its performance.

### *Dimension 12: Organisational values*

The company's culture values individual ambition and competitiveness but this is tempered by the stronger emphasis on customer service, hospitality and a 'family feeling' that encourages teamwork and shared learning.

Ambitious employees are encouraged to compete internally for promotions, especially to more successful hotels or new hotels. Internal rivalries tend to be reasonably friendly. There are plenty of opportunities for everyone. Competitors are also colleagues, as many staff progressed 'through the ranks' together and spent time either working with or for each other.

Teamwork is highly valued and is a core competency. There is also a strong belief in the need for a 'talented team' in every hotel, so individuals learn to balance individual competitiveness with a team spirit.

### *Dimension 13: Risk*

As part of its entrepreneurial culture, talented individuals are encouraged to apply for stretching assignments. This is seen as an effective way to accelerate people's development.

## **Structures and systems to support talent management**

### *Dimension 14: Performance management*

This is managed through the online Talent Toolbox. Employees are assessed every six months against the company's core competencies, which are a combination of behaviours and outcomes. Line managers conduct the appraisal but employees also complete the form online themselves, before meeting with the line manager to agree their performance ratings. Line managers make a judgement about both the performance ranking and potential of the individual.

### *Dimension 15: Talent management processes*

Malmaison has put in place a staggering number of 'people development' processes during the last two years. The talent management system in particular is evolving rapidly as the group prepares to double in size. At the moment, many managers probably understand TM as a piecemeal series of processes and events (for example, staff award ceremonies). A coherent overview of TM does not yet exist throughout the organisation as it is difficult for managers to have a clear sense of the distinction between talent management for high potentials and people development processes for all staff.

### *Dimension 16: Use of technology*

The Talent Toolbox is an online tool that has been well received. It has brought new consistency to appraisal and career reviews and ensured that employees agree to a personal development plan (of critical importance if employees are to be ready for the next career move). Uptake has been high, with 97% of employees completing their career review during 2006. Some line managers have reported that less confident staff find it easier to record their views online rather than in a face-to-face discussion.

*Dimension 17: Systems flexibility*

The TM system is evolving and changing. It is a blend of informal and formal processes, with the balance slightly shifting towards the latter as the company grows. The fluidity of the system does not pose problems currently because of the current abundance of career opportunities.

*Dimension 18: Ownership of talent*

GMs and HODs hold responsibility for identifying and developing the potential of their staff, but they do not 'own' talent as such. It is very difficult for GMs to hide their talented people away, given the vocal nature of talent at Malmaison Group and the abundance of opportunities for career moves.

Senior managers and the Talent Team visit the hotels regularly and can keep a close eye on high potential staff. Malmaison wants to encourage more cross-group movement, and the Talent Bank within the Talent Toolbox should help create more lateral as well as vertical career movement.

**Section 3: Areas of good practice**

The following points can be highlighted as particularly good practice in Malmaison Group's approach to talent management.

- The expansion programme provides a clear strategic imperative for talent management.
- The brand, values and philosophy of Malmaison explicitly values individual talent and there is a strong organisational commitment to helping all employees reach their full potential.
- Talent management informs all the company's people-based processes for all staff, ranging from recruitment, retention, performance management, training and development, career planning and succession planning.
- Talent management is perceived both as a strategy for growth and the means to reinforce the company's entrepreneurial, customer focussed culture.
- The company gives clear guidance to employees about what they need to do to develop themselves and gain their next promotion or job move.
- Talent management is set in the context of competency-based training and development – all employees are assessed against the competencies, have a clear personal development plan, access to competency-based training and opportunities for on-the-job learning.
- Talent management is almost completely transparent. The appraisal process enables individuals to know how they are viewed by the company but they also have many informal opportunities to influence the opinions of key decision makers.

- Talented individuals are given many opportunities to progress. There is a strong commitment to fill vacancies, especially new posts, with internal appointees. Only after an exhaustive internal search does the group resort to external recruitment.
- Talented people can be stretched and challenged. There is strong organisational commitment to continuous learning and development, coaching and mentoring for all staff. This allows high potential individuals to take risks and accelerate their development.
- Talent driven recruitment. The company takes a proactive approach to recruiting talented individuals. The company looks for high performing, high potential people who can also engage with its brand, values and philosophy.
- The online tool, the Talent Toolbox, has brought new consistency to appraisal and career planning. The group is now better equipped to identify and deploy talent across the organisation.
- A listening culture that helps engage and retain talent. Formal and informal processes enable talented employees to express their opinions, ideas and career ambitions. They can also voice their frustrations about any blocks or setbacks that might otherwise cause them to leave.
- A dedicated central Talent Team responsible for ensuring talent is spotted, developed and leveraged across the group.
- A Talent Bank which enables the group to monitor talented managers and track their performance, potential, readiness for promotion and risk of leaving the group.

## Section 4: Areas for further consideration

The following areas may warrant some further consideration so that they do not become issues in the future:

- ***Growth versus consolidation.*** At some point, Malmaison Group's rate of growth will decrease and there will be less promotion opportunities for talented individuals. How should the company prepare for this time and what are the implications for talent management?
- ***Managing the culture through rapid growth.*** Is the group doing enough to ensure that fast moving high fliers are sufficiently engaged with the company's culture? Are these individuals getting enough personal contact with senior managers and exposure to company traditions and 'stories' to ensure the culture will be maintained in the next generation of leaders?
- ***Setting boundaries between people development/performance management and talent management strategies.*** With its belief that all its employees are talented, it is not easy for the group to have a clear sense of what constitutes talent management. A map of both TM and

PM 'territories' might help resolve any confusion among line managers. It might also help if senior managers helped prioritise TM and PM processes by perhaps assessing their value in terms of their impact on the expansion programme or the corporate brand and culture.

- **'Pacing' the career of high potentials** so they consolidate their skills before moving on. Is the company striking the right balance between encouraging high potentials to aim for promotion while stressing the merits of achieving high standards, 'deep' skills, and on-the-job learning and experience?
- **Segmenting talent.** Is the 'one size fits all' approach to talent management sufficient during this time of rapid expansion? Should the group consider segmenting its talent so that its talent management processes can be tailored more closely to the needs of specific groups of employees?
- **Individual or role competencies.** Given the urgent need to develop high potential individual and teams, would it be more effective to focus on role competencies rather than individual competencies? Malmaison has already taken a tentative step in this direction by defining the role of the DGM in terms of competencies. Should the company do more work in defining key positions in terms of skills and behaviours? Would this help understand the skills and behaviours they need to develop during a role transition?
- **Managing turnover.** Always a challenge in the hospitality industry, high staff turnover has the potential to interrupt Malmaison's talent 'pipeline' and make it impossible for the company to resource the 750 new positions without resorting to external recruitment. The company is tracking key staff, but is it being proactive enough in motivating and retaining them?
- **Identifying potential versus 'promotability'.** Are the current TM processes rigorous enough in identifying and assessing potential? Do managers currently rely on gut instinct and appearances to decide on potential? Is promotion won by people who are seen as 'promotable' rather than as high potential – i.e. they are flexible and mobile, vocal about their ambitions and get themselves noticed by 'playing the game'.
- **Diversity monitoring.** Given that the company has a highly diverse workforce, should it do more to ensure that TM processes are attracting, retaining and developing high potential individuals from different ethnic groups?

## Section 5: Fictitious narrative

I know that 'the times they are a changing' but they seem to be doing so quicker here than anywhere else I know! I joined Malmaison nearly 11 years ago and had what I thought at the time was a quick career run, but



it looks like it was a snail's pace in comparison to what is going on now. I already managed a hotel myself when we merged with Hotel du Vin and that was a surprisingly painless process. Malmaison has always taken care of its employees, and a core idea that is drummed into you as you progress to hotel manager is that you take the time to talk to your teams, as people feel you care when you listen – even if you don't do anything about what they're saying. The merger with Hotel du Vin didn't seem to change that, and movement between the two hotel groups has been pretty easy. It's actually been quite fun working with them as we've been able to exchange ideas and learn from each other in a very collegial manner. Going for all those international awards/competitions helps as it focusses us all on being the best overall rather than competing internally – and talking to colleagues in other hotel groups does make us realise how good Malmaison is to work for.

Since the takeover however, the pressure is on. The company is building a raft of new hotels, and the expectation is that those of who are more experienced in the General Manager role will take on and build the new teams, while our current deputies will step up to take over where we are at the moment. It's taken me five years to build the team here to what it is today, and I'm not sure I want to move on and do the same thing again from scratch – still I appreciate it will be a new challenge. Actually, I've been lucky to stay here for five years – that's longer than most people stay in one hotel in the group. I think it's because I've had annual changes of deputies and management teams that there hasn't been any call for me to move. I've stayed put and the trainees have been circulated rather than the other way round.

There is so much to get a hold of now as well. I'm struggling a little with the Talent Toolbox as I'm not the most computer literate, and there is just so much data to enter into it that I can spend hours on it. The data we get out is good though, and I do appreciate what it can do for me, it just seems to take so long.... The Talent Bank is also useful, if cause for slight concern, as looking at the expansion programme, I'm not sure we're going to have enough people in place to do everything in time. That'll put extra pressure on the management teams to coach and nurture people. It's not really our style here to tell people how to do things, but we may have to go there for a while when the new hotels open.

Added to that is the responsibility of making sure that my deputy is ready to take over here – and I'm just not sure at the moment. I'm trying to include him in some of the more strategic decisions and am not always convinced that he is seeing the bigger picture. He is, however, a whiz with the Talent Toolbox software and is using that as the driver for what he needs to be doing, so he can't go too far off the mark when it comes to managing the team.

I hope I'm not sounding too negative about all this. I do appreciate Malmaison for what it is, and there is a reason why it has had so much

international success within the industry, and has been so well recognised for its employment practices, and so forth, I guess I'm just a little worried that this rapid expansion might dilute some of that. We've always nurtured talent here, using coaching and mentoring, projects and assignments, as well as more formal job rotations. But it isn't just having these experiences that makes someone into a manager, it is taking the time to learn from them, reflect on them, and going through the cycle again to embed the learning that I think really prepares people for the next level up. I'm not sure we're going to have the time to get everyone through these cycles. And, of course, the danger in going and recruiting from outside is that we'll get managers who are much more authoritarian in their style and don't buy in to the Malmaison style and culture. I don't know how the team I've built here would react to someone who tells them what to do and cracks the whip without listening to them.

This isn't a company where people are blocked from progressing – quite the opposite. Everyone that joins the company has opportunities to progress, and it is largely up to them to decide when they move on and when they stay put. There are always opportunities for people to move between hotels and jobs, so even lateral job moves can be used as promotions if it is to the same job in a larger hotel or newer team. Naturally some people progress faster than others, but access to opportunities is about as fair as I know. Ambition is not a dirty word here, and because of this, competition for jobs doesn't impact particularly negatively on team work. There are enough jobs to go round so it is more a matter of mixing and matching people than people's careers being blocked.

# 16

## Case Study of Network Rail

*Marion Devine*

Network Rail is a not for profit, private company, created in 2002 to take responsibility for Britain's rail network. Through acquiring Railtrack, which went into administration in 2001, Network Rail took over ownership of Britain's rail infrastructure (including tracks, stations, signalling and bridges). The company brought all maintenance activity in-house during 2004, employing approximately 18,000 new staff and effectively doubling its workforce. One year later, Network Rail took over responsibility for monitoring and reporting train performance across the industry.

Network Rail is in the process of transforming itself in order to deliver a safe and reliable railway infrastructure. It has embarked on a large-scale change programme that is leaving no part of its business untouched. A regional/area-based structure has replaced the former 'zonal' structure. Between 2002 and 2004, 600 managers were removed from the organisation. The new organisation employs approximately 33,000 people and has re-structured its operations to become more customer friendly.

Network Rail's organisation includes the following:

- eight 'routes', each led by a Route Director who reports to a new Operations and Customer Services Director
- 18 areas, aligned with a specific route, each managed by an Area General Manager
- a maintenance organisation built around the 18 areas and reporting through five territory maintenance directors to a Maintenance Director
- various other functional-based organisations including a national engineering team; a national safety and compliance team and a corporate service function team, including human resources, legal, finance and information management.

Network Rail's ambitious change programme is beginning to yield tangible results. The company declared a profit for the first time, achieving pre-tax profits of £747 million in the six months to September 2006. By the start of 2007, average train punctuality reached 88%, the highest in seven years.

## Section 1: Overview

### Strategic context

Network Rail is currently implementing a transformation programme that has enabled it to introduce more consistent and efficient processes and build a stable organisation with a secure financial footing. Now the company is intent on 'being the best' in what it does. It aims to become a 'world class' organisation, capable of delivering a safe and reliable railway that fits Britain's social, business and economic needs.

The company believes that this next stage of its transformation depends on developing its people to their maximum potential. The key to building such a workforce is to focus as much on how people work as what they achieve. In its own words, the company says:

To become world class, we have to address not only what we do but also the way we do it. Network Rail will only ever be as good as its people. Unless we recruit well and provide training and coaching for our people, we will not succeed. The right values and behaviours of our people and the quality of the leadership and management of the organisation are fundamental to our success. (Business Plan, 2007)

In essence, the company is moving from a technical/engineering-based culture to one that equally values leadership and management skills. To help orchestrate such a shift, Network Rail identified a set of four values and behaviours that it believes will lead to high performance. These are determination, pride, teamwork and respect. Introduced in 2005, these behaviours and values have been increasingly aligned with the company's internal processes and extensive training and qualification programmes for technical staff.

At the same time, Network Rail committed itself to developing world class leadership skills. A Leadership Development Group (LDG) was formed during 2005 to oversee this challenge. Meeting quarterly, the LDG was (and still is) chaired by Network Rail's Deputy CEO and comprises all the executive directors and the heads of the most significant business units. The LDG committed itself to achieve the following:

- establish a model of leadership behaviours that would lead to high performance
- help managers to adopt these behaviours and provide them with tools to identify their behaviours against the model
- actively manage the careers of Network Rail's highest potential managers, through:
  - o succession planning
  - o identifying individuals who would form a 'talent pool'
  - o stretching career moves.

The company appointed a Talent and Employee Engagement Manager to work on talent management. The LDG decided to adopt a top-down approach and focus its efforts on the top 20% of its senior management cadre. While the immediate focus is on future leaders, the company still places great value on its technical specialists.

### **Talent management strategy**

The fundamental goal of the TM strategy is to help develop managers who are capable of leading a world class organisation. More immediately, Network Rail has a policy of filling 80% of vacancies with internal candidates. This policy, coupled with the company's billion pound improvement programme, constitutes an ongoing need to ensure a steady supply of high calibre senior managers to head up multi-million projects. In May 2007, for example, Network Rail was running 65 of these 'world class' projects.

After conducting some internal surveys and discussions, the LDG and talent management team, led by Bob Hughes, believed the TM processes needed to help develop:

- More accountable and responsible senior leaders. There were 'too many managers and not enough leaders'. Managers expected more leadership from above but did not feel responsible or accountable as leaders themselves.
- More managers with high calibre general management skills. Senior managers had often advanced through a specialist or functional career route. They needed opportunities both to broaden their management skills and become high performing leaders.
- A reliable pipeline of high calibre leaders for succession planning.
- A reliable supply of leaders who were capable of heading up a fast expanding number of projects in the company's improvement programme (Network Rail is committed to invest around £400 million on enhancements to the railway network over the next few years).

The focus of the talent management strategy would therefore be to:

- use the leadership behaviours (developed during 2005/06 with the help of an external company, CHPd) to underpin key processes for managers such as recruitment, selection, appraisal and development
- create a talent pool of senior managers with the potential to become high performing leaders
- offer additional development opportunities to the talent pool managers
- identify career opportunities which would help them deepen their leadership skills
- leverage talent across the organisation so that high potential individuals do not remain trapped in functional silos

- ensure the talent pool supports business continuity (i.e. enough high calibre leaders to head up the constant stream of multi-million pound improvement projects) and succession planning.

### **Network Rail's 'talent pool'**

The talent pool (TP) was created during 2005 for senior leaders who, in Network Rail terms, have reached Band 1 & 2 (Band 1 managers typically report to a Functional Director). To qualify as 'talents' these people must be capable of moving across the organisation as well as upwards. They must also have the potential to move up one further band. Currently, approximately 163 senior managers form the talent pool, representing 20% of Band 1 and 2 managers. In more general terms, talented managers must be seen to display Network Rail's 12 leadership behaviours to the appropriate level for their band.

The talent pool is 'refreshed' once a year, although nominations can occur quarterly. Potential candidates for the Talent Pool are nominated by Functional Directors who therefore act as the 'gate-keepers' at Network Rail.

Nominees are invited to attend Network Rail's Leadership Development Centre at Westwood. Their performance at the development centre will determine whether they are classified as talent or not. Senior managers undergo a series of assessments administered by external consultants, based around Network Rail's 12 leadership and management values and behaviours. Performance and potential are equally measured against the 12 leadership behaviours and also through psychometric testing. The results are used to determine the appropriate development plan for the individuals and to challenge, if necessary, their line manager's decision to nominate them for inclusion in the pool. The HR team says it is confident about the reliability of the assessment and that it has been shown to be 'about 80% accurate, but it is just one item for consideration'.

This assessment data is held by the Talent and Employee Engagement Manager and is also shared with the LDG during discussions about succession planning and internal postings and promotions.

A leadership profile is compiled on each nominee, with rankings against the leadership framework. This is shared with the individual. Soon after attending the assessment centre, the consultant, individual manager and his or her line manager sit down together to discuss their leadership profile and to agree a development plan. Those who fail to make the talent pool on one occasion can be re-nominated at any future round.

Individuals who achieve high scores are accepted into the talent pool but this decision is not automatically shared with the individual. These high potential individuals are invited to participate in Network Rail's Senior Leader Programme (SLP), a modular course run by Warwick University, based at Westwood. The programme lasts between six to nine months and involves assignments and project work.

The talent pool is reviewed each year and a small number of individuals are removed. There is an assumption that this will happen only rarely as time goes on because of the 'robustness' of the development centre process which helps 'weed out' unsuitable candidates. Individuals are typically unaware whether or not they have been accepted into the Talent Pool. All nominees agree a development plan. However, unsuccessful candidates are likely to be offered a different suite of development opportunities, although individuals can successfully lobby to be accepted onto the Warwick programme (even though they are still not included in the Talent Pool).

The talent pool supports succession planning. Functional Directors meet with their line managers (typically ten or so) to conduct their local succession planning. Functional Directors then meet with the LDG to discuss company wide succession planning. Talented individuals are discussed during these meetings with the view of identifying any useful developmental opportunities for them via lateral moves, temporary assignments or promotions. The LDG meets quarterly to discuss succession planning and looks to the Talent Pool to plug any gaps in its pipeline of potential successors.

As far as individuals are concerned, there are no obvious signs that they have been labelled as talented. They know from their inclusion on the SLP that the company values them and is willing to invest in their development. However, they receive no additional guidance about future career moves compared to other senior managers. In some cases, however, a 'Talent' may receive informal 'encouragement' from his or her line manager or a manager in another part of the organisation, to apply for an internal vacancy or to consider a temporary assignment.

Although Network Rail promotes equal opportunities, it has not as yet assessed the impact of its talent pool on the careers of senior managers from different minorities groups.

### **Future developments**

According to the Talent and Employee Engagement Manager, Network Rail is now thinking about extending its talent management processes. The company is about to create an 'emerging talent' pool of about 300 managers at Band 3 and 4. The company is currently designing career guidance for junior to middle managers to help them progress. This guidance identifies four types of management experience that are key for career progression. These are:

- commercial management
- project management
- customer management
- general management.

Functional Directors have been asked to identify between 30 and 40 jobs for Bands 2, 3 and 4 managers across Network Rail that will provide opportunities to develop these skills.

## **Debates about transparency**

While not a secret, the talent pool is not actively communicated, either internally or externally (for example, Network Rail appears to have issued only one press release about being awarded a prestigious national Talent Management Award in 2007). Senior managers may simply have heard about the talent pool via the 'grapevine'. Individuals who are nominated to attend the development centre receive a letter from the Human Resource Director assuring them of their importance as leaders to the future of Network Rail and from this, they can assume they are perceived as high potential.

In practice, this means that talented managers may not be fully aware of top management's strong commitment to identifying and developing talented people. They may not know that the company wants to make an extra and significant investment in their development. Nor will they be aware that talent management processes are being put in place across the organisation to ensure they have access to stretching job assignments.

In terms of a psychological contract, Network Rail does not make it clear what it expects or hopes from talented individuals and what it might offer in return to support, motivate and reward them as talent. It does not currently make any explicit promises to these individuals about additional development opportunities, career opportunities, promotions or additional financial rewards. The effect of this 'opacity' is that it can be difficult for line managers and talented managers to talk frankly about what it means to be talented within Network Rail, including any issues, choices or dilemmas that this might pose for a talented manager.

## **Towards a shared understanding of talent**

Network Rail's talent management processes are gradually helping to build a consistent understanding of talent across the business at an organisational level. The new leadership behaviours and values are the new language and currency across the organisation. They increasingly underpin decisions about every individual's performance, potential, training and development needs and future career path.

In such a technical organisation, shifting the balance away from the 'what' (outcomes) to the 'how' (behaviours) has been no easy task. An additional benefit of the new talent management approach is that it will help Network Rail to continue developing a leadership culture across the organisation that will ensure its continuing transformation from an amalgam of former regional and functional organisations into an integrated, customer focussed organisation intent on 'being the best'.

However, as more managers come into the TM process, it may not be practical or cost efficient to use a development centre to identify talent. Line managers may need to play a more influential role in identifying and nominating talented individuals.



If talent management is to take root on a wider basis, it will become critical for the leadership behaviours and values to be embedded across all of the organisation so that a consistent and shared vision of talent exists across the business.

## **Section 2: The talent dimensions**

In terms of the talent pool, a talented senior manager is someone capable of moving across the organisation as well as upwards and should demonstrate the 12 leadership behaviours to the appropriate levels.

### *Dimension 1: Size of talent pool*

The talent pool aims to identify the top 20% of performers in Network Rail's senior management cadre. Currently, 163 managers out of approximately 850 belong to the talent pool. There is no fixed quota as the company relies on its development centre to ensure only the top performers are added to the pool.

### *Dimension 2: Entry criteria*

In a sense, the talent pool is not easy to enter because senior managers are only vaguely aware of its existence. Functional Directors currently act as door-keepers to the process but there is a possibility that the company will allow self-nomination if it decides to make the Talent Pool more visible.

Functional Directors are gate-keepers but some Functional Directors are more active than others. For example, some Functional Directors consider TP nominations regularly and therefore tend to put forward a steady stream of candidates. The HR team tries to monitor which part of the business are nominating fewer candidates and 'encourage' the appropriate Functional Director to restore the balance of nominations. If necessary, a member of the HR team will meet with the Functional Director to help identify suitable nominees.

### *Dimension 3: Decision process*

This is an important dimension as the current process may not be seen as valid by talent pool nominees.

The decision about who should be admitted to the talent pool is made by the LDG and is based on various sources of performance data. However, the decision process is hidden to nominees and some are concerned that the external consultants running the development centre may wield too much influence.

Nominees are unclear about:

- exactly who makes the decision about whether they are talented
- how they can influence the decision

- whether other supporting evidence (such as appraisal reports and 360 degree feedback) is also considered
- how their leadership profile is used by the organisation
- who sees the profile
- how it can be updated once they have undergone further development.

#### *Dimension 4: Permanency of definition*

The talent pool is refreshed once a year, at which point new candidates can be added while others are taken out of the pool. Two cohorts have joined the pool since its creation 2½ years ago, so only a very small group of managers have been considered for inclusion. As a result of the review during 2006, about a dozen managers have been removed from the talent pool.

#### *Dimension 5: Recruitment as a source of talent*

Network Rail has not yet extended talent management to its recruitment processes. The exception is graduate recruitment. The company is beginning to feel more confident about attracting higher calibre candidates by showing how its transformation programme offers plenty of opportunities for working on stretching engineering and building projects, especially those that involve leading edge technology. The company's reputation as an employer is improving, as evidenced by its improved ranking from 60<sup>th</sup> to 35<sup>th</sup> in the *Guardian* newspaper's top employer survey.

#### *Dimension 6: Transparency*

The talent pool is not actively communicated, internally or externally, at Network Rail.

Individuals deduce their importance from the leadership development programme they attend. They do not know much about the existence of a talent pool or whether they are in it. Rumours sometimes circulate, and managers who ask their line managers for more detail tend to receive the bare details about the talent pool.

As a result, the talent pool:

- do not realise they are perceived as talented
- do not know about any potential benefits from belonging to the talent pool
- have few opportunities to talk about what it means to be seen as talented and indeed whether they want to be in the talent pool
- largely take responsibility for their own careers and do not think the company wants to work in partnership with them
- may not realise that their performance at the development centre could have a significant impact on their future career development.

## **Developing talent**

### *Dimension 7: Development path*

The Talent Pool managers are likely to have access to more stretching and strategically important roles across the organisation.

The Leadership Development Group (made up of the Deputy CEO and a small number of main board directors) increasingly considers talent pool candidates for temporary strategic assignments and change projects.

However, the HR team is considering whether it should take a more active role in supporting individual's ongoing development beyond the Senior Leader Programme, especially through acting as a 'brokering' service between talented individuals and Functional Directors. This can ensure Talent Pool candidates get access to stretching job assignments, whether permanent or temporary, and also ensure that talent is moved more easily across functions (something that does not happen automatically in such a functionally-based organisation as Network Rail).

The HR team is currently working to describe some key senior general management roles in terms of Network Rail's 12 leadership behaviours and values. The plan is to then identify the top ten or so talent pool candidates with the highest scores in these behaviours so they can be considered for these key roles during succession planning.

### *Dimension 8: Development focus*

To date, the focus of talent management is leadership development.

This focus may change as the company starts to intervene more directly on talented manager's career paths and future appointments.

The development focus for talent pool managers is based on the 12 leadership behaviours. The balance is towards developing strengths rather than weakness, as managers are encouraged to work on two strengths and one weakness. Some managers may need to look for opportunities to move away from a functional/specialist career path and develop more general management and leadership skills.

Currently, individuals take almost complete responsibility for pursuing their development plan. Individual managers can sometimes feel unsupported in their ongoing development and find it difficult to summon time and energy to seek out development opportunities. Also, senior managers sometimes struggle to recognise experiences that will help them develop to the required level.

### *Dimension 9: Support*

Talent Pool managers do not receive extra support to follow their development plan or when they are promoted or moved into a temporary role.

### *Dimension 10: Influence on career*

At the moment, individuals have the most influence over their own career.

The talent pool have tended to steer their own careers. Given Network Rail's rapid development, organisational restructuring, and demanding improvement programme, they have had no shortage of career opportunities.

Senior managers have typically come up through a specialist or functional route and are now at the stage of broadening their management skills and developing new leadership skills. This is not an easy transition for them to manage. If Network Rail wants its talent pool managers to grow into high calibre leaders, it will probably need to intervene more forcefully on their career development and progression, particularly as it expands the initiative to middle managers.

These changes will result in senior managers and the Talent and Employee Engagement (T&EE) team exerting a greater influence over the career paths of the Talent Pool and their rate of progression.

### *Dimension 11: Connected conversations*

There are limited conversations across the organisation about talented managers outside of the LDG.

Conversations about the careers of talented people are kept within formal processes, such as appraisal or succession planning. Informal, peer to peer discussions, and cross functional discussions do not take place very easily. Talented people, on the whole, have few opportunities to talk informally and openly about any career issues, choices or dilemmas that concern them.

However, this is likely to change now that continuous leadership and management development is seen as a strategic priority. The T&EE team is trying to encourage wider and deeper conversations about talent through the following mechanisms:

- Gathering more data about the talent pool. The company is pushing its talent pool managers to update their CVs and discuss this with their line manager (this document should include their longer-term aspirations and career goals). These CVs should be used more consistently during discussions with Functional Directors and the LDG about different ways to develop and leverage Talent Pool managers.
- Encouraging more senior managers to act as coaches and mentors to help build a more open, less hierarchical culture.
- Encouraging more discussions about the development needs of talent pool managers during meetings with Functional Directors and the LDG.

*Dimension 12: Organisational values*

Network Rail's culture is changing away from a functional/technical orientation to one that is more competitive and performance focussed. However, in terms of talent, the new leadership behaviours emphasise both individual achievement and teamwork.

Independent research into the career anchors of talent pool managers reveal they are motivated primarily by challenge, service and dedication. Interviews revealed this appetite for challenging opportunities, yet managers appeared very self-reliant and did not appear to expect any support from their team, line managers or the wider organisation. The interviewees did not appear to feel competitive towards their peers (they were unsure of who was considered as talented) but simply seemed to assume it was 'every man for himself' in terms of spotting career opportunities. This lack of competitiveness can also be explained by the fact that there are plenty of challenging job assignments available through Network Rail's improvement programme.

*Dimension 13: Risk*

Network Rail takes a low risk approach to moving talented people, especially for succession planning purposes.

Network Rail tends to move talented people into a new role when they are deemed ready. For this reason, the company does not believe that talent pool managers need extra help or support.

**Systems and structures to support talent management***Dimension 14: Performance management*

Performance management processes remain separate from the talent management process.

All senior managers are ranked against the leadership behaviours on a scale of one to five. Both their potential and their performance are considered. The results of an employee engagement survey by Gallup also help to show if managers have effective leadership skills and role model the values and behaviours.

*Dimension 15: Talent management processes*

The opacity of Network Rail's talent management system means that very few operational managers have a clear picture of how talent is identified, tracked and developed. One interviewee said for example: 'there may well be a plan out there somewhere, but they aren't telling us'.

The link between high performance and talent management is not yet explicit in Network Rail. However, the company is making explicit its plans to become a 'high performance', world class organisation. It is working

hard to redesign key processes such as selection, appraisal and leadership development around the key behaviours and values. As these become more embedded into Network Rail's culture, people will understand to a deeper degree how the company values, supports and rewards high performance.

At the moment, talented senior managers perceive they are in a business that values high performance. They are less clear about how the company supports high performing and high potential talent. This means that talented people tend to assume they must manage their own career. They do not appear to think there are any formal systems or processes to help them and that their continuing success depends on their own personal efforts to spot a good job opportunity and a degree of luck to be 'in the right place at the right time'.

#### *Dimension 16: Use of technology*

Network Rail uses a sophisticated software package for succession planning. This enables the T&EE Manager to easily identify talent pool managers with the highest scores in certain leadership behaviours. The company also uses E-learning to support leadership development.

#### *Dimension 17: Systems flexibility*

Network Rail's talent management system has operated for 2½ years only and is still in an embryonic state. The company is committed to developing world class leaders and wants to extend its talent management processes further down the organisation. Top managers regularly hold lively debates about talent management and are open to new ideas and approaches.

#### *Dimension 18: Ownership of talent*

The Leadership Development Group views talent as a corporate resource and has ownership of talent. However, this ownership may not be so clearly understood across the organisation. Talent Pool managers do not appear to be aware of the LDG's role in the talent process. In terms of day-to-day ownership, Functional Directors are probably the closest to owning talent, given that they are responsible for local succession planning, meet with the LDG about group wide succession planning, and also nominate individuals for the Talent Pool.

However, responsibility for succession planning is not the same as owning talent and thereby taking an active role in nurturing and moving such talent. There are some indications that Functional Directors may not feel they are owners, given the:

- TP's youthfulness.
- The inconsistency of nominations across the functions.

- Network Rail's hitherto cautious approach to promoting the talent pool.
- Interviewee's comments which suggest no one has any particular ownership or responsibility for talent.

The advantage of this ambiguity is that Functional Directors are not 'possessive' about their talented senior managers. The disadvantage is that they do not appear to make any strong effort to 'trade' their talent with other Functional Directors. This lack of clear ownership of talent may mean that too few individuals or groups are helping to move talent across the business.

### **Section 3: Areas of good practice**

The following are points that can be highlighted as particularly good practice in Network Rail's approach to talent management:

- There is a clear link between Network Rail's business goal of becoming a world class organisation and its talent management strategy.
- Explicit top management commitment – including parts of the organisation that are seen as core to Network Rail's business. This is evident through the Leadership Development Group and other review and development mechanisms.
- There is a dedicated resource to the process in the form of a talent manager with a budget and remit that allows them to succeed.
- Talent is very clearly defined in terms of high performance with regard to the 12 leadership behaviours. These are used to underpin key management processes and the talent management system.
- The development of the Senior Leader Programme around the key leadership behaviours that contribute to the definition of talent.
- There are regular meetings between top managers to discuss succession planning and development opportunities for the Talent Pool.
- Redefining of key roles in terms of leadership behaviours in order to be able to match roles with the profiles of those in the talent pool.
- For emerging talent (middle managers), the identification of four types of management experience that are key for career progression including the identification of around 40 jobs for middle managers that will help them develop into high performing leaders.
- The talent management process is acting as a catalyst for culture change and the development of a shared understanding of leadership behaviour and approach throughout the organisation.

## Section 4: Areas for further consideration

The following areas may warrant further consideration to prevent them becoming issues in the future:

- **Transparency** – Network Rail needs to decide whether it should be more transparent about talent management and the Talent Pool. Would talented managers be even more motivated and engaged if they knew they were seen as talents?
- **Partnership** – does the Talent Pool represent a greater degree of partnership between senior leaders and Network Rail and should this be made explicit?
- **Dialogue** – given the complexity of moving from a specialist to a general manager and senior leader, would talented managers benefit from more open discussions about their career development and future with Network Rail?
- **Developing talented specialists**. Given that specialists remain highly valuable to Network Rail and there are plenty of challenging projects available, would specialists and the company benefit from there being an additional talent pool for specialists?
- **Clarity around leadership behaviours** – interviewees revealed they still needed help in applying the leadership behaviours to their roles and context.
- **Gaining the buy-in of Functional Directors**. There is not yet a consistent approach to nominating managers for the Talent Pool. Functional Directors vary in the degree to which they take responsibility for their role in the TM process.
- **Development versus assessment**. It is unclear to nominees whether they are being assessed for development purposes solely, or whether the assessment will affect their future careers and their status as talents or ‘non talents’.
- **Use of assessment data**. There needs to be greater transparency about why and how the assessment data is used by Network Rail.
- **Decisions about talent**. Do too few people make the decision? Should more stakeholders be involved and is there a sufficient variety of data and evidence being used to inform and support the decision?
- **Expanding talent management**. Is the organisation ready to extend talent management to middle managers? Given that the company is not planning to use a development centre for emerging talent, will line managers need more help in identifying and nurturing talented employees?

## Section 5: Fictitious narrative

I took my nephew to see a steam train the other day and I found myself remembering all the tales my dad used to tell me when he was a train



driver. It reminded me of how desperately I had wanted to work for the railway and how far I've come since those idealistic days. I've had a great career at Network Rail and while I haven't progressed quite so fast as a high speed train, I've certainly moved steadily up the management ranks!

The railways have certainly changed since my father worked for British Rail in the days of nationalised rail transport. I feel proud working for this business when I remember the problems we inherited from Railtrack and how everyone doubted the rescue plan would succeed. We've 'stopped the rot' and made big improvements in efficiency. I think there is a general sense that we can stop looking over our shoulders and begin building for the future. We're serious about becoming a world class business and it's exciting to be a senior manager – I feel I can really make a difference.

If I'm really honest, Network Rail's problems have been my opportunities. The turnaround programme and then the various rounds of restructuring have helped put my career on something of a fast track. Since joining the company as a Civil Engineer, there has been no shortage of really challenging building projects to work on. I looked keen, worked hard, and kept my ear open for any particularly plum roles or innovative projects. Sometimes, I asked around and sometimes the project manager would give me a ring and suggest I apply to join his or her project.

I've worked on projects varying in size from £250,000 to £5 million, building and repairing all sorts of constructions like arch bridges, two or three span overbridges. I've had the opportunity to use state of the art technology because many of these projects have required road and railway closures and it's been imperative that we work as fast and efficiently as possible.

Even when I moved into project management roles, then senior management, the jobs have continued to demand everything from me. I've been involved in some really high profile projects, high visibility stuff where failure and even being merely competent was not an option. It certainly puts you through your paces to work with teams of highly qualified and experienced specialists like project engineers, commercial managers, site managers, planners and buyers – they know when you're talking through your hat! You have to keep constantly learning and developing just to ask these guys what they want in their sandwiches!

I've now reached a point in my career where I have to make some choices – for the first time, I'm not sure where to go next. I'm now a Band 2 senior manager and I've spent the last year working in more complex projects, like the £4 billion Terminal 5 project at Heathrow. It's a whole new ballgame working in such a complex partnership with the British Airport Authority (BAA), various Rail Track teams and some subcontractors. The experience has turned something of a harsh spotlight on my leadership skills. I've really begun to appreciate the complexity of leadership and the challenge of applying our leadership behaviours to very different environments and contexts.

Until now, I've remained largely as a functional specialist, with a good 'frosting' of leadership skills. I know now that if I want to go further in Network Rail, I need to get serious as a leader. I need to stop thinking of myself as a Civil Engineer at heart and step forward to become a senior leader. I know I can work on my general management skills through the various development programmes on offer, but I'm not sure how to manage that transition to becoming an effective leader – who'll tell if I'm going in the right direction? Do I need to work in another function to broaden my skills?

I talked to my line manager and he was reasonably helpful – although I'm not sure he really understood my dilemma. He said he'll talk to our Functional Director who I know by sight but have never really talked to at any length. To my surprise, I got a letter from HR telling me my director had nominated me to attend our new development centre, with the view of joining the Executive Leadership Development Programme. I've heard really good things about the course and the people who are invited into it seem a bright bunch, so I'm keen!

I can't say I enjoyed the development centre – which seemed to be all about assessment. I wasn't quite sure why I had to go through a battery of tests, but at least I'll get a development plan at the end. I'm not sure I took it as seriously as I should – it felt too removed from 'real' life. Anyway, they gave me my leadership profile. It was OK, but there were one or two descriptions that didn't really seem to be me, but it didn't seem worth making a fuss – after all it's my development plan and I can prioritise what behaviours to work on.

I am in the middle of the ELDP and it's really good, really stimulating. It's helped me think about leadership in a new way and I honestly think I am becoming more effective as a leader. I think I'm ready for more challenge but then I still return to my original dilemma – where next? I don't think I'm ready to move to a Band 1 role yet, but I would like to be stretched more. I probably should get some experience in another function but I'm not sure of how to orchestrate such a move or who to talk to. There are some stretching cross functional projects going on that would definitely help me develop my general management skills, so perhaps they are the best way forward.

Here's a funny thing – someone asked me the other day if I'm in the talent pool? I've heard this mentioned a few times to people in the ELDP and I asked around but no one seems to be sure what it is. Someone thought it has to do with succession planning and someone else thought there was a succession planning list and a talent pool list.... I just took the logical approach and said surely if the powers to be at Network Rail thought we were extra talented, they would tell us so. No one seemed to have an answer to that!

# 17

## Case Study of Ipsen Pharmaceuticals

*Elizabeth Braiden*

### Introduction

This case study is included for a different reason from the others. We stated earlier that any organisation practices some talent management, regardless of the existence of a formal system. The motivations may be various, including the greater desire to retain some employees over others, the wish to spend limited development budgets to best effect, and the wish to make internal promotions, where possible, rather than to recruit externally. Any of these motivations are likely to underpin practices that could be labelled as talent management. Ipsen currently has no formal process of talent management and is included as an illustration of practices outside a formal system by an organisation that is now actively considering implementing a more formal system.

### Section 1: Overview

#### Background

Ipsen employs approximately 4,000 people worldwide and has a complex recent history. Originally it was a family owned French company specialising in herbal remedies (for example, based on ginkgo biloba) and it operated in France only as a large number of different companies run by different members of the family. Long service was the norm, and most appointments were made internally by the family.

Ipsen was originally founded in 1929 as a family business. In 1982 it expanded to operate outside of France, and moved into a wider product range, especially hormone-based compounds. This was achieved through acquisitions, alliances and partnerships. In December 2006 it undertook an IPO (Initial Public Offering), with 27% of its stock being listed, and the remaining 73% remaining family owned. As part of this initiative leadership was recruited from outside the family on the basis that they became owners rather than managers.

The UK-based part of Ipsen employs approximately 400 people, and stems from the privatised part of Porton Down (called Speywood) originally based in Maidenhead. This was a single product company based on a toxin that was manufactured in Wrexham. (This manufacturing plant is outside the scope of this case study – it employs 240 staff), with the balance of 160 staff at Slough being the UK part of this case study.

Speywood went through a number of different legal entities – private company, plc, combined management buy-out and part sale to Ipsen, culminating in 100% ownership by Ipsen.

Interviews were carried out with a cross section of people based in Paris, UK and Spain. These people were drawn predominantly from Operations, Research, Finance and HR.

## **Structure**

Ipsen worldwide is structured into a large number of business units and separate companies. It also operates a matrix structure. Many of the business units operate globally, and are referred to as 'global business units', for example Discovery and Innovation and Corporate Development which constitute the R&D organisation in the business, and Operations which covers sales and marketing. Many other functions also operate in this way including finance, HR and IT although they are not business units as such, but business functions. Each of the global business units have a head who is generally but not exclusively based in France.

The Head Office function in Paris is based in three different locations. While these are not very far apart (ten minutes walk), there is not much face-to-face contact between the different groups – most communication takes place either electronically or by phone. (There are plans to move into one new office in about one year's time.)

Similar organisation structures exist for France, UK, Germany, Italy, and Spain, and also for two geographical groups called 'EurAsia' and 'Trans-continental'. All the sales and marketing functions, including a field-based sales force in these areas form the global business unit called 'Operations'. There are various additional business units in some locations which are parts of global businesses e.g. Discovery and Innovation and Corporate Development Organisation and a Manufacturing and Supply Organisation. Local heads of most of these report into Paris.

There are some consequences of this structure that impact on local heads of business units. Firstly, local heads tend to carry more responsibility than is likely to be the case where business heads are on site. This is welcomed, and seen as an opportunity to work globally and to have more influence. This was also described as 'being able to make a difference'. Secondly, there is the need for cultural awareness, and the ability to influence becomes a much more important skill than might otherwise be the case. In particular, the local heads need to be able to ensure that head office understands local

differences and the impact these are likely to have on corporate objectives. This can be challenging.

## **Strategy**

As far as business issues are concerned, the organisation is regarded as being particularly strong at strategic thinking, and this is the focus of considerable time and attention. Being nominated to join one of the strategic thinking teams is an accolade, and one way in which people are developed, and given access to a wider range of senior people. It can also be offered as a means of improving retention.

There is a clear strategy to introduce more common HR policies and practices, over a period of several years. Progress has already been made on individual objectives, performance appraisal, a competency framework, and vision, mission and value statements. Talent management and succession planning are on the 'to do' list, as is further work on development for future roles. Progress is described in more detail below (HR processes).

## **Culture**

In Paris, the culture was described as remarkably free of office politics, and somewhat like a family. One quote was 'people are nice to each other'. People were also described as willing to change and were flexible, while trusting that others knew what was right for Ipsen.

There had already been a lot of change, and it will take some time for new systems, processes and procedures to become fully and professionally integrated. There is high respect for the new management team and the way in which changes had been made 'smoothly', and there is enthusiasm for finding solutions when problems arise, and a real focus on markets and customers.

In Slough, the culture is seen first and foremost as being very friendly, and also like a family. Other descriptors might include committed, busy, quite stretched, and team-based. People are treated as individuals, and describe the office as 'a listening organisation'. It is generally felt to be an inclusive workplace.

In spite of the very positive descriptions, some areas experience staff turnover that is well above the industry average. One reason for this may be a lack of career opportunities due to the smaller scale of the organisation, particularly in comparison to big pharmaceutical companies.

## **HR processes**

### *Appraisal*

An appraisal process, called Ipsen Performance Appraisal Process (IPAP), was introduced in 2006, and is now in its second cycle of operation. It is a multi-stage process, starting with individual objective setting, and including planning personal development objectives, and a process of making

ratings. These are then reviewed by HR with senior management. Changes may subsequently be made to the ratings – though appraisees may not be fully aware of the precise process. A ‘merit review’ then takes place where the individual who is sufficiently senior to be eligible for a bonus learns what they have been awarded. The IPAP process replaced a number of individual processes that had operated in particular parts of the organisation – for example, some parts of operations had their own performance appraisal before the introduction of the Group wide one.

An important element of the IPAP process is the process of rating of performance which, after moderation, determines salary increases and bonuses paid to each individual. The maximum bonus payable depends on the individual’s level in the organisation. This part of the process seems to be the most embedded and while the whole process is seen as rather onerous, perhaps when compared to earlier processes, there is widespread recognition that it is important.

### *Competencies*

A competency framework has been devised, based heavily on the Ipsen core values. There are six standard competencies (customer focus, innovation, adaptability, working together, delivering results, and acting responsibly), with a seventh ‘technical competence’ which is intended to give scope for work-area specific competencies. It is suggested that no more than two are introduced in this section. The competence framework will be used as a basis for IPAP in future rounds (introduction planned for 2009).

### *Development*

A number of short courses (1–3 days) are available at the Ipsen Academy. These courses include level 1 management (2 days), level 2 management (3 days), and presentation skills (2 days). These courses are a mix of lectures, cases and exercises and are run in both France and the UK. It was said that the courses were available for people as their need became apparent, but the biggest constraint to attending was time out from the day-to-day job. There were instances where people had cancelled due to work pressures.

There is also a high level induction programme which runs twice a year for senior appointments. This is designed to give attendees access to strategic thinking, to network with their peer group of managers and the chance to meet directors including the CEO.

The most common development opportunity came through joining or leading a special project. This provided the opportunity to work with a different range of people and take on tasks that would not normally be part of the person’s job. Membership of project teams was often arranged informally, as a result of conversations with one’s boss.

Within the R&D functions additional development was also likely because of increased links with external bodies, as well as increased internal contacts.

Strategic work provides a particularly good broadening opportunity in this area where job moves are much more difficult due to specialisation and technical expertise.

### *Recruitment, promotion and moves*

A large number of external appointments have been made over the last few years. This has been a strategic move to support the desire for a fast rate of change, especially with the introduction of new processes and procedures. There has been widespread recognition that many new skills needed to be introduced to Ipsen, and there was no evidence of concern about this level of external recruitment.

There have also been a number of promotions, especially in areas of rapid growth. Many of these have also occurred amongst the recently recruited. For some, promotion was indicated as a possibility as part of the firm's efforts to attract highly skilled people from major international pharmaceutical companies and management consultancies.

In the 'Operations' (i.e. sales and marketing) area, there have been several geographical moves. This is seen as a means of offering variety, ongoing challenge, and broadening experience. This is certainly perceived by individuals as enhancing their prospects of promotion.

### *Succession planning*

While there is no formal process for succession planning, this is seen as a critically important area in many parts of Ipsen. Some senior managers have focussed on identifying possible successors for themselves and their immediate reports. Others find this a difficult area because the relatively small size of Ipsen may make it difficult for anyone to gain sufficiently broad experience while working at lower levels. Some believe therefore that it will always be necessary to bring someone in from outside to fill particular senior appointments, and see this as a positive action.

At lower levels, the relative size is more of an advantage, in that many people carry more responsibility than would be the case in larger organisations, and may also gain experience through 'acting up', so they can be developed for more senior or different positions.

### *Retention*

Turnover in the UK is above industry average in a number of areas. The most common cause of people leaving is perceived lack of promotion prospects or other career limitations. This is principally because Ipsen is relatively small, and there are a smaller number of layers in the hierarchy than in larger companies. By contrast, the small size of Ipsen is sometimes a major advantage in recruiting people – it is possible to offer more responsibility and a wider ranging job than would be possible in larger companies.

The locations of parts of Ipsen could also be relevant. If the Ipsen base is close to other major pharmaceutical companies, it is all too easy for staff to move, but also easier to recruit. However, if the location is more remote in pharmaceutical terms, then this could be making recruitment more difficult but retention easier.

### *Definition of talent*

While there is no formal 'talent' system, there is widespread acknowledgement that managers can recognise talent when they see it. Some of the characteristics of talent include drive, resilience, flexibility and the capacity to endorse and drive change. In many posts, the ability to influence upwards and across cultural boundaries are seen as critically important skills. Mobility, and International exposure are other elements which are highly rated in the search for talent.

## **Section 2: The talent dimensions**

The talent dimensions are discussed in terms of where Ipsen currently appears to be, as well as where they are likely to be heading as their talent management system develops further.

### **Defining talent**

#### *1: Size of the talent pool*

The size of the talent pool is currently quite small, as it loosely includes those who are included in strategic thinking teams, those offered management development, and those identified as successors by senior managers in their informal succession plans. As the talent management system formalises, a clearer definition of the talent pool is likely to emerge.

#### *2: Entry criteria*

As the criteria for entry to the talent pool are unclear, the ease of entry is largely dependent on the individual line manager.

#### *3: Decision process*

Most decisions at the moment are dependent on the individual's line manager. The impact of this is that one single individual can make or break another's career within the organisation, which is something that is likely to be questioned as the system formalises.

#### *4: Permanency of definition*

The definition is currently quite *ad hoc* and hence the permanency of the definition is likely to be the same.



**5: Recruitment as a source of talent**

The small size of the organisation is used as a rationale for external recruitment. This is almost paradoxical as the smaller the organisation, the greater the need for internal recruitment in order to offer career opportunities within the organisation. Parts of the organisation suffer from unusually high turnover in the sector and one of the key reasons for this is lack of career opportunities, so to offer those vacancies that do come up to individuals outside of the organisation is likely to be counterproductive to talent management processes.

**6: Transparency**

As the system is in an embryonic state, there is no transparency. This is an opportune time though for the organisation to actively decide on how transparent it wishes to be, and whether the benefits of transparency would outweigh the detriments in their particular circumstances.

**Developing talent****7: Development path**

In terms of formal development, the same courses appear to be available to everyone with no differentiation. Differentiated development occurs through the use of project work. There are plans to develop a Leadership College which will cover Talent Education and Top Management Education but work on this is yet to commence.

**8: Development focus**

Given that development opportunities are needs driven, the implication is that Ipsen offers a deficiency correction model of development rather than playing to people's strengths or creating opportunities for them. The use of projects does achieve the latter, but is not formalised and is more *ad hoc* and dependent on the individual and their line manager.

**9: Support**

The paternalistic, teamwork culture is one that would lead people to feel supported in the organisation rather than them being left to sink or swim.

**10: Influence on career**

Individuals currently have the most influence on their career, and they are exerting this influence either by gaining places on project teams or by working. As the talent management system formalises, the organisation will want to influence individual careers more in order to ensure the success of their succession plans.

**11: Connected conversations**

Due to the paternalistic nature of the organisation, and the teamwork culture, it would probably be acceptable for people to discuss their careers

with as many people as they wish, however the opportunity to do this given the geographical spread may prove harder in reality. The introduction of a formal mentoring scheme might widen opportunities for conversations.

### **12: Organisational values**

Ipsen's culture is not individually competitive, but rather one of teamworking and paternalistic tendencies. This differentiates the organisation from many in the pharmaceutical sector and could be used as a key means of attracting talent to the organisation.

### **13: Risk**

Currently, Ipsen perceives recruiting people with international and big company experience as taking the safe option. This is partly because they bring knowledge and experience that is limited in availability in Ipsen, and partly because it is thought to accelerate change. It is thus lower risk on breadth of experience, but possibly higher risk in terms of cultural fit and demotivating existing staff. However, newly recruited people found Ipsen an organisation which was easy to join. No longer term staff expressed frustration about external recruitment. There seems to be widespread recognition that it is currently essential. The current approach is arguably high risk in terms of talent management, as it is undefined and self-controlled. However, this is probably not the intention, and while the organisation may tolerate a certain amount of risk, the industry sector is such that controlled environments are more the norm.

## **Structures and systems to support talent management**

### **14: Performance management**

A fairly robust, if relatively time consuming, performance management system is now in its second cycle and appears to be generally embedded and accepted within the organisation. Given this is linked to salary increases and bonus payments, which appear to have gained acceptance, the outlook is also good for a talent management system being accepted.

### **15: Talent management processes**

There are currently very few structures and systems in place other than a robust performance appraisal system which is related to salary increases and bonus payments. As the talent management process develops, more structures and systems are likely to emerge to support individuals through the process and further develop HR activity.

### **16: Use of technology**

There is no technology supporting the system. This may be an issue the organisation wishes to address at the design stage rather than trying to make adjustments *post hoc*.

**17: Systems flexibility**

The talent management system is highly emergent in its application, with the only element having any sense of embeddedness being the performance appraisal system that supports it.

**18: Ownership of talent**

Currently talent is owned by line managers or business unit managers. For the system to progress and work across the organisation, this ownership is likely to need to be more shared.

**Section 3: Good practice**

The following areas have been highlighted as particularly good practice at Ipsen Pharmaceuticals:

- There has been a fast rate of change over the last few years, and this has been accepted with a positive outlook, and a widespread willingness to make any changes needed for success.
- There was said to be an absence of office politics, with staff getting on together very well. All offices were said to be particularly friendly and helpful.
- Teamwork is the norm, especially in service of customers, both internal and external.
- The setting of objectives has become embedded remarkably quickly, as has the associated bonus scheme.
- The induction programme for senior people is well regarded.
- The Ipsen Academy has made a very good start in offering some basic courses, though there is not yet a culture of valuing them highly enough to ensure that people's planned attendance is not cancelled.
- Ipsen was described as a 'listening organisation' where people were treated as individuals. This was highly valued.
- Projects are used to good effect in offering development opportunities, increasing access to senior people, and improving retention by offering more variety.
- Many people are given high levels of responsibility, for example heading up a function within a country, where the overall head is based elsewhere. This is an advantage when recruiting to these posts.

**Section 4: Areas for further consideration**

The following areas may need further consideration in the future as the talent management system develops more formally:

- **Expanding the Ipsen Academy** – Consideration could be given to adding a small number of additional programmes or offerings from the Ipsen

Academy. In particular, there is a belief that there is a need for team-building to be available for established teams.

- **Formalising coaching and mentoring processes** – A small number of people described relationships with senior managers that had been very valuable to their development and progression. However, it was also commented that there was no recognition of the value of mentoring, and little of coaching. Ensuring that these activities are encouraged and valued would provide additional support for career development.
- **Reviewing the appraisal system** – While the existence of a company wide appraisal process is acknowledged as important and worthwhile, there is also a widespread view that it is somewhat onerous. (It was described as ‘heavy’.) A review of progress with its introduction would provide opportunity to listen to views about it, and seek ways of simplifying the process a little. This seems particularly important as it becomes more complex with the addition of competencies.
- **Formalising the system without creating overload** – While there is widespread recognition that new systems and procedures were much needed, and have been accepted positively, there is also a sense of overload, however temporary. Care needs to be taken over pacing any new initiatives to avoid ‘initiativitis’. For example, more focus on succession planning might be more acceptable than the introduction of a formal talent management process, in the short term. Raising expectations could be an issue as internal opportunities are limited by the size of Ipsen.

## Section 5: Fictional narrative

I’m not sure that I should have stuck around so long – I’ve thought about leaving so many times in the last few years. Over the last ten years I’ve had what can only be described as a chaotic career. Firstly the company (then Speywood) was bought out by the management, and that was not a happy time for us. Then Ipsen took over part of us, and some people started reporting in to France while others didn’t. This caused all sorts of problems with the left hand not knowing what the right was doing, and then Ipsen finally bought the whole thing. Arguably now we have two left hands, but at least each knows what the other is doing!

Actually, I’m being unfair. Since the French bought us out things have improved dramatically. We have a clear strategic focus, and those of us who have been around a while and really know the product are invited into strategy thinking groups so we actually get a voice and people listen to us. Amazing! The senior management team have finally recognised that we might actually know something down here.

I don’t know if this is a ‘French’ thing or not, but it’s certainly helped change the culture here. We’ve always been quite a friendly bunch to work

with, but now it feels like the teams really matter, and we get bonuses according to our contributions. If we're really lucky we get to lead special project teams as well, which really lets us have some freedom and have a go at things. I'm on two project teams at the moment, and led a small one last year. I think it was successful enough as my bonus was really good and I've been asked on to these two teams since. Hopefully I'll get to lead another soon.

The thing that annoys me most though, and the reason why I keep questioning myself as to why I stay, is that a really good job just came up which was the level above me, but because it was slightly off at a tangent to my key area of expertise I was discouraged from applying and they've appointed some external candidate that a friend at his current company says is a nightmare to work with. Evidently he's not a team player, and is always looking to blame people for his mistakes. Hopefully he just won't fit in here and will leave. It's just annoying though – as I know I could do that job really well, and it wouldn't take me long to learn the necessary knowledge required. I could even have gone to a night class if necessary.

Never mind. Maybe I should apply for the job at the other company that the candidate is vacating! Then we could swap back in six months time when we both realise we don't fit in. Ipsen has such a nice culture, and is such a fun place to work. Francoise – my opposite number in France – is getting a promotion soon though – maybe she'll manage to get me a leg up also. I wouldn't mind having her as a line manager as she seems so much more switched on to careers and personal development than my boss is. That's how she's managed her promotion – she's actively canvassed her manager to give her projects and training opportunities regularly so that she has been able to prove her worth and capability. Maybe that's what I need to do – be more proactive in managing my own career.

Actually, a short stint in Paris could be good. I've always fancied working abroad and I could commute home at weekends to still be with the family now that there's the Channel Tunnel. Also, that way I'd really get to know my French colleagues better and how the systems operate over there – make the right contacts, and build some more connections. In fact, that could be just the right career move. Get in at head office for six months and then come back here with all those personal contacts and a better understanding of how things work. Do you know, I am feeling the excuse for a phone call to France coming on.

# 18

## The Public Sector – A Special Case?

*Marion Devine and Eddie Blass*

There are inherent difficulties associated with drawing conclusions about talent management in the public sector. Firstly, the public sector represents some of the largest employers in the country and, in the case of the National Health Service, the world. There is also a wide range of organisational structures, ranging from central government, local government and semi autonomous non-government organisations. These provide an array of services spanning social security, health and social care, education, police and military, environment, roads and infrastructure. The size and complexity of the sector makes comparable research of any kind problematic, not just in talent management; and the public sector as a whole continues to be neglected as a focus of research.

Secondly, although various entities in the public sector replicate themselves around the country, for example local governments providing replicated services such as refuse collection, there is little standardisation. Some areas of the country have fortnightly refuse collection alternating with recycling; others have weekly collections with monthly recycling. Hence there is little uniformity across the sector despite the fact that there are often common targets and measures in place. Thirdly, despite the fact that the public sector is highly affected by international events such as migration, terrorist threats, international drug trafficking, international trade, and so forth, the operation of the sector itself is generally quite localised, so it is difficult to draw international comparisons. International experience was seen as significantly less important to public sector workers than private sectors workers in the survey of Chartered Management Institute members ( $p < 0.01$ ).

This said, public sector organisations do share some common features. The public sector is there to provide a public service, and is publically funded through taxation. Generally, talented people choose to work in the public sector because of some pro-social calling – they want to contribute to some form of public good. There is a balance between working conditions and rewards in the public sector. Some managers enjoy working in the public

sector because they can achieve a better work-life balance, the environment is generally less competitive, and there is less responsibility/accountability as the ultimate decisions that need to be made are generally made by an elected body (certainly in the UK). Rewards tend to be lower than in the private sector, whether for those in the medical profession, managers or accountants in the Inland Revenue.

The public sector, therefore, is worthy of consideration in itself. Three case studies are included in this section. The first is the Metropolitan Police Service which is responsible for policing London and its immediate surrounding area through 49,000 officers and staff in specialist centralised units and 32 borough commands. This case study demonstrates a three pronged, systematic approach to developing talent which will continue to expand and better place the force to respond to potential future staffing difficulties.

The second case study is the National Probation Service which employs 21,000 staff in 42 areas. The service has developed a specific talent management programme to support minority groups within the service as an affirmative action programme to ensure equality of opportunity. Its 'Accelerate' programme is a good example of how the public sector invests significant resources to address diversity issues and also uses talent management to bring about change.

The final case study has been called the public sector 'competitive model' and is an amalgamation of the knowledge collected from three separate case studies carried out in central and local government. For differing reasons, the three case study organisations did not like their 'reflections' constructed through the case study methodology and hence did not want it to be published in their name. However, the three organisations were sufficiently similar to allow for an anonymous amalgamation.

### **A 'competitive model' for talent management**

The public sector 'competitive model' is probably the prevailing TM model in the public sector and appears to be the 'default' position for organisations that do not have a formalised approach to talent management. Even without formal processes or an articulated strategy, talent management nonetheless operates within these organisations. There are a series of additional activities and processes for identifying and progressing talent which talented people opt into by virtue of choosing to 'play the game'.

The public sector competitive model operates very much through open market principles of demand and supply, most simply in terms of trade and human capital. These transactions may sound somewhat haphazard, but they are not. 'Buyers' and 'sellers' take part in a calculated game of politics and networking that enables people to advance by negotiating their way into projects and job roles that they might not otherwise have been considered for. External networking was identified as significantly more impor-

tant for public sector workers than private sector workers in the Chartered Management Institute survey ( $p < 0.01$ ).

Our research into public sector organisations suggest that the default competitive model for talent management works well to a certain extent and enables highly motivated, ambitious and capable individuals to progress into senior leadership positions. Such a model favours organisations that historically recruit high flying graduates and specialists and then offer them a life long career where they have the time to acquire further qualifications, valuable work experiences, develop contacts across their profession and perhaps benefit from mentoring or coaching. There is no denying that there may be a degree of wastage along the way when a talented person is unable to construct a good enough network of contacts, or when their personal reputation is indelibly stained by some sort of visible 'failure'. This 'fallout' may not be perceived as overly costly by organisations that can recruit from a steady and reliable pool of talent and where there is little likelihood that valued staff will leave or be poached by other organisations.

However, it is questionable whether this model will be robust enough for public sector organisations as they move into the second decade of the 21<sup>st</sup> century. There is also the question of whether or not it attracts the right sort of talent into the organisation for the future. It is the political, ambitious types that do well within the competitive talent management model. This favours those who put themselves forwards for new initiatives that give them the chance to rub shoulders with senior leaders and departmental civil servants and ministers. The real innovators often stay away or are not invited. Hence more thought needs to go into ensuring that the right talent is nurtured, not just leaving it up to individuals or natural selection. The section below discusses some of the challenges facing public sector organisations that wish to move their talent management forwards in this way.

## **Clarity around leadership models**

Perhaps the most challenging issue in the public sector is that there is no single underlying leadership model and hence a lack of clarity about leadership development. Some public sector organisations may favour a specific leadership model, while others take a more 'pick and mix' approach, believing that 'there will be no single leadership model or approach for all situations – situations demand very different styles, models and approaches' (Leadership Development Commission, 2005). A consultation by the Fire Rescue Service (ODPM, 2005a) for example, revealed the service's preference for both transformational leadership and a blend of transformational and transactional leadership.

There may be confusion about leadership concepts. A survey carried out by the Chartered Management Institute (Charlesworth *et al.*, 2003), for



example, detected a lack of clarity about the nature of leadership and a tendency for public sector managers to 'mix their perceptions of the concept of leadership as a specific role in an organisational process, with the characteristics of leadership as displayed by individuals'. There may also be disagreement. Research by the ODPM (2005b) revealed that local government leaders were critical of the current terms defining political leadership and believed they ignored the messy reality of local 'politics', such as friction between the leader of the council and chief executive.

More positively, many public sector organisations are actively debating which leadership models are most relevant to their context. Some organisations in central and local government are, for example, focussing on a political/managerial model of leadership which is supported by the competitive model of talent management. Other areas are adopting an adaptive or transformational model of leadership which would lend itself to the talent management initiative employed by the National Probation Service.

Parts of the Civil Service are moving towards a more shared or distributed leadership model which would perhaps adopt a talent management system more similar to that of the Metropolitan Police. Permanent secretaries, for example, have worked closely with the Cabinet Office's Corporate Development Group (CDG) to consider the nature of shared or 'corporate' leadership development. Through its 'top 200' group, the unit is also developing guidance for collective and corporate leadership. The CDG has also worked with the National School of Government to develop a leadership programme for departmental board members.

## **Keeping pace with change**

In the face of ongoing sector wide change and restructuring, it is essential for public sector organisations to ensure their leadership models and talent management processes move forwards and lose their dependencies on past leadership models and past concepts of performance and *modus operandi*.

The current UK government continues to push forward a programme of public sector reform and modernisation that has resulted in initiatives such as the mandatory 'best value review' process, capability reviews and 'comprehensive performance assessment' (CPA). These cyclical audits require central and local government organisations to identify and implement new ways of working to deliver ever higher standards of performance. Another key driver of change is the move towards shared services and outsourcing. Research by Kable Market Intelligence (2006) reveals that operational spend on shared services reached £1 billion per annum by 2006 and that by 2010 expected growth should reach £3 billion by which time around 30% of business process outsourcing in the public sector will be in the context of a shared service model. The growth in outsourcing has been much greater

and £74 billion of services have been commissioned by the government from the private and third sectors (Kable Market Intelligence, 2007).

There is an increase in inter-professional working and multi-agency working as a result of some high profile, public sector disasters where children died because of serious gaps in the social care system. Public sector leaders are also working in partnerships through such mechanisms as Local Strategic Partnerships and pooling their skills through various national initiatives such as the sustained effort to encourage more senior leaders to become non-executive directors of departmental and non-governmental boards.

The move towards ensuring much greater accountability and transparency has also led to a strong emphasis on community leadership. Senior leaders, especially in local government, are increasingly expected to liaise with members of their local communities and through formal mechanisms such as public consultations, involve the public in planning and implementing service change. For example, clinicians and doctors involved in local health reconfiguration may well find themselves required to develop broader management skills in such areas as project management, financial management, marketing and communication, in order to mobilise radical changes in local health service provision.

## **Recruiting and retaining talent**

While people may choose to work in the public sector for pro-social reasons and a better work-life balance, the pressing labour challenges facing the country in the future may leave the public sector generally short of labour.

The ageing UK population is likely to pose a serious problem. There is a serious decline in the number of young employees and since 2000, the number of young people reaching working age has fallen by 60,000 each year (Office of National Statistics, 2007). The National UK Skills Task Force estimates that the decline in the number of people aged between 15–24 entering the workforce will create a net shortfall of two million employees by 2010.

These demographic changes will already be having an impact on public sector organisations. For example, one-third (31%) of local government employees are over 50 and due to retire in the next decade, so unless some careful planning is carried out now, there could be a considerable skills gap arising in the next decade (LGPW Survey, 2006). The UK's 'brain drain' is reportedly the worst among OECD countries (OECD, 2007) and also has some serious implications for the public sector. The UK has lost one in ten of its most skilled workers and nearly one-third (27.3%) of those emigrating held health or educational qualifications.

Public sector organisations are already experiencing serious skills shortages. In 2006, 87% of all authorities (including district councils, London

boroughs, metropolitan districts, English unitarians and county councils) reported difficulties in recruiting in some professional areas (LGPW Survey, 2006). For example, 100% of county councils reported recruitment and retention problems in management and professional jobs, as did 94.7% of London boroughs.

Most seriously, many councils have reported skills shortages in areas that are increasingly vital for the ongoing modernisation agenda (LGPW Survey, 2006):

- 72% of councils reported skills gaps in organisational development and change management
- 61% in business process improvement
- 60% in performance management

While public sector careers may once have appeared to be a job for life, the up and coming generations appear to have different attitudes and assumptions. Generation Y have the highest turnover rates within local government employees (LGPW Survey, 2006). Research by Worcestershire County Council revealed that young employees did not want to stay with their organisation for more than five years (IDeA, 2007). One way a talent management process could address this would be to use private sector suppliers as secondment opportunities for talent who want to experience the private sector as well as the public. The partnering of organisations could become crucial in the future, particularly for the public sector and small to medium sized enterprises (SMEs).

Public sector organisations are beginning to recognise that they need to do more to spot and develop high flying women and people from ethnic minorities. The drive for diversity stems in part from the sector's desire to be inclusive and also reflect the ethnic makeup of local communities. A survey of elected councillors in England, for instance, revealed that 71% of councillors were male and that the average age of councillors was 57 (Employers Organisation, 2001). The pressure for more diversity also comes from the growing recognition of the need to recruit from non-traditional labour pools. Now the challenge is for public sector organisations to create effective linkages between their diversity strategies and talent management priorities.

## **Developing talent**

Strategies to develop talent must increase in range from general management and specialist skills through to much more complex skills that help public sector leaders work with a complex variety of internal and external stakeholders and also deliver against ever higher performance standards and targets.

Unsurprisingly, the various modernising and improvement agendas have required public sector organisations to alter their thinking about service delivery and have arguably forced them to adopt a private sector mentality and culture. The new agenda requires a whole new skills set so that public sector managers must increasingly demonstrate negotiation skills, outsourcing skills and the ability to manage an external supply chain.

Performance in the public sector has traditionally concentrated on personal attributes and skills, but there is growing recognition of the importance of interpersonal relationships, team dynamics, partnership working and a much wider concept of collective leadership. The move towards flatter organisational structures is making it increasingly difficult for a single organisation to provide an appropriate range of development opportunities for high potential staff. Effective talent management strategies will require public sector organisations to work together and with their local partners to provide opportunities for talented staff to gain a range of developmental experiences through such means as joint development programmes, collaborative projects, secondments, work shadowing, mentoring and coaching.

Talent management strategies must also be aligned with audit processes. Leadership capability is now under intense scrutiny and the Audit Commission's CPA now includes a fourth line of inquiry that focusses on leadership, culture and standards of conduct and examines community, political and managerial leadership; member-officer relationships; and ethical standards and behaviours. The Civil Service's Capability Review focusses on the ability of leaders to: 'set direction; ignite passion, pace and drive; take responsibility for leading delivery and change; and build capability'.

Indeed, these audits have helped alert public sector organisations to a widespread shortage of good leaders and the growing need to develop long-term strategies for leadership development across the sector. Many public sector organisations and government funded centres such as the Local Government Association and the IDeA now recognise the urgent need to address the serious lack of leadership capacity or potential to move the sector forwards against the modernising agenda. The IDeA's five strategic priorities for 2007 include leadership development, especially political and managerial leadership and partnership working; and skills development, especially the need to identify, develop and motivate talent (IDeA, 2007).

There are many burgeoning initiatives across the public sector to develop the next generation of leaders, at the local, regional and national level. A number of accelerated development schemes for graduates have been created such as the NHS Graduate Management Scheme; the Civil Service 'Fast Stream' programme and the National Graduate Development Programme (and the newly created 'Local Government Talent' website) for local government. Other networks are beginning to develop for more senior leaders.

The challenge for public sector organisations will be to construct talent management strategies and frameworks that ensure talented employees benefit from internal TM processes but are also well positioned to transfer to national talent schemes where appropriate.

## **Better career planning and succession planning**

Careers tend to be somewhat haphazard within the competitive model, and career routes have been traditionally ill-defined in most parts of the public sector. There is a growing recognition of this problem (IDeA, 2007) and the various accelerated development schemes emphasise the need to provide more career direction to young talent. In the private sector, some firms that follow the competitive model (often law firms, professional services firms, research and development units) have moved towards a semi-regulated talent 'marketplace'. More formalised processes are created (often IT-based) to enable talented individuals to find out about internal vacancies, negotiate job transfers, development opportunities and build their personal networks more easily (Bryan *et al.*, 2006).

Introducing formal succession planning is another route for public sector organisations to take a more directive approach to career planning and talent management. However, succession planning tends to be the exception rather than the norm across the public sector. In local government for example, authorities tend to focus on developing their current leaders and only 20% have any formal succession planning (LGPW Survey, 2006). However, the IDeA has found that succession planning has now been identified by many councils as an essential component of their workforce development strategies (IDeA, 2007).

There are few private sector companies that claim to be proficient in succession planning and our research suggests that there is a dearth of advice or best practice available suggesting how best to link talent management and succession planning. One study suggests that companies that use talent pools to support succession planning find this approach valuable but resource intensive (Busine & Watt, 2005). For example:

- organisations have a limited number of good developmental positions where high potential individuals can be given an unusual degree of freedom and authority to make decisions
- organisations have limited time and resources to focus genuinely on the accelerated development of a subset of managers
- development of talented managers is expensive in terms of special education opportunities and hands-on-training
- accelerated development of a group of high potentials 'burns' a great deal of management energy. One of the biggest hurdles is getting managers to focus on the development of their talented direct reports

- there will be a degree of ‘fallout’. Not every talented individual wants the negatives of accelerated development such as extra travel, job transfers and extra responsibilities and pressures

One factor that will impact significantly on the success of developing talent is the amount of transparency there is within the system. If the talent identification and development process is opaque then it will be perceived as unfair, and a private network that is sustaining the old school networks and discriminatory practices. The public sector tends towards scepticism, cynicism and lack of accountability, as wheels turn within wheels and everyone hopes that someone somewhere else will make a decision. If we want an accountable public sector then talent management at local, regional and national level has to be transparent. Centralised, national initiatives may be very good, but talent needs to be nurtured locally.

### **Segmenting talent as a way forward?**

The question arises as to whether or not talent management itself is a concept that is appropriate for the public sector given these inherent difficulties. The answer has to be ‘yes’. Otherwise the sector will continue to sustain the self-regulating competitive model and opportunities for change will be lost. It takes a certain type of personality to engage in the competitive model of talent management, and this may not be the personality type that is required for the public sector in the future.

There is a sharper dilemma for public sector organisations about whether to concentrate on a small elite group or to take a more inclusive approach (Redford, 2005). A more inclusive approach would be more aligned to the culture of the public sector but may not produce the required talent pool of potential future leaders that are likely to be needed within the next decade. One way of approaching this would be to have multiple talent pools in different segments of the workforce. Talent segmentation could be based on specialist roles in hard to fill occupations, management/leadership levels, or on roles where an improvement in individual performance would make the biggest impact on organisational success. The Metropolitan Police is on the way to achieving this with a senior management talent pool, the high potential development scheme, and an internal provision that allows talented individuals to have extra work-based support (such as mentoring) to accelerate their progress in the organisation. Overall, the public sector respondents in the Chartered Management Institute survey indicated significantly less talent differentiation across different departments or functions than did managers in the private sector ( $p < 0.01$ ).

Both a short-term and long-term approach are necessary for public sector organisations. In the short term, the ‘competitive perspective’ might be employed to recruit and retain talent in specialist, hard to fill roles and

occupations, or to help recruit and retain high flying graduates (who might otherwise be snapped up by the private sector). Public sector organisations might need to adopt more imaginative and aggressive recruitment processes at both the local and national level. Organisations will also need to accept that they must offer talented candidates a package of both financial and work inducements that is as good as if not better than the competition's offering. Comparative international research into public sector organisations (KPMG International, 2007) highlights the sector's difficulty in competing with private companies on the basis of compensation. Public sector organisations tried to overcome this disadvantage by branding public sector careers as varied and interesting, offering challenging and fulfilling work. Some agencies in Canada believe they can attract more talent by creating more mobility between the private sector, government and academia. Agencies in Australia try to attract talent through offering flexible work arrangements and a better work-life balance.

Unlike private sector organisations, public sector organisations have the advantage of being able to work jointly with other public sector and third sector partners. However, such collaboration needs to be tempered with the awareness that partners can also become competitors for talent. By maintaining a competitive perspective, an organisation can avoid a situation where it recruits and develops talent, only for partnering organisations to 'poach' these individuals when they become valuable organisational assets.

In the long term, a 'HR planning perspective' is needed to ensure that the organisation is developing the right people to be in the right place at the right time to meet future skills needs. However, it is not clear whether public sector organisations have HRM teams with the capabilities, resources and credibility/authority to systematically build processes to identify and develop a reliable talent pipeline. HR teams implementing a strategic and integrated HR plan in local government can face formidable obstacles (Harris, 2003). One such difficulty is overcoming a silo mentality among managers who understandably concentrate upon improvement targets for their own service areas rather than on what can appear to be a remote HR agenda. Another difficulty for HR teams is to create clear linkages between national and organisational goals, departmental plans and personal objectives. There can also be an organisational black hole in terms of identifying individuals to lead and champion integrated employment policies and practices aimed at supporting sustainable performance improvement. These findings suggest that adopting a HR planning perspective for talent management poses considerable challenges for public sector organisations.

Ultimately, the sector ought to seek to achieve the cultural perspective of talent management but this will take time. Talent needs to be made more overt, and talent management an acceptable concept, through the building of a shared understanding of the sector's development, and more risk-taking with regard to talent development.

# 19

## Case Study of the Metropolitan Police

*Marion Devine*

The Metropolitan Police Service (MPS or Met) is one of the largest police services in the world, employing approximately 49,000 police officers, police staff, traffic wardens and police community support officers. The service employs some 31,000 police officers and 18,000 police staff working in various management, administrative and support functions. Local day-to-day policing is the responsibility of the Met's 32 borough operational command units (BOCUs). Various central specialist units, such as Special Operations and the Specialist Crime Directorate, are responsible for policing serious and specialist crime, and preparation for the Olympics and other public order policing.

### Section 1: Overview

#### Strategic context

Due to the complexity of policing the UK's capital city, the MPS mainly recruits its police officers from school leavers and graduates and expects to retain them for a span of 20 to 35 years through to retirement. Recruits join as police constables, and then progress through the ranks, spending varying degrees of time working in over 100 local borough and specialist units.

MPS has a long track record in TM but as it looks ahead, it sees a number of challenges on the horizon that will require a different approach to identifying, developing and retaining talent. Key challenges include:

- The increasing pressure and complexity of modern policing, for example, new threats such as international terrorism, greater pressure for accountability, and intensifying public scrutiny.
- An increasingly diverse and multi-ethnic London population. If the Met's own workforce is to mirror this diversity, it will have to accelerate its positive action initiatives and also ensure that high potential employees from minority groups have equal access to talent management processes.



- A steep decline in the number of young people entering the workforce during the next decade coupled with intensifying competition for graduates and potential areas of skills shortage; according to the Leitch Report (2006), the UK economy could have two million skilled jobs unfilled by 2010, with policing being an affected occupation.
- Many senior officers with the ability to lead command teams and who have invaluable public order experience will be eligible for retirement just when the 2012 Olympic Games come to London.

As the service faces intensifying competition for young talent, it will not be able to resort to the private sector's practice of offering ever higher financial sweeteners. Faced with this scenario, the Met has identified talent management as a key strategic challenge and a critical enabler of the services' seven strategic priorities.

An internal strategy document eloquently summarises the challenge: 'MPS cannot afford to assume that the organisation can draw from an ongoing external supply of high potential, high performing people. The challenges for the police services in attracting and retaining talent are unique in comparison to other organisations. Effectively, the MPS has to survive on the talent recruited at junior levels of the service and then nurtured up the ranks'.

### **External stakeholders in TM**

MPS has a number of external stakeholders who are equally concerned about the best ways of developing the next generation of senior police leaders. Various events in the UK, not least the problem of international terrorism, have led to an acute awareness that police leaders must deal with unprecedented complexity amidst intense public scrutiny. MPS's emerging TM strategy must also take into account the following key stakeholders:

- MPS's governing body, the Metropolitan Police Authority (MPA). MPA recently expressed concern that too few senior MPS police officers were qualifying for the national leadership talent pool (discussed later). The Authority voiced an extra concern that the Met is not producing enough black and minority ethnic (BME) senior officers who can act as role models to aspiring younger officers. MPA initiated a formal scrutiny of the service's talent management and succession planning strategies in September 2007.
- Senior police managers, some of whose members head the Met's 33 BOCUs. These commanders implement any talent management scheme since they 'own' the talent in their local patch, agree to job placements and training opportunities and also provide a resource as coaches and mentors to the talent pool.

- National Policing Improvement Agency (NPIA), which recently took over responsibility from the Home Office for nationally delivered training programmes and developing a national approach to leadership in policing. NPIA sets the framework for senior talent management and some of the Met's internal schemes must satisfy various national standards and requirements for leadership development.

The NPIA has also begun a wide-ranging review of how police forces are developing their senior talent and this could help clarify how local TM schemes link into the national TM scheme. The NPIA is also looking at how best to design a combined national scheme for high potential police officers and police staff. The NPIA is expected to issue its findings and recommendations during spring 2008.

## Processes

MPS has a long track record in providing extensive opportunities for on-the-job training, vocational and academic qualifications, and leadership development. MPS has also run various TM programmes for police officers for over 70 years. The Met's focus is to develop the leadership potential of its talent and, in the cases of police officers, to accelerate their career progression.

The service is now looking at whether its various TM programmes are 'fit for purpose'. The NPIA has suspended its current national programme for high potential police officers while it conducts an internal review. In the Met, a team within HR is currently honing a new talent management strategy that will help create a more integrated framework that builds on internal T&D and leadership development programmes and ultimately feeds into succession planning. Such a pipeline will need to help realise the Met Commissioner's stated goal of enabling its best talent to reach superintendent rank within eight to nine years of service.

Currently, everyone in the organisation has access to learning opportunities. For example:

- Career Management Unit (CMU) helps police officers and staff plan and manage their careers. The unit is also promoting a series of positive action initiatives under the *Promoting Difference* programme, which aims to reduce the under-representation of BME and female police officers and staff at various ranks and specialist roles.
- Centre for Vocational Excellence (COVE) provides support to all staff and officers through accredited programmes.
- Leadership Academy develops and delivers leadership programmes that aim to build capacity across the service.

The Met currently offers three separate TM programmes.

*Intensive Development Programme for high potential police staff*

This is an internal, stand-alone programme lasting three years. Run by the Career Management Unit, the programme aims to identify high potential individuals and to offer them development opportunities over a three-year span. Members benefit from an internal mentor, managed placements, and development courses, and they can apply for a bursary to fund academic study. Approximately 29 managers are on this programme.

The Met is working hard to forge strong links between the participants on this programme (which is for staff) and the high potential programme (which is for police officers). There is also pressure from the NPIA for a more integrated approach, and the Government's modernisation programme is also driving for a larger role for police staff and for more team-working between senior police officers and staff. A series of joint leadership events have been incorporated into both programmes so that high potential officers and staff can learn together and build a shared sense of effective leadership within the Met.

*High Potential Development Scheme (HPDS) for police officers*

This is for police officers who are the equivalent of junior to middle managers. The HPDS has existed for approximately 60 years (with various changes and modifications along the way) and is also currently administered by the Career Management Unit, although this is likely to change soon. This scheme caters for police constables up to and including chief inspector (ranging from constable, through to sergeant, inspector and chief inspector). As such, high potentials can remain in the scheme for as long as 10–12 years, before reaching the rank of superintendent, where they exit from the HPDS. Approximately 80 police officers constitute this talent pool.

To date, entry into the HPDS has been by self-selection, with aspiring officers applying for the scheme and then undergoing assessment at one of the NPIA's training centres. In future, a blended approach will be used, which incorporates the views of a candidate's force chief officer team on their suitability, together with an independent assessment centre.

Successful applicants join the talent pool and have the opportunity to attend training programmes and networking events. They can also request a Chief Police Officer as a coach or mentor whom they will ideally meet once every six months. As part of the scheme, HPDS officers agree a development plan, most of which is built around on the job experience but can also include development programmes and academic study.

It remains the responsibility of HPDS officers to apply for work placements within local boroughs and specialist units that will provide the appropriate learning opportunities. Mentors will often help the HPDS officer to develop their networks and spot these job opportunities. In some cases, a local borough or unit may be reluctant to lose its best talent, or it might pressure

the officer to stay to help relieve local manpower shortages. In such cases, the Career Management Unit may need to step in to ensure the officer's career is not derailed.

MPS is currently debating whether officers should have more help with career planning in general as it is not always clear which operational experiences and skills are the most critical to acquire. The service has introduced role competencies and they provide a good starting point, but officers still need guidance about the experiences and placements that will gain them credibility and respect across the Met. A particularly difficult issue is what constitutes the right blend of generic and specialist skills. The Met is currently debating this issue as it touches upon the heart of what constitutes modern policing. Currently, however, the HPDS is largely geared towards developing rounded generalists.

The most powerful benefit of the HPDS is that of accelerated promotion. While there are abundant opportunities for lateral moves (a strong selling point to potential recruits), promotion opportunities are in short supply and as officers progress up the organisations promotions are increasingly difficult to obtain. Promotion rounds are therefore fiercely competitive.

To progress to the rank of inspector, police officers must obtain both national qualifications (OSPPE) and then successfully complete work-based assessment over a period of six months. Unfortunately, there can be long queues for the latter, and in some cases, officers may wait years before they can complete this second part (if they are very unlucky, they exceed the time limit of five years and are forced to re-take their OSPPE exam).

HPDS officers can leapfrog this process and therefore benefit from accelerated promotion. High potentials apply for promotion and, if deemed ready, are then placed at the front of the queue for work-based assessment. From inspector to chief inspector, HPDS officers continue to benefit from accelerated promotion outside the mainstream promotion processes.

In the past, the label of high potential tended to be permanent, and officers could expect to remain in the scheme until they reached the rank of Superintendent. This sometimes gave the impression that membership of the HPDS was a 'golden ticket' to accelerated promotion. There was no means of 'weeding out' officers who were not living up to their early potential or who appeared to have peaked earlier than expected. Such officers could damage the credibility of the scheme and cause parts of the organisation to be reluctant to place a HPDS officer – this will no longer be the case. However, a degree of controversy still exists around the principle of accelerated promotion, with some officers being concerned that talented officers are not getting sufficient operational experience as they rise through the ranks.

Some of these concerns stem from the question of who decides who is talent in the Met? As they review the scheme, senior officers are aware that the current self-selecting mechanism can sometimes mean that junior

officers apply without the full support of their local borough or business unit. Even though they undergo rigorous assessment at Bramshill, they receive the 'talent' badge from elsewhere; and their forces may be less than engaged with their ongoing development as a talent. Some HPDS officers go so far as to say that they are given a rougher ride by their colleagues and are expected to 'jump through additional hoops' to justify being labelled as high potential.

The Met believes the credibility and effectiveness of the scheme will be greatly enhanced through introducing more rigorous assessment throughout the duration of the scheme. HPDS officers will be regularly required to produce evidence that they still merit inclusion in the talent pool. The Met aims to build in regular entrance and exit points to ensure talent is spotted and developed whenever possible.

The Met also wants to use ongoing assessment to ensure officers develop the right blend of operational, managerial and strategic capability. The annual appraisal (Performance Development Review) for HPDS officers has recently been revised and simplified to focus on these three key areas. This new process will help line managers assess work-based performance more effectively. It should also ensure better consistency in how talent is recognised across the organisation. Each HPDS officer will then attend a one-to-one review with two independent assessors (superintendents and chief superintendents from across the various business groups) to discuss their career development, review their progress and receive impartial career guidance.

Judgements about talent could be further widened through the introduction of a work-based assessment promotion pathway to take HPDS officers up to Superintendent rank (just such a process is currently being piloted). A HR manager explains: 'this would demonstrate that despite their rapid promotion, these individuals are subjected to far greater assessment than their non-HPDS peers. This would also help them demonstrate their skills and prove they can survive on-the-job scrutiny'. Inspectors and chief inspectors could be temporarily promoted to the next grade and be rigorously assessed in the workplace over a period of six months. Officers would then be substantively promoted if they met the required standard, or revert to their former substantive rank.

Self-selection remains an important means of attracting motivated and ambitious officers, but the Met knows it may not work so well with less confident officers, especially those in under-represented groups or those with few academic qualifications, slow developers or older officers. The Met is looking at how to tackle this issue from several angles. For example, it is looking at providing additional career development support to help officers more actively manage their careers. It plans to offer targeted development to high potential officers and those on the Promoting Difference Programme as a way of building their confidence to the point where they will apply for the HPDS or its future equivalent.

The Met also recognises that line managers play an important role in spotting talent and encouraging these individuals to apply for the various TM programmes. A *Guide to spotting talent* was circulated across the Met for feedback in Autumn 2007. This asks key questions to enable managers to make objective assessments of the potential of team members. It also aims to help managers recognise their responsibility for identifying talent across the organisation.

### *Provisions for senior staff and officers*

Talent management for senior staff and officers is a shared responsibility between the MPS and the NPIA. Police officers from Superintendent and Chief Superintendent grades onwards and the equivalent staff grade receive internal leadership development and can also opt to apply for a national leadership scheme called the National Senior Careers Advisory Service (NSCAS). This was launched by the Home Office in 2006 and is now run by the NPIA. The scheme extends a range of services to support both the personal and professional development of senior police officers and staff.

*NSCAS Level 1* is open without restriction to police officers and staff at the equivalent of superintendent and above. Level 1 gives access to web-based self-assessment and analytical tools which help individuals plan their development.

Entry to *NSCAS Level 2* is selective. Senior leaders who are aiming to become an Assistant Chief Police Officer (ACPO) can simply apply to the scheme. Substantive ACPO rank officers, individuals who have passed their national Senior PNAC test but not yet become an ACPO officer; or a member of police staff whose role is at chief officer level (they may be part of a force executive, strategic command team or other management group involving all ACPO officers) are able to access Level 2 as a right.

Superintendents and Chief Superintendents (who have not passed Senior PNAC) and the equivalent staff grade face a tougher selection process. They can apply for the scheme only if their unit judges them to have the 'potential, desire and commitment to reach chief officer level within four years'. When there are spaces available on NSCAS Level 2, officers and staff can apply to attend Level 2 assessment centres. Successful applicants join the scheme and are assigned a development adviser to help them formulate a personal development plan. They then have access to a range of services to help them achieve their plan, including access to executive coaching; mentoring and action learning sets. Officers and staff can remain as 'clients' for as long as it takes to pass their Senior PNAC and achieve their development plan. NSCAS has not run long enough to review what would happen in the event that an individual does not pass Senior PNAC.

Officers and staff must compete for ACPO services along with their counterparts from other UK police forces. To date, 47 MPS superintendents and staff equivalents have applied for NSCAS Level 1 and 31 MPS police officers

and one member of the senior police staff have successfully applied for NSCAS Level 2. The Met would like to see more of its officers and staff gain access to the national scheme. This concern is shared nationally by the various interested police and government organisations, and hence the MPS is looking at whether it could do more to prepare officers and staff to make the transition from an internal TM scheme to a more competitive national scheme. Both MPS and MPA believe that the service should do more to support the development of officers at Commander and Deputy Assistant Commissioner ranks.

The NPJA is currently reviewing the scheme and will inform forces of any new requirements or recommendations. In the interim, MPS is conducting its own review. The Met has identified Superintendents as a group in need of special targeting. These officers exit from the HPDS just at a time when they would benefit most from help and support to prepare for Level 2 NSCAS and the Senior PNAC. MPS is looking at how it can re-position existing programmes to support this group. For example, Transform, a new career development programme for senior police staff was successfully piloted with 40 staff during 2007. The Met is now adjusting the programme to include superintending ranks, before rolling it out across the organisation as part of a broader TM approach for senior staff and officers.

### **A new TM framework**

While everything is in flux at the moment, due to the various internal and external TM reviews, the Met is well on the way to developing a clear vision and strategy for how talent management can help the service achieve its mission and corporate priorities. The service wants to:

- Develop a more holistic and integrated approach to TM which extends in a more seamless way from constable grades through to the most senior police staff and officers.
- Create a dedicated and central TM team that has clear roles and responsibilities for managing the entire talent pipeline from recruitment through to succession planning.
- Break down the distinctions between its officer and staff talent pools and build more shared development activities.
- Provide better advice and support at vital career transition points, such as from Chief Inspector to Superintendent level and at the most senior levels of Commander and Deputy Assistant Commissioner.
- Improve the robustness and credibility of the HPDS by building in more regular and rigorous assessment, as well as including more entry and exit points to weed out under-achievers and catch late developers.
- Ensure its positive action initiatives under the Promoting Different Programme work effectively to identify and nurture talented black and

minority ethnic (BME) and female police officers so that they are equipped and confident enough to apply for the HPDS.

- Support line managers to take more responsibility for spotting and nurturing talent.

MPS is proposing to create such a team within its HR directorate, which it believes will lead to a more consistent and 'joined up' approach. It also believes that a dedicated TM unit would be better equipped to achieve the following.

- Clarify the ownership of talent across the organisation and adjudicate when short-term operational needs conflict with long-term TM goals (this will help ensure that talented officers do not get trapped in local units).
- Engage all stakeholders with the future TM strategy.
- Reduce duplication and silo working across the organisation and ensure that high potential officers and staff know what form of support is on offer.
- Ensure pockets of good practice in development and leadership initiatives are picked up and shared through a consistent, organisation wide approach.
- Ensure strong links between TM processes for both high potential police officers and police staff. The Met recognises the growing importance of effective teamworking between senior leaders in both its operational and administrative divisions.

Overall, MPS wants to build an integrated talent 'pipeline' which would ensure talent from every part of the organisation moves quickly upwards. The new TM strategy needs to:

- *Define talent:* through spotting, attracting and developing talent from a range of sources including top graduates, BMEs and other under-represented groups. There needs to be a more structured and rigorous assessment of potential across the organisation up to the most senior ranks. Line managers need to be equipped to spot and develop talent.
- *Develop talent.* An integrated and structured development programme should cater for talent at all levels of the Met. This should be clearly aligned with NSCAS and Senior PNAC. Officers and staff should also receive practical help and guidance to more proactively manage their development and career progression.
- *Succession planning* for mission critical roles (which would also include effective succession planning for operational specialists as well as generalists).



## Section 2: The talent dimensions

This discussion mainly focusses on the HPDS as this is the longest established TM process within the Met and caters for the largest group of employees.

MPS's strategic review of TM uses a simple definition of talent that is wrapped up with leadership potential and 'promotability'. Talent is defined as those 'with the greatest potential to rise to the highest levels of the organisation. Talent management refers to the management and development of this talent pool'. Using this strict definition, the talent management system is based on vertical movement and seeks to identify a very small number of high potential officers and staff from the 50,000 workforce.

In reality, the concept of talent is complex within MPS and there does not appear to be a single, consistent definition of talent across the organisation. There is a general assumption that 'you know talent when you see it' but differing importance is placed on leadership qualities, operational effectiveness, political acumen and academic ability. Some of these distinctions are due to long running cultural differences – for instance some parts of the organisation strongly favour recruiting high performing graduates while others would view such recruits with suspicion until they proved themselves at the frontline of policing.

### Defining talent

#### *Dimension 1: Size of talent pool*

The HPDS is the largest talent pool and constitutes over 80 police officers from the rank of constable to chief inspector. The TM pool for police staff is much smaller (the scheme started only three years ago) and numbers 29 senior managers. MPS has only 31 police officers and one senior police staff at NSCAS Level 2 who are now considered as part of the national TM pool. These quotas are flexible as inclusion in the various talent pools depends on passing various assessment processes.

#### *Dimension 2: Entry criteria*

Entry onto the various TM schemes rely on individuals applying for the schemes and then successfully passing assessment processes that become increasingly tough as they progress vertically through MPS. MPS may well encourage line managers and senior officers and staff to take a more active role in encouraging promising individuals to apply for TM schemes. This ensures greater support for the individual from his or her business unit and also increases the likelihood of higher take-up from BME and women officers.

#### *Dimension 3: Decision process*

Decision processes about who is talented are sometimes slightly remote and hidden. In the HPDS, the decision used to be taken primarily by assessors at Bramshill. This is now changing as the MPS takes steps to involve line

managers in identifying talent; creates a centralised TM team; and implements rigorous and regular six monthly reviews of HPDS officers. Decisions about more senior talent are based on successfully passing the requirements of NSCAS 2. MPS however, wants to take a more active role in encouraging and preparing senior staff and officers for both NSCAS and the Senior PNAC.

#### *Dimension 4: Permanency of definition*

On the HPDS, officers who passed the assessment process at Bramshill returned as 'talent', and this label tended to stay with them as they progressed to the rank of Superintendent. Now, MPS is introducing more rigorous and regular assessment to ensure officers' merit continued inclusion in the TM pool. MPS wants to build in more entry and exit points in its future TM scheme.

#### *Dimension 5: Recruitment as a source of talent*

MPS relies on recruiting its talent at the equivalent of constable grade and then developing these individuals over a long time span. The MPS finds it difficult to recruit senior police officers from other forces because of the cost of re-locating to London. MPS is keen to recruit greater numbers of graduates from top universities. It also wants to attract more people from under-represented groups to mirror the diversity of London's population.

#### *Dimension 6: Transparency*

The HPDS could be described as 'opaque' simply because it has evolved over time and many of its processes are currently being reviewed and re-designed. Everyone knows who has been designated as talent although they may not know the reason, since the decision is made remotely by someone at an assessment centre rather than by line managers or unit command leaders. In this sense the scheme is transparent.

### **Developing talent**

#### *Dimension 7: Development path*

High potential staff and officers benefit from additional developmental opportunities. MPS offers them an internal mentor, managed placements, development courses and regular networking forums led by the Met's most senior leaders. These individuals can also apply for a bursary to fund academic study. On-the-job experience is particularly vital for HPDS officers, especially in challenging roles or business units that are perceived to be at the frontline of policing. Police officers are offered accelerated promotion and this is widely seen as the most important benefit of the HPDS.

#### *Dimension 8: Development focus*

High potential officers and staff must satisfy both the Met's priorities and various national standards and vocational qualifications required by

OSPRE, NSCAS and Senior PNAC. Personal development plans of high potentials are also geared towards acquiring a mixture of on-the-job experience, specialist and leadership skills that will help them demonstrate the required level of operational, managerial and strategic capability.

### *Dimension 9: Support*

Individuals are responsible for their own career progression and for applying for work placements and promotions. HPDS officers can sometimes feel they are given a rougher ride by their colleagues and must prove their 'right' to be on the scheme. The proposed TM team is likely to give more support and career management advice to high potentials. MPS is also keen to encourage and develop BME and women officers through the Promoting Difference Programme.

### *Dimension 10: Influence on career*

High potential individuals drive their own careers and progress. Ambitious individuals apply for challenging job placements and promotions and build their reputation by networking across MPS. Command leaders of the various business units also have a strong influence on career progression. They can help an HPDS officer to pursue their personal development plan and help them gain access to valuable work experience. Alternatively, their lack of support and sponsorship can slow down an individual's progression. Command leaders can also act as mentors to HPDS officers.

### *Dimension 11: Connected conversations*

There appear to be few connected conversations about talent, mainly because of a silo mentality (which MPS hopes will be broken down by creating a centralised TM team) and ambiguity about who should be spotting and nurturing talent. A centralised TM team will probably help connect key stakeholders in talent management. MPS also plans to equip line managers to take a more active role in identifying and coaching high potential officers and staff.

MPS realises that high potentials need greater guidance. The newly introduced performance review in the HPDS gives officers the opportunity to receive career advice from two 'neutral' superintendents or chief superintendents from other business units. The Career Management Unit is also considering how to help officers and staff at the equivalent of Superintendent and Chief Superintendent, to navigate through the difficult transition from the HPDS to NSCAS and beyond.

### *Dimension 12: Organisational values*

In terms of TM, MPS culture appears to be individualistic and competitive. The HPDS scheme is self-selecting and tends to attract ambitious officers

who desire rapid promotion. Although talented officers and staff network together, they are expected to take responsibility for their own development and career progression. Less confident officers and officers from minority groups may need extra encouragement to apply for the HPDS. However, MPS is trying to move towards a more inclusive and team-based culture and its approach to TM may need to reflect this shift.

### *Dimension 13: Risk*

It is unclear how much risk the Met is prepared to take in promoting high potential officers and staff. These individuals take the decision to apply for promotion. Competition is fierce and the Met is increasingly relying on rigorous assessment processes, especially work-based assessment, to select candidates who demonstrate the required standards. However, the service is also considering introducing work-based assessment promotions to Superintendent posts and this may well encourage the organisation to take more risk, especially with under-represented groups.

## **Structures and systems to support talent management**

### *Dimension 14: Performance management*

The Met has introduced competency frameworks and re-designed its annual Performance Development Review to focus on operational, managerial and strategic capability. Assessment is increasingly based on work-based performance. MPS hopes this will help line managers at all levels make more consistent judgements about potential and talent. The ongoing performance of HPDS officers will now be scrutinised every six months by two superintendents or chief superintendents. This will help spot officers who need further support with their personal development plan or who have reached their potential and should exit from the HPDS.

### *Dimension 15: Talent management processes*

TM is currently in a state of flux as MPS, the MPA and NPIA conduct their respective reviews. TM structures and systems for the HPDS are not sufficiently clear and many HPDS officers believe their progression relies on individual networking and influencing.

MPS plans to design and actively communicate a simpler and more consistent TM framework. The new framework will clarify selection/assessment processes and also show how other development initiatives such as Transform (for police staff and officers) and the Promoting Difference Programme (a series of positive action initiatives for BME and women officers and staff) will link with the various TM schemes.

### *Dimension 16: Use of technology*

This is not a significant feature of MPS' TM schemes.

*Dimension 17: Systems flexibility*

MPS has an evolving TM system. Thanks to its lengthy experience in leadership development and TM, the organisation is well equipped to adjust and refine its approaches to keep pace with the ever-changing requirements of modern policing.

*Dimension 18: Ownership of talent*

Organisational ownership is unclear. At more senior levels, the NPIA takes increasing ownership of officers and staff progressing through Level 2 NSCAS and the Senior PNAC. On a day-to-day level, commanders of BOCUs and the various business units own their talent and have a say over work placements and development opportunities. Units can sometimes try to keep their talent. MPS is proposing to create a new central TM team that would clearly own talent and resolve any conflicts of interest between organisational, local and individual needs.

**Section 3: Good practice**

The following points can be highlighted as particularly good practice in the Met's approach to talent management:

- A thorough analysis of future trends in demographics and skill shortages has enabled MPS to select TM as a key corporate priority.
- Shared recognition by both internal and external stakeholders such as the MPA, ACPO and NPIA of the need to re-design TM systems in the face of new demands and accountabilities placed upon senior police leaders.
- Close collaboration and discussion between senior police officers and staff and HR practitioners about the future of TM framework and strategy.
- Thorough analysis of the benefits of creating an integrated TM team which would gather together TM initiatives and build on pockets of best practice.
- Extensive developmental opportunities. High potential officers and staff at all levels benefit from on-the-job experience, mentoring, vocational qualifications, academic study, specialist courses and leadership development.
- The development of BME and women staff and officers is a strategic priority. MPS wants to ensure that positive initiatives will feed into TM schemes.
- A growing recognition of the importance of regular and rigorous assessment of high potential individuals. This ensures their development remains on track and enhances the credibility of TM schemes.

- A move towards providing better career advice to support high potential officers and staff in their career planning and professional development.
- A variety of practical tools and processes to help line managers make better, more consistent judgements about potential. MPS is also encouraging line managers to take more responsibility for spotting and nurturing junior talent.
- A history of addressing TM issues and reviewing them in light of changing circumstances. This means the culture of MPS is one in which the existence of TM processes is embedded.

## Section 4: Areas for further consideration

The following area may need further consideration in the future:

- **Stakeholder involvement** – A number of TM reviews are being conducted by various stakeholders; will this lead to joined up thinking or will MPS have TM processes imposed upon it which do not receive the full endorsement of senior officers and staff?
- **Clarity of definition** – There appears to be a lack of clarity about what constitutes talent and potential across the organisation. This could prevent parts of the organisation engaging with a new TM strategy and fully supporting TM processes.
- **Potential for internal resentment** – Accelerated promotion can cause resentment among non-HPDS officers. In the evidence-based culture of MPS, there is extra need for HPDS officers to provide evidence of their right to be on the scheme.
- **Consensus in definition** – Is there a strong enough consensus among police officers about the blend of experiences and skills that officers need to acquire during an accelerated career path and which will ensure them sufficient credibility and respect as they advance to the rank of Superintendent or beyond?
- **Decision-making process** – Would the credibility of TM schemes be increased if more stakeholders were involved in making the decision about who is talented?
- **Narrow pyramid** – TM at MPS is based on accelerated promotion yet there are fewer and fewer promotion opportunities as officers advance upwards. Is MPS managing the expectations of HPDS officers? Does lack of promotion constitute failure? If MPS forces officers to exit from the HPDS, will this have a demoralising effect on them and will it damage their personal reputation? Should MPS find ways of acknowledging and valuing individuals who may have reached a career plateau but are nonetheless valued officers or specialists?

## Section 5: Fictitious narrative

There is nothing to compare to the challenge of being a police officer in the Met. I've had my fair share of action ever since I joined as a very naïve 18 year old. I've moved around the service, served at some very tough boroughs, and now I've had a stint in the financial investigation unit where my team have been concentrating on closing down money laundering networks. That work has led me increasingly into international fraud and I'm becoming something of an expert in this area.

I really enjoy my job and so far, hard work and ambition has paid off for me. I have progressed to the level of Superintendent by being very focussed and making it clear to my senior officers that I wanted to get to a senior rank as quickly as possible. I have always looked for the tough assignments, especially in units with a good reputation across the Met or a particularly good unit commander. Just working for those units helps increase your own credibility.

I don't think there are any issues around being a woman in the Met and there is certainly no shortage of senior women officers who are obviously going places. I must confess to being on the HPDS, so I have had some leg-ups in terms of development opportunities. I have nevertheless still had to prove myself in the promotion process just like any other Met officer.

I joined the HPDS when I was an inspector. I must admit that I wasn't entirely sure that I was doing the right thing at the time. I was a little worried that I would be seen as a token woman, or that my male colleagues would think I was being offered an easier route upwards just to help the Met meet its equality targets. I soon discovered that there were lots of good women officers on the HPDS and that my fears about tokenism were completely unfounded. I still encounter some male colleagues who might pass the odd snide comment but they back down pretty quickly if you directly confront them. I think the Met still has some way to go to nurture BME officers but ever since landmark events like the MacPherson report into the Lawrence Enquiry, there has been no lack of determination among our most senior commanders to change the Met culture.

I was also a little worried about being singled out as a 'high potential' as some parts of the service react in different ways to the scheme. Some officers are very positive but a minority can be slightly cynical. These individuals can assume that you have had it easy, or that you're all show and no substance. You have to prove to them that you're as keen as anyone else to get to the front line of policing.

Sometimes, I've encountered a small degree of hostility from a local unit. It's nothing personal – the unit just doesn't see why it should go to the trouble of developing me, only to lose me within a few months. I make it clear that I want to stay a reasonable length of time and con-

solidate my skills. Sometimes the unit can have good reasons to view HPDS officers with a degree of suspicion. A few places have had bad experiences with high potential graduate police officers who have been fast tracked probably too fast. Those guys may be intellectually better than the rest of us but their operational inexperience can sometimes mean that they make a cock-up, hot foot it to another placement, and leave local officers to clear up the mess. I am very careful to stay put long enough in a role to prove myself and also make some good networks across the unit.

That stratagem can sometimes backfire on me when a unit becomes reluctant to let me move on. My mentor from the HPDS helped me 'exit gracefully' when I got stuck in one particular team that was desperately short of experienced officers – some diplomatic talks between my mentor and the unit commander helped smooth my path! This is where the HPDS has proven particularly useful to me. While I saw my mentor only twice a year, it was amazing what I got out of those meetings. He helped me apply for other jobs and rotations as he knew what was coming up, and he could put me in touch with the right people.

Over the years the HPDS has helped me gain promotion by offering me some invaluable experiences, useful courses and not least, the opportunity to take an MBA (which really helps my confidence when I talk to various financial institutions and regulatory bodies across Europe). Now that I have reached Superintendent, I have exited from the scheme and I am beginning to realise that my on-going career progression is no longer a simple route upwards but more like a labyrinth into which I might well disappear!

I think it's because I feel I've reached a plateau and I can't see a way out of it. I've got to Superintendent, but the next step up seems to be much harder to reach. I know I need to apply for NSCAS Level 1 but the prospect of self study seems quite daunting. It's also hard not to feel slightly discouraged by the fact that MPS doesn't seem to get that many senior officers accepted onto NSCAS Level 2. A lot of very good operational officers seem to fall by the wayside at this point, for who knows what reasons. It makes you wonder whether our counterparts from the other police forces are simply better than us but that doesn't make sense when you consider the complexity and range of policing challenges that we face daily at the Met. I don't have many contacts outside MPS and I know nothing about the NPJA, so suddenly I feel much less capable of managing my own career – a new and very uncomfortable sensation for me! Part of me is starting to say why not stop at this level and continue to specialise in international crime?

I've just had a brief word with my old mentor and he has given me some hope that I can navigate through these complexities. Really, he just stressed that I'm not alone and that there are moves within MPS to help officers like



me make the transition onto NSCAS. I don't want spoon-feeding, but if someone will help me know what I have to do to make the next grade, I'll do it. Of course I want promotion, but it would be also good to see the Met make an impact at the national level and have more of its officers shaping policing over the next decade. No small goal then!

# 20

## Case Study of the National Probation Service

*Elizabeth Braiden*

The Probation Office is part of the Home Office – the part now called the Ministry of Justice. It employs approximately 21,000 people and is structured into 42 areas, with a London-based Head Office. Each Area is headed by a Chief Probation Officer, supported by a small number of assistant Chief Officers, many Senior Probation Officers and Probation Officers. Some of the services under Probation include dealing with 200,000 cases daily, assisting courts with 246,000 pre-sentence reports and 20,000 bail information reports each year, and supervising more than eight million hours of unpaid work in the community by offenders each year. There are many specialist sections to the work, e.g. high security, alcohol and drugs programmes, sex offender work. There are also functional specialists, as in any organisation (finance, HR, IT etc).

### **Section 1: Overview**

Approximately four years ago, a decision was made to offer a positive action programme to progress the development of ethnic minorities into Senior Management positions. The first such programme was launched three years ago, called ‘accelerate’. The following year, it was decided to include disabled staff as well. (National monitoring of race representation was introduced well ahead of disabled monitoring.)

The programme lasts for two years, so two cohorts have now completed it, with a third half way through. The contract to provide ‘accelerate’ has just been re-tendered for a further three years.

### **Strategy**

The strategy for the ‘accelerate’ programme is specifically to raise the number of ethnic minority and disabled staff working in senior management positions throughout the Probation Service. These are currently under-represented groups at senior management. There is no need to include gender in the positive action programme as senior management positions are split approximately equally between men and women.

## Culture

The predominant aspect of culture is one of respect for the vocational commitment of most staff. This includes an absolute understanding that many people wish to remain as Probation Officers (POs) for the whole of their career, seeing the work that they do, and the difference they can make as much more important than gaining promotion. Nationally, staff turnover is low. For those who wish to stay, there is still a 'job for life'.

By contrast, entry to the Service is highly competitive, especially on to the TPO (training probation officer) programme. Last year, there were about 36,000 applicants for 523 places. It is however a challenge to attract staff who match the offender population profile. In particular, applicants are predominantly female, whereas offenders are predominantly male.

The culture is team-based, and also one where 'straight talking' is expected. The work involves messy and emotional content, so people learn to be explicit, including how they experience others. Such conversations have to be expressed in evidence-based terms, and this applies as much to communication between staff as to contact with offenders.

Targets are very important to guide the way people work. These are cascaded down from the National to the Area Level and to those set for the individual. These might, for example, state how many home visits have to be undertaken in a specified period. They state *what* has to be done, but not *how* the person should do it. This is designed to be motivating for staff as it enables them to incorporate their fundamental beliefs about the way the job should be done. However, the introduction of these targets was also said to have contributed to lowering morale.

## Talent management/positive action programme

The two year programme has run for the last three years, and continues with a new intake about to start. Each programme has approximately 16 participants, though no one has been denied a place, having succeeded with the application and assessment process – there have always been additional spaces available on the programme.

Each year two places are set aside for people from the Youth Justice Board, and the programme is run jointly between these two organisations.

The programme is externally resourced, by an organisation with tutors from ethnic minorities and with disabilities. This organisation also provides external coaching for all participants, and facilitators for the action learning groups.

'Accelerate' is widely publicised. There are posters about it in every office, staff associations receive details, as do all Chief Officers and e-mail screens alert people to the programme. This year, everyone who has been on 'accelerate' will receive two mugs, publicising the programme by name, with the comment that one is for them, and the other is to give to someone they

believe should do 'accelerate'. Everyone who takes part in 'accelerate' is explicitly expected to take on a public relations role for the programme. It is now building a good reputation, with half of those who have attended having been promoted, so attracting applicants is becoming less difficult. All those interviewed had been put forward by their Chief Officer.

### **Talent management processes – Applications**

The application forms were described variously as 'a mountain to climb', 'punishing', 'really tough' and 'one of the most demanding I've ever done'. However, it was also said that with hindsight, it was excellent preparation for the seriousness of the programme. It was said that there were people who had obtained the form, and decided that it was 'just too much effort'. Again, it was recognised by people who had done 'accelerate' that the form was a good way of sorting out those with the highest motivation for the programme.

The application form is largely based on 'Living Leadership' – the management competence framework used in the National Probation Service (NPS). Applicants are asked to provide specific evidence illustrating how they have demonstrated each competence with a suggested length for each description (e.g. 250 or 500 words). Evidence has to be provided for every competence in the framework. The application form makes it clear that evidence of success is not the main focus; rather, applicants are encouraged to include details of past experiences, and what the applicant learnt from them.

The form also seeks evidence of personal commitment to achieve a senior management position within three years, including completing the 'accelerate' programme, and willingness to adopt new approaches to dealing with situations that arise, called 'strategies for success'.

Once the application forms have been assessed, every applicant receives notification of their personal result, and an appointment is made to give detailed feedback on how they had completed the form. For those who have not obtained a place on the next stage – an assessment centre, they are also given advice on how they can improve if they wish to apply again in future.

In the third round of applications, 40 people sought information of the programme, with 30 of these completing application forms. The selection panel then approved 18 for the assessment centre stage. Constructive feedback was offered to all those who completed an application form, but who did not gain a place on the assessment centre, and this is true each year.

### **Assessment centre**

Each year this is run twice with up to 12 participants and five or six assessors on each one. It lasts for one day, and has been designed to ensure that no one is disadvantaged by disability etc. – for example, there is no written

work during the assessment centre – this has already been assessed through the application process. The exercises have evolved over the three years to date, and are doing so again next time. For example, the one-to-one role play was undertaken by two participants on the first assessment centres, and is now undertaken using an actor with each participant. Disabled candidates were permitted to take part from Year 2, giving scope for the providers to develop the process in stages. The amount of reading needed during the assessment centre has been reduced (to be more supportive of people with dyslexia, reading in Braille, etc). The nature of the exercises has changed to be fully neutral to past experience, and this change will be built on again next time.

The assessment centre is clearly one where assessment of suitability for a place on the programme is a very important outcome. However, significant developmental elements are also important. After each exercise, there is self-assessment, peer feedback and assessor feedback. It is intended that participants build this increasing awareness into subsequent exercises to maximise the development opportunities of the assessment centre. In addition, everyone receives detailed feedback after the assessment centre, regardless of whether the individual is going forward to the 'accelerate' programme or not.

The assessment centre is designed to mirror the whole 'accelerate' programme in the sort of demands it makes on participants. Everyone who gains a place on the programme is then invited to consider whether they still wish to go ahead immediately, in the light of what they have learnt during the assessment centre. It is acceptable for individuals to decline their place, or to defer taking part for a year. It is believed that getting the timing right is a particularly important aspect of maximising the benefits of the 'accelerate' programme. Of the 18 people who attended the assessment centre in the third cycle, 15 took up a place on 'accelerate'.

### **Development programme – Called 'accelerate'**

The programme has many objectives, including teaching core management knowledge, skills and competencies, improving confidence, changing attitudes, especially to perceptions of what is possible, and elements of discrimination and positive action.

There are six two-day residential modules attended by all on a particular programme. There are also action learning groups with four to six members, and individual coaching sessions. The first half day of the first residential module is also attended by participants' line managers, so that they are aware of the commitment needed by the participants and themselves.

Each residential programme has a particular theme, related to the leadership competencies. There are formal inputs, opportunities for self-reflection, practice and group discussion. For example, one topic was 'styles of leadership', with each person having the opportunity to look at what style they

would use in a number of different situations, followed by discussion about these situations, and finally a chance to look at personal learning objectives, with respect to new awareness about preferred styles of leadership.

Action learning set members are either in the disabled group or in the ethnic minority groups, so members share more similar issues. Every time the set comes together, the meeting is facilitated by the organisation contracted to provide the whole programme. Sets value the time together, and the mutual support and learning that emerge from the meetings. The action learning groups were described as a safe place and a place where collective problem-solving happened. Attempts to continue after the end of the programme are constrained by the limitations of access to the internet from NPS computers, for example to use Skype for conference calls.

## **Section 2: The talent dimensions**

### **Defining talent**

#### *Dimension 1: Size of talent pool*

The total talent pool is currently very small, with approximately 24 people from NPS having completed the 'accelerate' programme to date. The number of places each year is not limited, and is simply dependent on the number who get through the demanding application process. The selection process is designed to identify those who will gain greatest benefit from the expensive programme, and will complete the whole of the two years involved. Applicants who do not get a place at their first attempt are given feedback and support to help them to prepare to apply again in future.

As a proportion of middle management in the NPS, the pool will always be fairly small, as it is drawn exclusively from ethnic minority and disabled candidates.

#### *Dimension 2: Entry criteria*

Provided someone is in one of the eligible groups (ethnic minority or disability), has at least a year's service with NPS, and is already a middle manager, they can apply. However, anyone accepted will need to get the approval of their line manager and Chief Officer to attend the programme. In practice, most people are proposed by a Chief Officer.

#### *Dimension 3: Decision process*

The decision process for acceptance on to 'accelerate' is comprehensive and wide-ranging. Every step is designed to be evidence-based. The first step is completion of an application form. This involves providing written descriptions of evidence of competence against each of the 'Living Leadership' competencies used in the NPS. These application forms are read and assessed by a team of people drawn from both the Youth Justice Board and the NPS, and includes Chief Officers.

The second stage of decision making consists of an assessment centre. Two groups of up to 12 people undertake this one day event each year. The assessors on these centres are drawn from the providers of the whole programme, and a panel of suitably trained people from both the Youth Justice Board and the NPS. There are five or six assessors on each centre. Self-assessment and peer assessment are also important aspects of the process, as is the ability to act on interim feedback between exercises.

After both assessment centres have taken place, there is a general decision making meeting of all assessors. The centres are designed to mirror 'accelerate', so as well as considering performance on the centres, consideration is given to the extent to which each participant has demonstrated a maturity of approach and readiness to make full use of the opportunities offered by 'accelerate'.

Line managers have limited input to the process, though they may provide advice and support in completing the application form, and have to approve the application at the start of the process.

#### *Dimension 4: Permanency of definition*

Once someone has decided to accept their place on the programme, they are given the support they need to continue on it. Any absences from either residential modules or action learning meetings are followed up. Advancement to senior management depends on both availability of suitable positions and a willingness to apply. However, participants are likely to get every encouragement to do so, from their action group, and their sponsor. They will also have gained a higher profile, and widened their network through undertaking a placement. All this will increase their promotion prospects. Once they are appointed to a senior management position, the purpose of the positive action programme has been fulfilled, and any formal label is likely to disappear, though their chances of further advancement are likely to have been enhanced by attending 'accelerate'.

#### *Dimension 5: Recruitment as a source of talent*

Specialist skills are now regularly recruited from outside (e.g. Finance, HR, IT), though in the past there was much more likelihood of almost exclusively internal appointments and promotions.

For mainstream NPS operations, some recruitment is external, chiefly from related organisations, for example, the Prison Service, Social Services, Young Justice Board, though the majority is internal.

Recruitment to TPO (training probation officer) is very competitive, with approximately 36,000 applicants for 523 places in the last recruitment round.

#### *Dimension 6: Transparency*

'Accelerate' is very visible, in that there are posters in every office, the staff association receives full details, recently mugs with the word 'accelerate' on

the side are now being circulated, and 'discovery days' are advertised and run for anyone who might be interested in applying for a place on 'accelerate'.

This visibility leads to some issues with white, able-bodied people who are not eligible to apply for 'accelerate'. In some cases those on the programme have to contend with hostility about this, but handling it is regarded as part of their learning process.

## **Developing talent**

### *Dimension 7: Development path*

The 'accelerate' programme has standard elements and activities. There are six residential modules that are each two days long and are attended by all participants. Everyone on the programme is a member of an action learning group that meets between each residential module. Beyond these standard activities, the programme is designed to provide individual development opportunities for each participant. As part of this everyone has a personal coach and does a placement towards the end of the programme which may be three months full time, or part time, and longer. The placement may be within or outside NPS.

### *Dimension 8: Development focus*

The focus is on developing the competencies needed at senior management levels in the organisation. However, building confidence, changing attitudes and challenging belief systems are also important. Many participants start with the view that it is not worth them applying for more senior posts, as they will not be considered. Challenging beliefs such as this is an essential part of achieving a successful outcome for the positive action programme. Building on strengths is an important aspect of building confidence.

### *Dimension 9: Support*

There are many sources of support for each participant – a coach, a mentor, a line manager and their action learning set. However, there is also a clear policy of encouraging participants to seek out what they want and need, rather than simply providing it. In this way, participants retain their independence, learn to seek out what they need, and build their confidence as they succeed. All participants are encouraged to find their own mentor.

A similar policy applies to specific needs of disabled participants, with huge support provided once it has been identified and sought. For example, anyone who needs to access reading material in a non-standard form needs to be clear in stating their requirements, rather than to put energy into complaining about their situation.



*Dimension 10: Influence on career*

'Accelerate' appears to have had a major impact on participants' careers, with half of those who have completed the programme having gained promotion at least once.

Many people have a vocational commitment to the work they do, and this is respected. It is also possible for these people to build their career by gaining additional knowledge and skills, and to move jobs to undertake different work. For example, it is possible to move into specialist areas such as drug and alcohol programmes, high security environments, sex offenders, training posts etc. It is also possible to go on secondment, e.g. to the Prison Service to widen experience and progress a career that way.

All these ways of changing careers are open to those who want to change track or to seek promotion. Undertaking a special project is also a very effective way of making progress. This is usually in addition to one's normal job, though sometimes one or two days a week on release. These steps are likely to enhance anyone's career prospects, regardless of whether they are eligible for 'accelerate' or not.

Outside 'accelerate' there is a modular training programme which is available to anyone, as they progress and the training becomes relevant to their work or project.

*Dimension 11: Connected conversations*

Once someone is accepted on to 'accelerate', they have a coach, and a facilitated action learning set. Both of these are important sources of conversations about their ongoing development. The major emphasis is on reviewing learning against previously set formal learning agreements. This is also part of the formal appraisal process. These learning agreements may relate to the current post, but are much more likely to encompass possible future jobs for those on 'accelerate'. One-to-one meetings happen about once a month during the two year programme. This can be more difficult where a participant changes jobs during the programme, or goes on secondment. There may be confusion as to whether the original line manager or sponsor continues in the learning support role, or whether a new manager, who may be less committed to the process, takes it on.

Participants are encouraged to find a mentor – and this can be a very important part of support and opportunity for conversations about both progress and future career possibilities. A budget is available to pay for an external mentor where this can be justified.

Participants are also encouraged to seek feedback, both within the programme and from their line manager, their colleagues and direct reports. These occasions are also a source of further conversations about their behaviour and progress.

### *Dimension 12: Organisational values*

The culture is one where ambition is much less common than in most organisations. For many people, the motivation is largely one of being able to do a good job and make a difference to the group of offenders with whom they work. Team work is common, as is working across levels of the hierarchy.

However, there has been some perceived jealousy – even hostility – to the positive action programme from those who are not eligible to apply. As the programme gains reputation, and people who have attended are seen to progress, this may well increase.

Handling this is one of the aspects of the programme that participants are encouraged and supported to address for themselves.

### *Dimension 13: Risk*

There was no evidence of risk-taking with individual placements – the organisation was described as cautious when it came to promoting people. However, embarking on the positive action programme was a considerable risk. The cost, per participant, is comparable to an MBA, and was spent ‘in good faith’ in the first instance. A clear business case had to be made to obtain the go-ahead, and there had been some expression of dissatisfaction from white middle managers because they were denied access to the programme. The risk has certainly paid off!

## **Systems and structures to support talent management**

### *Dimension 14: Performance management*

The formal learning agreement is made with each person’s line manager, and is reviewed at least once a year as part of the normal appraisal process. During the ‘accelerate’ programme, learning agreements are modified on a more regular basis, and are monitored as part of the programme. Monthly progress meetings are also arranged with line managers. This became complex for some participants, for two reasons; they changed jobs and their line manager changed, yet there was value in some continuity with a former line manager. Also, when placements or projects started, yet another line manager was often involved, especially for those who did a placement outside the NPS.

Work is now strongly target-related. Targets are largely about how many different activities need to be undertaken in a given period (e.g. number of house visits in a month) and performance measurement includes the extent to which these targets have been met. Targets detail *what* needs to be achieved, but not *how* the tasks are undertaken.

### *Dimension 15: Talent management processes*

There is an intranet site, called EPIC, within the Probation Service, from which information about ‘accelerate’ can be obtained and application

forms downloaded. Personal data related to 'accelerate' is not held electronically, and there does not appear to be any formal career tracking system, either for those who have attended the programme or for others.

#### *Dimension 16: Use of technology*

There are a number of recording systems, such as the proportionate representation of ethnic minorities at different management levels, and these are an important part of the justification for running 'accelerate'. However, ongoing progression is not systematically recorded. A decision was made at the outset that no application would be made to gain academic recognition for 'accelerate', because flexibility and personal development were regarded as much more important than accreditation.

#### *Dimension 17: Systems flexibility*

Each year the assessment centre has run, the design has been changed somewhat, with more change planned again next time. Some of the changes have been introduced in response to including disabled participants in the second and subsequent cohorts.

The residential modules respond to specific requests from participants, so are constantly changing. Every effort is also made to ensure that both the speakers and course material are kept up-to-date. This currency was commented on and valued by participants.

The application form has been more constant, but change is nonetheless being considered.

Cohort members have been asked for feedback on a regular basis, and this is used to improve all aspects of the programme.

#### *Dimension 18: Ownership of talent*

While everyone is based in an Area, or at Head Office, any ownership of talent that might be seen to exist, would lie with the whole of NPS. Many placements, undertaken in the second year of the programme, are either Head Office-based or in another Area, thus any sense of local ownership is disrupted. In addition, many people undertake projects outside their own Area, without being on 'accelerate', and doing so is one way of enhancing career prospects.

### **Section 3: Areas of good practice**

The following points can be highlighted as particularly good practice:

- The programme is designed to mirror the aims. In particular, there is a strong emphasis on helping people to help themselves.
- The selection process is comprehensive, and designed to ensure that participants are ready for the challenges involved.

- The tutor group has a similar make-up to the participant group, with respect to ethnic origins and disabilities.
- Equal opportunities (and avoiding discrimination) are fundamental to the thinking behind the whole approach to 'accelerate'.
- There is an emphasis on giving feedback to everyone at each stage of the application process. Thus anyone who completes an application form will receive constructive feedback on it, which they can use to good effect if they decide to re-apply in a subsequent year.
- The assessment centre is designed so that no one is disadvantaged by disability or work experience. The exercises are not written ones, and are all based on scenarios outside the Probation Service, so free from bias due to work experience to date.
- Assistance and support are provided where necessary, and when sought. Participants are encouraged to find their own solutions.
- Each cohort on 'accelerate' forms a tight knit and mutually supportive group, as do the action learning sets within each cohort. For example, one person leads the person with severely impaired sight who has no guide-dog, another person ensures that the guide-dog always has water.
- Failure to get on to the programme one year in no way limits future opportunities to do so.
- Everyone on 'accelerate' has an external tutor/coach. This person is also likely to be either disabled or of minority ethnic origin.
- The programme has been improved each time it has run. It has also been adapted where necessary to enable different disabilities to take part.

## Section 4: Areas for further consideration

The following may merit some further work:

- **Line manager support:** The programme requires line managers to be very supportive of their staff on the 'accelerate' programme – to ensure that they are released for modules and a placement. They also need to be supportive of changing behaviour and attitudes. Line managers are currently kept in touch with the programme, though this may sometimes be insufficient. Consideration could be given to different approaches to ensuring line manager support; for example, they could be grouped into action learning sets, with other line managers so that they have a similar support network to participants.
- **Job changes:** Many people on 'accelerate' had changed jobs during the programme. This can disrupt line manager support. Line managers play such a vital role in reviewing learning, and the extent to which learning objectives are being fulfilled in the workplace. There is a real tension between valuing the initial relationship, and trying to create a new one.

Perhaps initial line managers need to commit to continuing the role for longer than the period over which the participant reports to them, to allow for some overlap with any new line manager. This is an important issue, as job change during 'accelerate' is both common, and a mark of its success.

- **Achieving objectives:** What will happen when the aimed for balance of staff at senior management is achieved? It would appear that it will be increasingly difficult to discontinue 'accelerate' as it builds reputation and momentum.
- **Maintaining action learning:** There appear to be constraints to action learning groups continuing to maintain contact via internet-based conference calls and chat rooms once the programme ends. Some continuing contact would appear to be an effective way of maximising positive outcomes from 'accelerate'.
- **Quality of externals:** External speakers sometimes fail to maintain the excellent access standards achieved by the full time tutors.

## Section 5: Fictitious narrative

It's only when I'm down the pub with my mates that I realise how pro-diversity my employers are. Some of my friends are continually turned down for promotions, and while they're sure it's because they are black, how can they prove it? I don't have that problem thankfully. My career has been positively progressed as my employers are trying to redress the imbalances that have arisen from previous years of institutionalised behaviour.

I joined the National Probation Service when I left Further Education College, and felt very privileged to get the job. Only 500 people are appointed each year and over 30,000 applied. Maybe being black was an advantage as they do try to recruit a diverse workforce to be approximately representative of the population they are working with, but I don't think so. Plenty of black people got turned away.

My career has been good. We got a thorough training at the start, and I've really learnt to speak a whole new language. I've learnt how to express emotion without getting emotional, and how to use evidence to support what I am saying rather than stating my opinion.

Last year, my boss suggested that I apply for a programme called 'accelerate'. It is for ethnic minority groups and people with disabilities, to help promote their careers in the service. It had started the year before and my boss suggested I talk to someone currently doing the programme to see what I thought. At first I was against the idea, as it felt like an affirmative action programme and I didn't want my colleagues to resent me being offered something they don't get just because I'm black. Part of me wanted to make it on my merits alone without this 'special' help. But I talked to people on the course and got a different view. Their view was that this was

a way of developing yourself so that you stood as good a chance as anyone else and weren't disadvantaged. They haven't experienced much bad feeling from colleagues – quite the contrary, they find most people very supportive of the programme.

On their recommendation, I decided to look into it. Any thoughts I had about this being an easy leg up for minorities were dispelled at the application process. It was horrendous. What a nightmare! The application form nearly put me off because it was so tough. We had to write these short accounts that demonstrated our competence against the criteria given. It was really tough trying to remember incidents and then write them in the space allowed. On reflection, though, it was really good as it did make me reflect and think about what I had achieved and who I was, and it was also good discipline – I suppose – to have to write it down like that.

Then we had this assessment centre day where we had to do lots of role plays, and I felt like I didn't know what to do or say. It was really weird. I have difficult conversations with people every day but in that situation I suddenly felt nervous about them and started questioning myself. I guess that was quite good too on reflection as I'd maybe got a bit complacent and over-confident.

I think if you stick with it and survive the application process you're pretty much guaranteed a place on the course, but I could be wrong. Although I have to say that sticking with it and surviving the application process is no mean feat in itself! Anyway, now I'm doing the programme and it really is great. We do these two-day courses where we look at how we behave and operate in the workplace, challenging ourselves to do things differently, or to justify why we do things that way. I really feel I'm developing my own voice and finding a new language that allows me to express myself more clearly. I never felt disadvantaged before, but I can see that in some ways I was maybe behaving as though I was. This course has made me feel more positive about myself, and I really feel confident and ready to move on.

It's a shame more of my friends don't get these sorts of opportunities. When I listen to how they tell their stories they talk as if they are victims. 'Accelerate' has helped me develop a different language to this – perhaps I can pass some of this on to them.

# 21

## Case Study of the Public Sector Competitive Model

Various elements of the public sector employ *circa* 10,000 people mainly throughout the UK. They have annual budgets in excess of £1 billion and have their own strategic aims and HR strategies, although they can also be subject to more general, directed initiatives such as central government Capability Review. This case study has been put together from four public sector case studies, none of which wished to be included in the publication, but all of which had sufficient in common to allow this generalised, anonymous blend to be put forward as 'the public sector competitive model' as it has appeared to recur on numerous occasion in one format or another and has something considerable to add to the talent management debate.

### Section 1: Overview

While the public sector may be national or regional in its context, remit and operation, it tends to operate differently in different regions regardless of any centralisation. There is a baseline performance management and talent management system in place nationally but there is also additional regional activity, sometimes acting as a pilot for other parts of the organisation.

The system can start with a competitive graduate recruitment process, although this is less the case now than it has been in the past. Successful candidates join a training scheme and are given a range of placements in different programmes and programme areas. They are effectively 'thrown in at the deep end to see what they can do' as they are actually working (although supervised) from day one, rather than learning through job shadowing or work simulations. This gives individuals a huge opportunity to get noticed in the right place by the right people. At the end of this period, someone should want to give the recruit a contract/job in some area and they become part of the 'regular' workforce.

People who are identified as talent can be assigned a mentor from senior management, who gets to know them and takes an interest in them. The mentor helps the individual 'move up the ladders on the organisation's

“snakes and ladders board”, while avoiding the snakes’. Most importantly, mentors help their assignees to network as this is a huge part of how the public sector works. In effect, a highly fluid internal labour market operates. Much of the work is cyclical, for example when a project ends, staff need to be re-allocated to another project. Some projects are seen as better than others and the good people therefore tend to be assigned to these. Success breeds success, and if someone has worked on a successful project, this will help them get their next role. The management team try to allocate people to projects on the basis of playing to their strengths and avoiding their weaknesses, or providing opportunities for development. Mentors therefore play a critical role in helping their assignees to be in the right place at the right time so they can continue to advance up the organisational ‘ladder’.

More formal processes also operate. During an individual’s annual appraisal, for example, objectives are set and a development plan is agreed for the next year. The outcome of this discussion is a written document. Personal development plans exist in theory although the pace of change can overtake them.

Senior managers also play an important role in people’s development. They tend to take a holistic view of how their department is functioning, allocating high performing individuals to new projects that will stretch them, while giving more regular work to those perceived to be struggling. Individuals therefore know if they are on a ‘snake’ or a ‘ladder’ from the assignments they are given. Another clue is provided by how heavily they are encouraged to consider self-development. Conversations about ‘how the organisation can help’ occur when it is felt that an individual’s performance is poor. On the other hand, people considered to be talented enjoy conversations about prestigious projects and courses.

Redundancy can be a useful tool for managing people out of the organisation. Some people are made redundant at the end of a project when there is not enough work in the pipeline to share around. This is usually effected through voluntary redundancy packages. Everyone understands that if the organisation prevents some individuals from taking voluntary redundancy because they are felt to be too valuable, it is effectively making an implicit commitment to enhance and develop their career. In practice, this type of intervention often helps re-motivate people who wanted to leave.

Leadership training is provided for those who are seen to have the potential for leadership positions in the shape of an external management programme. Coaching is also available for people moving into more senior roles. Training resources are available, but in reality it is often difficult for some individuals to find time in their schedules.

### **Identifying the talent pool**

The Civil Service was originally designed for a basic level of service based on ‘one size fits all’. This has changed: the Civil Service reforms ushered in



May 1997 have shifted the focus towards a service of 'customer choice'. This has fundamentally altered the *raison d'être* of the service and has shifted the skills profile and staff profile required which the service has been endeavouring to meet. The more public facing side of activities have become more visible and required more resource, while the previously hidden activities have become less important. All government departments have been faced with increasing customer expectation – the result being that the nature of 'talent' has had to be redefined.

The system for High Potentials is largely based around a non-published list system drawn up by members of the Board or the senior managers in the department. The strategy for the entire workforce is based around a menu of learning and developing activities ('training') and is aimed at filling the capability gaps. The public sector attracts bright, motivated, recruits, but the strong organisational culture tends to mitigate against challenging the structure and systems, leading to a uniformity of view by the time they reach senior management in the organisation. The means by which the talent market operates as a 'free market' results in diversity being less appreciated than it might be in a more managed labour market, and convergence of views being the norm for gaining promotions.

There is little differentiation between the concepts of 'High Potential' and 'Talent' in the public sector competitive model, and 'High Potential' is defined in terms of where the public sector has come from, rather than responding to the changing global agenda. There are rumours of a 'Fliers' list which was a secret system of people being assigned a 'High Potential' label from a select group which would then ensure that a suitable and pre-arranged development path is followed. It was linked to the Civil Service Fast Stream point of entry or some local government equivalent, and is rather 'cloak and dagger'. This system is gradually changing to one which remains unpublished, but is less grounded in point of entry, and more legitimised in terms of who is making the decisions. The group is still small, but inclusive of everyone at a certain level.

To some extent everyone in the public sector is 'Talent', as their work is constantly challenging and changing, and cannot always be predicted and planned due to the responsive nature of the work reacting to regional, national and international developments. This translates to a plethora of opportunities for people if they wish to take them, in a variety of fields and domains. This uncertain environment is perhaps the foundation of the communal type culture as everyone is facing this uncertainty and change.

A number of assessment/development centres are conducted at entry points to different grade levels. These assess candidates readiness for moving up levels, and identifies development needs that candidates may have that need redressing in advance of a promotion. This is helping to make the system more transparent, but success at an assessment centre does not guarantee a place in the talent pool. The right network remains

key. Because the public sector generally aims to have a communal, egalitarian culture, and operates as a free labour market, individuals can put themselves forward for an assessment/development centre at any time, without the endorsement of their line manager or other senior managers. As a result, up to 80% of those who put themselves forward are deemed not yet ready to move up the level and this can then have a demotivating effect on staff.

## **Culture**

The predominant culture in the public sector is one of identifying strongly with the organisations' goals, as well as identifying with both individuals they work with and the public they are endeavouring to serve. This sits alongside the relatively competitive practice that needs to be engaged with in order to progress through the senior hierarchy of the organisation in the operation of the free labour market.

The culture also suggests that as people progress through the organisation the sociability disappears in favour of the competitive element and the culture of the organisation shifts as the management layers ascend. Equally, diversity in terms of demographics tapers off at the higher levels of the organisation.

The nature of the work means that people need to be resourceful and able to rely on each other when needs require this. Often people are dealing with difficult, unpleasant situations, and the ability to influence in conflict situations is perhaps the key skill necessary to succeed in public sector internal politics.

## **Section 2: The talent dimensions**

### *Dimension 1: Size of talent pool*

The size of the talent pool varies according to the level of management that an individual is employed at. At the lower levels, a smaller percentage of the workforce are considered talent, while at the more senior levels, almost all of the workforce are considered to be talented. This is largely what you would expect in an open labour market where people's value is determined by their current performance and they move from one team and project to another. If individuals have made it to the senior management team, one would hope the organisation considers them to be part of the talent pool with regard to the future success of the organisation.

### *Dimension 2: Entry criteria*

It is not easy to be considered 'Talent' in this model. A lack of clarity as to exactly how 'Talent' is defined and ever moving boundaries means that individuals are trying to work out the rules of the game, succeed at the game, and move the game on so that it is more difficult for their peers to succeed all at the same time. Hence entry to the talent pool is a difficult

ritual to fulfil. Success at a development centre helps the process, but is not a pre-requisite to being considered talent. Attendance at the development centres is an open process and hence the opportunity for nomination to be an indication of talent is missed. Because the public sector is so egalitarian in terms of its approach to employment issues, its talent management system is largely left to market forces. While this does make the system easy to enter into in terms of everyone continually being considered and evaluated, actually coming out of the system with the label of talent is difficult as the market moves and appreciates different attributes at different times, and the market is also controlled by those at the top of the organisation.

### *Dimension 3: Decision process*

There are lots of people involved in the decisions that are made regarding talent management, career planning and succession plans. This lessens the impact that an individual's line manager can have on their career (although their line manager is the only person they are likely to discuss their career with) and broadens the opportunities that are available to individuals. It also provides greater opportunity for individuals to move around their organisation rather than being limited to a single business/service unit.

### *Dimension 4: Permanency of definition*

The definition or labelling of 'Talent' is not considered to be a permanent label, rather one that needs to be continually maintained and updated, and can change with each new assignment, project or work team that an individual works with. This ensures that people do not become complacent in their work but continually strive to succeed and prove their ability and potential to progress to the next level in the organisation.

### *Dimension 5: Recruitment as a source of talent*

Once you get into the public sector organisation the opportunities start to emerge. The focus of recruitment is internal for promotions rather than bringing in outsiders to more senior roles. To this extent, the public sector nurtures and grows its own 'Talent' and management capability, rather than drawing on outside resources. This provides more opportunities for talented individuals than other organisations might offer, and hence can help retain talent within the organisation. Recent external appointments to the Board/Senior Management Team have bucked this trend but are not statistically significant in terms of the wider organisation.

### *Dimension 6: Transparency*

This model in the public sector is not particularly transparent about its talent management process. Individuals do not know where they are considered to be positioned on the talent scale, nor what plans the organ-

isation might be making with regard to their future. However, individuals will have some idea of their 'value' according to the projects and teams they end up working with.

## **Developing talent**

### *Dimension 7: Development path*

Once individuals have been identified as 'Talent', their development route is similar to that of everyone else in the organisation, only it is somewhat accelerated. To some extent this allows people to assess whether or not they think they are considered talent as they can gauge their rise within the organisation against that of their peers. If more bespoke, tailored routes were employed, it would be more difficult for individuals to chart their careers against others as an individual's development would not be particularly comparable to others.

### *Dimension 8: Development focus*

Most of the development focus is directed at developing areas of weakness rather than strengths. There appears to be little room for differentiation so everyone is expected to be equally good at everything, and hence rather than allowing people to specialise in areas in which they excel, effort is directed towards levelling the playing field for everyone such that everyone becomes a generalist.

### *Dimension 9: Support*

The culture in the organisation is one where people are thrown into job roles and projects and left, to some extent, to sink or swim. In terms of developing 'Talent', this way of operating separates the wheat from the chaff. 'Talent' swim, while those who are reaching their maximum level of performance tend to sink a little before floating. The nature of the work often requires people to be able to operate on their feet in unfamiliar situations and new project roles. As such, the sink or swim culture reflects the nature of the work that the office is involved in.

### *Dimension 10: Influence on career*

Individuals are largely responsible for their own careers, for making opportunities for themselves, and for their own success. This builds on the competitive culture within the organisation, where the game of success is as much about being better than your peers as it is at being good at your job.

### *Dimension 11: Connected conversations*

When it comes to considering their career options, development opportunities and their future within the organisation, an individual is largely limited to their line manager as a point of contact. Conversations of this nature are not generally expected to take place across the organisation,

however the ability to achieve this is part of the game of succeeding in the talent management process. This again can depend on an individual's ability to network.

### *Dimension 12: Organisational values*

The culture in this type of organisation is somewhat competitive rather than collaborative. While individuals may work within teams on projects and assignments, the teams are likely to be hindered by the underlying realisation that team members are actually in competition with each other for recognition and opportunities. Such competition can be healthy as it keeps people on their toes and can prevent complacency and 'groupthink', but equally can be destructive in terms of individuals undermining each other's performance in order to better their own credentials. There seems to be little appreciation of being recognised for the facilitation of others' successes.

### *Dimension 13: Risk*

Given the nature of the work that these public sector organisations are involved in, and the political responsibility they often report to, succession planning is a low risk activity. This could, however, be a factor that is stifling diversity as the senior management appears to be a relatively homogenous group.

## **Structures and systems to support talent management**

### *Dimension 14: Performance management*

Both outcomes and behaviour are measured in terms of performance management. At the lower levels of management, the measurement of outcomes is marginally more important than how the outcomes are achieved, while at the senior management level the two appear to be equally important. This reflects the focus of development in the talent management process. Once individuals can prove their worth in terms of outcomes, the focus then shifts to the behavioural development of how they achieve those outcomes as they progress through the management ranks.

### *Dimension 15: Talent management processes*

The systems and structures that underpin the talent management process are largely implicit and implied within the organisation, so part of the game of succeeding is working out the rules of the game to start with. This is largely how a free internal labour market operates with people moving from project to project and team to team as managers bid for them and add to their value. This makes the workplace highly political and networking for the purpose of power games is common place. Equally, it ensures that everyone is always working hard as they don't want to lose any of their accumulated value by ending up on a 'lesser' project or team. Such a competitive structure drives the need for individuals to network and make the

effort to get to know others in the service, which in turn helps with knowledge management and creating the communal side of the culture.

#### *Dimension 16: Use of technology*

The use of ICT does not play a particularly strong role in this model, although it would enhance information flow and be useful for a fairer basis of decision making.

#### *Dimension 17: Systems flexibility*

Talent management here is, to some extent, an ever moving target, similar to a free market economy. The system is not static but ever evolving, reflecting the political nature of the organisation and the nature of the work that the organisation is involved in.

#### *Dimension 18: Ownership of talent*

At a senior level, 'Talent' is seen to be shared around the organisation, while at the more junior levels 'Talent' is owned more locally within business units or project teams. This means that below a certain point, an individual's career can be highly dependent on the team within which they are located, but once they achieve a certain level of promotion, they become more of a shared property.

### **Section 3: Areas of best practice**

The following issues emerge from this model which can be taken forwards as areas of best practice:

- Free labour market approach to 'selling' yourself to further your career gives the individual the ultimate say in what they choose to do, when and where, and allows the individual to dictate the speed of their career progression.
- Use of assessment/development centres identified both development needs and readiness for promotion to next grade or further.
- Strong communal culture makes these organisations a pleasant place to work, and a supportive working environment. Individuals generally feel supported in their work, and hence the prospect of stretching themselves and taking on new challenges is welcome.
- Strong commitment to the organisation's values and mission. People come to work for the public sector because of what it stands for and the role it plays in regional, national and/or international relations. Job motivation is high, and people are resourceful.
- The nature of the work means there are always opportunities for people to move into. The leveraging of this helps retain talent in the organisation as they don't get stuck in positions and feel they are going stale.

## Section 4: Areas for further consideration

The following areas may warrant further consideration if this model of talent management is to prevail in this type of organisation:

- **Historical legacy** – To what extent is the public sector restricted by historical legacies and stereotypes rather than focussing on current needs and populations? The ‘old school’ network appears to maintain a strong influence, and a small group of closely allied minds appear to wield the greatest power with regard to an individual’s progression beyond a certain level. Could the sector look to set objective definitions of knowledge, skills, competence and experience at all levels of the organisation so that career progression decisions become more transparent, based on explicit criteria?
- **Lack of diversity** – Stemming from the historical legacy, people have tended to recruit and network in their own image, resulting in a predominantly male, white, middle class hierarchy within the organisation. Could bringing external consultants into recruitment and promotion panels be a way of increasing diversity as it could broaden the range of backgrounds from which people are making decisions on others careers?
- **Definition of talent** – To what extent is the lack of clarity around the definition of talent a help or a hindrance? Does it demotivate people as they may not consider themselves as talent when they would meet the criteria, or does it inspire people to take the initiative and develop their own unique talent in order to demonstrate their capability and future worth?
- **Political networking** – The lack of formal structures and systems, and lack of clarity around definitions of talent may lead to the workplace becoming overly political and networked for the purpose of power games. This may work against the inclusive development of a diverse talent base and restrict the talent pool to those who are simply good at the game rather than talented in a more general sphere.

## Section 5: Fictitious narrative

*In the interests of protecting the case studies that contributed to this amalgamated model, the following narrative has been set in the context of the diplomatic service as it is an area that most readers will probably be able to relate to, and is also an area that did not contribute in any way to the case study.*

Well – here I am – in Angola! Little old me, representing Britain at a meeting of Commonwealth officials to try to establish a peace-keeping force in the region generally, that can be called on to stamp out hotspots of trouble as they arise through Africa. Much of this is a backlash to the situation in Darfur – nobody wants such a humanitarian crisis to recur any-

where – but some of it is also the Western nations protecting their interests in Africa. I feel very responsible suddenly. I do have a couple of colleagues with me to support, but I know that they are looking to me as the lead negotiator on this one.

When I sat the Civil Service entry exams 17 years ago I never dreamed I'd end being a diplomat or negotiator for the Foreign Office. I'd just completed an economics and finance degree at the London School of Economics (LSE), and thought I was heading for the Treasury, or Customs and Excise. The offer of the job at the Foreign and Commonwealth Office (FCO) came as a surprise, but a pleasant surprise at that.

I haven't looked back really. I started managing foreign aid budgets as part of the overseas development administration (now the Department for International Development) but then moved round the FCO taking various job opportunities as they arose. I was quite lucky really in that my original head of department had also studied at LSE, and he put me in touch with the 'LSE network'. That opened a few doors. We were the first to hear about opportunities arising in each other's departments, and acted as references for each other. I guess I climbed the grades quite quickly, but that was more good luck than anything else. It was always the job that interested me, rather than the job grade – the two just happened to coincide.

I remember the first time I actually went abroad 'on business' I thought I was terribly grown up, representing 'King and Country' at an international negotiating table. Actually, that time I was more of a 'go-for' finding supporting evidence, checking ideas out back at the office, and making contacts with people around the world as the start of my personal network development.

I've been overseas with negotiating teams in conflict zones seven times now. Each time is different, but the knot in my stomach is the same. In fact it may be even bigger this time, as this is the first time I'm lead negotiator. It's very exciting work, trying to resolve conflict, bringing people together who really don't want to be together, and finding compromises and ways forward. I guess that's actually the true nature of a diplomat although I don't think of myself as a diplomat in terms of the ambassadorial staff at an Embassy. My role is more transient than that. I deal with conflict negotiations wherever they are required rather than in one specific country in the world.

I've been on several training courses, the last of which felt more like a test centre than a training course, although they did say the learning would be about ourselves rather than any subject area. I think I did okay at it because I'm here after all – while colleagues are undertaking other projects and assignments to help them develop a broader experience base for roles that have been highlighted as suitable for them.

I do enjoy my work, although it is stressful. The weight of getting it wrong is tremendous, and yet there is no right and wrong answer, so it's



easy to walk away thinking you've done a bad job when the reality is the outcome is the best that could have been achieved in the circumstances. That's where the team support comes in. Everyone is really supportive of each other; talking through issues; working through potential solutions and compromises; playing devil's advocate to test out situations; and so forth. I've even been known to call colleagues back home during the night for advice and guidance, and they never hold a grudge about it. Indeed I think they are flattered that I felt their opinion worth waking them up for.

This time I have the added responsibility of managing the team that I've brought with me. It feels like a huge step up. I've been shadowing another negotiating team leader for the past six months, and have had some coaching from my boss's boss, as well as attending a number of courses. Hopefully I'm ready for the challenge. We'll know by the end of the week one way or the other!

# 22

## Applying the Learning to SMEs

Over 90% of the working population in the UK are employed in small and medium sized enterprises (SMEs) with less than 50 employees. All of the case studies presented in this book are of large organisations; some multi-national, some public sector, all operating out of more than one site. So what lessons can we learn from these large organisations for the SME, and how can they operate a form of talent management when they don't have large organisation structures in which to move people around?

### Defining talent

Arguably there are more people with talent working for small businesses than for large organisations. The people who set up the small business are entrepreneurial talent to start with, and many of the people who opt out of large organisations and step off of the talent ladder do so to start up on their own. They want something more than they can get from their employment position – particularly women (Dickinson Shephard & Betof, 2004).

While talent management may seem like an alien concept to a small business, they are actually in a relatively good place to engage with the concept. Depending on the number of people they employ they may find that their talent pool is relatively large compared to the percentages found in larger organisations, but this is just a question of numbers. It should not deter SMEs from engaging in talent management, and indeed could be the key to their continued success and survival.

Of the Chartered Management Institute survey sample, a significantly greater percentage of people working for SMEs considered themselves to be talent or high potential than did people working for larger organisations ( $p < 0.05$ ), and they think their employer appreciates them as high potential also ( $p < 0.01$ ). This confirms the suggestion that people who go into small businesses at least think they have entrepreneurial talent and at least think that they are also appreciated for it. Whether or not this is actually the case is unclear.

How exactly one would define entrepreneurial talent is also unclear. There is definitely a 'small business attitude' that is underpinned by a willingness to do anything necessary (within reason) when needed. For example, stuffing envelopes for a mailshot, learning book-keeping when you work in marketing, staffing an exhibition stand when you are a designer by trade, and so forth. It is a willingness to muck in and get your hands dirty that is best appreciated by small businesses and an ability to work in more than one area is an added bonus.

Hence talent in a small business is not defined in terms of a percentage of the population, or a level in management, or achievement of a particular outcome, but is more defined in terms of attitude, skills, flexibility and adaptability. The type of individual that a small business would be trying to recruit to its talent pool will essentially be quite a different individual to that in a large organisation. Unless an individual actively chooses to leave a large organisation environment, they are unlikely to succeed in a small business environment, and hence poaching people from large organisations inevitably leads to failure and them leaving to return to another large organisation.

In terms of the six dimensions relating to defining talent, for SMEs the positioning are likely to be as follows:

### *Dimension 1: Size of the talent pool*

This could be anything from one person upwards, and is less likely to be defined as a percentage of the organisation's workforce than in a large organisation. The size of the talent pool will depend on how the company grows and who they manage to recruit.

### *Dimension 2: Entry criteria*

While talent will need to prove itself in terms of its adaptability and flexibility within its role, the criteria for entry into the talent pool is likely to be *ad hoc* in definition as SMEs seek a range of skills, knowledge and attributes, rather than a defined specific set throughout the whole organisation.

### *Dimension 3: Decision process*

The owner-manager of an SME is likely to make initial decisions around identifying talent on their own, and then as the business expands they may involve others. Often the people they bring into the decision-making process are the other members of the talent pool, as talent often attracts talent, but it could be other members of the management team as the organisation develops. In SMEs decisions around talent are made on a more subjective, gut-feel basis than in large organisations where there are procedures and practices to adhere to.

*Dimension 4: Permanency of definition*

This could vary but generally in an SME, once talent – always talent, and if an individual falls off the talent pedestal then they generally leave the organisation and move on.

*Dimension 5: Recruitment as a source of talent*

While SMEs do develop their talent internally once they have it, this is generally within a role and by expanding that role. There is not the structure and range of opportunities to allow for individuals to move around the organisation seeking promotions. Hence external recruitment becomes the only means by which talent is introduced into the organisation for further development.

*Dimension 6: Transparency*

This will vary from organisation to organisation depending on the nature and management style of the leader(s) of the organisation. In many ways it has less of an impact in an SME as jobs tend not to be directly comparable to each other so the peer comparison issue does not arise in the same way.

**Developing talent**

Perhaps the most difficult element of talent management for SMEs is developing their talents in such a way that they will remain with the organisation. Many small business owners struggle with this when they know they have someone working for them who could do more but there just isn't more for them to do. There are two simple solutions to this problem. The first is to encourage them to leave. Bored talent becomes mischievous, and nobody needs mischief in their organisation. If you really can't engage them any more, let them leave and find someone else to bring on as their replacement. Alternatively, find something else to engage them more. Asking them what they would like to do or how they feel they could contribute further to the organisation is one way of facilitating this, or find them projects, secondments or placements with key suppliers and/or customers. This will further develop the individual overall, plus give your organisation additional knowledge about your customer or supplier.

Every SME is going to hit the barrier of not having enough development opportunities for some individuals so the way to lift the barrier is through collaborative partnerships. Equally, any individual can enrol at their local university or college for further studies, and sponsoring this can keep an individual in an organisation for longer while benefitting from their furtherment of knowledge and/or skill. International assignments can also be a new challenge for individuals, particularly if they are ongoing and require the individual to establish long-term working relationships overseas.

There are lots of opportunities for SMEs to engage with to develop their talented employees once they feel they have done everything possible in-house. SMEs need to start being creative about how they use other resources available to them, and collaborate with each other and larger organisations to develop these opportunities.

Equally, employers need to appreciate that a certain amount of staff turnover can be a good thing. SMEs tend to operate in fast moving, changing environments as they were started up to meet an emerging need. Sometimes the people within the business need to change in order for the business to change with the times. Alternatively, the talent might expand their area of the business to a point where they need to employ another member of staff, and their ongoing development occurs as they take on a management role.

The seven dimensions relating to developing talent apply to SMEs as follows:

#### *Dimension 7: Development path*

This is likely to vary with each individual the organisation recruits as there is unlikely to be a set development path or career path in place for them to accelerate through. Hence a more bespoke path tends to be the norm, and the speed at which this is undertaken will be part of the bespokeness.

#### *Dimension 8: Development focus*

While SMEs need to have generally good all-rounders, they also need to develop specialist skills and contributions in the organisation. The most likely positioning on this dimension would be somewhere in the middle, whereby the organisation supports the individual in following their specialist interest while also supporting their development in areas of weakness to meet the business needs.

#### *Dimension 9: Support*

This will vary between organisations and the management style of the leader of the organisation. Some organisations will be highly supportive of individuals taking on new areas of responsibility while others will be left to fend for themselves. Each SME will need to decide for themselves where they want to be on this dimension.

#### *Dimension 10: Influence on career*

This is likely to vary according to the individual talents that the organisation has employed. Some will be happy to be guided by the organisation as to how they can create a better future for themselves, others might have their own ideas.

#### *Dimension 11: Connected conversations*

This is likely to be at the lower end of the dimension rather than the higher end as there simply isn't the critical mass of people within the organisation to offer the opinion required by the individual.

### *Dimension 12: Organisational values*

This dimension will depend largely on the approach of the leader of the organisation and will reflect the support dimension. If the boss is paternalistic and develops a collaborative workplace then the individual will be nurtured by peers as they progress through their career. If on the other hand the boss has created a competitive environment which means everyone is trying to achieve in their own right, then the individual is likely to be left to sink or swim.

### *Dimension 13: Risk*

To some extent, SMEs have to take risks in order to survive. It is only once they have reached a critical mass that they can afford to be more risk averse, and hence they are likely to be at the higher risk end of this dimension.

## **Systems and structures to support talent management**

Unfortunately, SMEs are not coming from a particularly good starting point with regard to systems supporting talent management. Only 11% of SMEs appear to run performance management appraisals compared to 88% of other organisations according to the Chartered Management Institute survey results. While talent management and performance management are not the same thing, it is quite difficult to manage talent if you have no measure or process for measuring, discussing, or even reviewing an individual's performance.

It is unlikely that any SME is going to have the resources or time to invest in any costly talent management system, however investing in keeping clear records and having career conversations with individuals could pay itself back in multiples if organisations start early enough.

There are five dimensions that relate to systems and structures to support talent management that are likely to apply to SMEs as follows:

### *Dimension 14: Performance management*

Ideally the SME should undertake some form of performance management if only to find out what people are really doing, and also what they would really like to do. This can then feed into the way in which the leaders of the organisation want to define talent, particularly in terms of thinking about entry criteria and size of the talent pool.

### *Dimension 15: Talent management processes*

This is where SMEs will definitely differ from larger organisations as they will not have the formal structures and systems in place, never mind about people knowing them. Talent management is going to be an *ad hoc*, bespoke activity in an SME and not something that is ready to be systematised.

*Dimension 16: Use of technology*

This does not need to be anything sophisticated, but effective record keeping at this stage could benefit the organisation greatly as it expands in the future.

*Dimension 17: Systems flexibility*

This is the antithesis of dimension 15 for SMEs in that the system must be infinitely flexible as it is being created around the people it is being created for.

*Dimension 18: Ownership of talent*

Again this is one where SMEs have no option as they should not be big enough to have silos. Hence talent is owned centrally in the organisation, and any attempt by anyone to do anything different to this should be carefully considered as it may result in the talent leaving.

With regard to the strategic perspectives, SMEs are most likely to be a combination of the HR planning perspective in that they are hoping to develop the right people to be in the right place at the right time, with the cultural perspective in that they are endeavouring to create an organisation where talent development is a core value and people are striving to achieve. The process perspective would be inappropriate as it would not be flexible enough for an SME, and the competitive perspective could see the organisation implode rather than channel its energy externally.

SMEs should not consider themselves exempt from the talent management arena as they will be competing for talented labour along with every other organisation – large or small. Only by considering issues such as talent management will they be able to differentiate themselves in the labour market and secure themselves a workforce that will allow their organisation to survive and grow.

# 23

## Conclusions and Unresolved Issues

Generally, there are a number of issues that remain relatively unresolved with regard to talent management in organisations. The first is that many managers confuse talent management with performance management. A clear, if somewhat basic, differentiation between the two is outlined at the start of this chapter. Second is the issue of measuring return on investment (ROI). Senior management teams and boards of directors seem to think you can concoct a measure of ROI from existing data and this is not the case. It is possible to give a measure of ROI but it needs to be designed specifically around what the talent management system is trying to achieve. This means keeping records – something that most of the case studies admitted to not being so good at. Third is the difficulty that people have with the word ‘talent’. While organisations are happy to have a talent management system, they do not find it easy to have conversations about ‘talent’. Finally there are a number of paradoxes that seem to emerge within the concept of talent management when it is put into practice. The nature of a paradox is such that it cannot be solved, however noting them can help avoid them when designing a talent management system.

Having started this book with an outline of strategic perspectives, and then focussing on operational dimensions throughout the content in the case studies, this chapter closes with an outline of which dimensions seem to be particularly important in shaping each of the perspectives. This does not mean that the remainder of the 18 are not relevant. The key dimensions are those that should be decided upon first as they will then influence the organisation’s placement along the remainder.

### **Differentiating talent management from performance management**

The conversation heard most often amongst people who are unfamiliar with the concept of talent management is that they think it is the same as performance management. It is not. Everybody in an organisation should



be performance managed. This performance management process should include some review of the individual's performance to date, and some discussion of the individual's intentions for the future, both short term in terms of targets for the next year, and longer term in terms of career management and development planning.

Many organisations are starting to map people on what they call a 'talent grid' or a 'potential matrix' or some other name, where basically individuals throughout the organisation are plotted according to their performance and their potential. This matrix/grid can be a 2×2 or a 3×3, or even a 4×4 according to how many different categories of performance and potential the organisation wishes to recognise.

Equally, the boxes do not need to be of the same size in terms of the number of people who populate them. Indeed, an organisation would probably want as few people as possible in the low performance, low potential box.

Supporting people through transitions within this matrix and developing their understanding of where they currently are in the matrix and what would be necessary (either development or performance wise) for them to shift to another box in the matrix is what performance management should be about.

Talent management is concerned specifically with the top right hand box (high performance, high potential) and the inter-relationship of this box in the matrix with all the other boxes in the matrix. This means that it covers all the 'extra' attention that is paid to the people within the box, but also the issues of recruiting into the box, retaining people within the box so they don't fall out, managing people out of the box if they don't meet expectations, developing people from other boxes so that they rotate into the box, and managing the culture of the organisation to make that top right hand box an acceptable place to be (rather than a secret).

The number of people in this top right hand box will depend very much on the organisation and how they define and measure potential in particular. Some organisations restrict the entry to the box to senior management roles only, as they believe that only when someone reaches a certain level in the organisation do they demonstrate the potential to be director level material. In these organisations, potential is defined to some extent by level within the organisational hierarchy.

In other organisations, potential is defined by readiness for promotion, in which case people rotate in and out of the top right hand box as they await a promotion and then settle into their new jobs before they are ready for promotion again. Alternatively organisations might use sophisticated development centres and psychometric tools to assess potential, while others may allow individuals to self-select using ambition as a measure of potential.

Equally performance measurement may differ between organisations. Some use competence matrices or core organisational behaviours as a tool

to measure how someone is performing, focussing on the process rather than the outcome. Others set fixed targets against which measures are taken in terms of percentage of target achieved.

The fact that talent management is restricted in its focus to the top right box and its interaction with other boxes does not prevent an organisation from recognising that everyone has talent in some form or another. Indeed, nobody would want to be considered 'talentless', but this recognition differs from the concept of 'talent management'. Acknowledging that everyone has a talent that they can bring to the workplace may be fundamental to establishing the talent culture to support the talent management process, but it does not mean that everyone is high potential and performing well.

## Measuring return on investment

Finding the right measure of ROI is important and should stem from the perspective being taken. This then links the ROI back to the organisation's strategy. Measures should differ within each perspective as follows:

*The Process Perspective* – this is aiming to have the right processes in place to ensure optimisation of people in the organisation. Measures that might suggest that this is being achieved are likely to be comparative looking at certain benchmarks over time: for example, shift in development plans from remedial training to building on strengths; number of internal recruitment/promotions over time – or number of external recruitments; movement between business units either through recruitment/promotion or secondments or project work; improvement in staff satisfaction survey results indicating greater employee engagement; number of people putting themselves forwards for consideration for the talent pool (as a measure of the procedure being seen as fair and unbiased).

*The Cultural Perspective* – this is where there is a deep-rooted belief that talent is the key to the organisation and hence people are given the freedom to achieve and demonstrate their talent. Measures that might suggest that this is being achieved may include the size of the talent pool which may also be measured by the opposite, i.e. number of poor performers; number of people putting themselves forwards for promotion or development for key roles; performance ratings against the corporate behaviour template; achievement of performance targets; number of high risk appointments made – and how successful they have been; average number of people having conversations with individuals about their careers.

*The Competitive Perspective* – this is where the organisation's talent management system is being driven by a highly competitive labour market that makes retention of talent the key aim. Hence the obvious measure is staff turnover as this is the ultimate measure of success or failure of the system.

*The Development Perspective* – this is focussed on accelerating the development of talents more quickly than other people in the organisation. Measures of success therefore will include number of promotions achieved from the target group in comparison with the number of promotions achieved outside the talent pool; completion of accelerated development opportunities could be a measure of take-up; improved performance against targets and improved behavioural ratings; movement between business units and departments as a means of furthering development; and average length of time an individual spends in their job over time – i.e., are they accelerating?

*The HR Planning Perspective* – this is focussed on having the right people in the right place at the right time. Measures of success would therefore include the existence of a clear succession plan with a number of potential candidates for each role; recruitment/promotion against the plan; retention and staff turnover figures; uptake of development opportunities; performance measures of people relatively new in post (i.e. were they the right people at the right time in the right place); number of posts requiring external recruitment; and length of time it takes to fill a role from notification of vacancy to on-boarding.

*The Change Management Perspective* – this is aiming to use the talent management system to bring about some change in the organisation, and therefore the measure of whether or not this has been achieved should be the measure of the amount of change achieved. It is difficult to anticipate what this will be as the change will be specific to each organisation, however it could include, for example, increased productivity; increased staff turnover of poor performers; number of people moving between departments or divisions; or staff satisfaction survey results.

The key to achieving the right measure of return on investment is focussing in on what the investment is trying to achieve, and taking direct measures of that achievement. In addition, it is not just about measurements. Exit interviews, for example, can be useful sources of data regarding issues in the organisation, as can development reviews held with HR rather than line managers. Equally, if an organisation does not have a robust ICT system supporting HR activity and recording the necessary data, it is highly unlikely that the organisation is going to be able to report a coherent impact on business performance.

Finally, it is important to note that the impact of a talent management system is not going to be instant. It is going to take at least a couple of years for the system to go through its cycle enough times for people to feel it is making a difference and change their behaviour. The only exception to this may be the change perspective, where measurement of shift from one position to another may be possible, but even then it can take time for a change to become embedded.

## Difficulties with the word 'talent'

What is it about organisations that allows them to invest a considerable amount of time and effort on a process called 'talent management' but then shy away from using the word 'talent' in their organisations? They are happy to classify people on talent scales, but not happy to tell them where they are on the scale. While culture was strongly represented within the dimensions, there is something over-arching about culture that cannot be defined by dimensions. This stems from the broader definitions of culture, such as Schein or Hofstede. It is the implicit element that is made explicit through routines, rituals and myths in the organisation.

Perhaps the most peculiar ritual that is found in most organisations is this non-use of the word 'talent' when discussions are held with individuals. It is questionable whether the inflation of talent to the list of words that are considered unmentionable is a rather British tradition. Organisations are concerned with talent management and yet the word talent is forbidden. High potential is acceptable; top performers is acceptable; fast track is acceptable; all sorts of other labels are acceptable, but the word talent isn't. This could be because talent is seen as a personal judgement on an individual being, while high potential has a more contextual feel, and is embedded in the organisation.

Organisations that are truly embedding their talent management system within their strategy, HR activity and performance management systems are finding ways of breaking down the barriers which are associated with talent management language. This is not simply a question of language – it goes deeper than this. It is about cultural acceptance of segmenting the workforce.

It is clear in this book how the dimensions impact and shape this, particularly those around transparency, connected conversations and permanency of definition. However, it is the sum of the parts that is important here. Regardless of the perspective being adopted, the organisation must consider the cultural impact and development of its talent management system.

Top management behaviour and leadership is the key. Visibility is the key in the development of the system – it should not be a hidden, underground activity, but one that is discussed and consulted on widely within the organisation. People will not develop aspirations if they do not know what they are aspiring to. The organisation needs to challenge its rituals, routines and informal structures to make career and talent conversations acceptable, and this is something that will take time. It takes time to embed a talent culture. Those case studies that have been practising talent management the longest have made the most in-roads into establishing a talent culture. Those who are using the talent management system to bring about change or rapid growth are also incredibly explicit

about the talent management system and the associated language as they are deliberately using it to drive forward the company.

## **Paradoxes within talent management systems**

### **Convergence of talent management and diversity initiatives**

Talent management is about labelling, segmenting, offering people different opportunities, and making decisions about people's future over and above other people in the organisation. In essence, it is anti-equal opportunities in its operation. Where equal opportunities may be achieved is in the selection of the talent pool, but once you are in, you are treated with privileges over and above those offered to others. So how can this be squared with diversity initiatives?

### **Convergence of performance management and talent management**

While we have gone to great lengths in this report to explicitly state that talent management and performance management are not the same thing, one of the paradoxes to arise within the research, is that as time progresses and organisations become more sophisticated at the implementation of their talent management processes, the two can appear to converge into a seamless activity. Leading edge talent companies have almost amalgamated the two such that a talent culture has been established that allows talent conversations to take place at performance review, and performance to be reviewed as part of talent. This said, they are still different activities, and it is only once this has been recognised and their processes established that the two can start to converge.

### **Recognition can lead to extinction**

It is not impossible to see a situation where an organisation puts in place its talent management system with a clear, objective process for identifying talent, but that that process measures the wrong things and the 'wrong sort of talent' is recognised and developed within the organisation. Not only will the organisation end up with a management team that is incongruent with its future aims, but it will also have extinguished the 'right' talent from the organisation. For this reason, it is important that the definition and identification of talent is reviewed regularly.

### **Rotating out of consequences**

While a key feature of some organisations is the rotation of their talent pool throughout the company and through a range of different jobs, there are some organisations where people move on before the consequences of their actions are felt. This means that they will not be performing well in any role or developing any long-term view of how their actions impact on the organisation.

## Mapping dimensions to perspectives

The 'Process Perspective' is where the organisation focusses on all processes needed to optimise the organisation's use of people, and often is exemplified through practices such as competency frameworks. Lloyds TSB and Banco are perhaps the best case study examples of this perspective in the report, as they have various processes to maximise performance throughout the organisation, as well as a clear process for talent management. The key dimensions here are:

- Dimension 1: Size of talent pool
- Dimension 2: Entry criteria
- Dimension 13: Risk
- Dimension 15: Talent management processes
- Dimension 17: Systems flexibility
- Dimension 18: Ownership of talent

Here the concern is with the process by which talent is considered and optimised throughout the organisation, so the system itself and its flexibility are key where talent is owned and how much risk is taken; shape how talent moves round the organisation; and the size of the talent pool and ease of entry determine the scope which the perspective covers.

The 'Cultural Perspective' is where the organisation has a deep-rooted belief that talent is the key to the organisation, and hence give people the freedom to achieve and demonstrate their talent. M&G and B&Q are perhaps the two best examples of this in the case studies, as is to some extent, the public sector competitive model. The key dimensions are:

- Dimension 3: Decision process
- Dimension 4: Permanency of definition
- Dimension 9: Support
- Dimension 11: Connected conversations
- Dimension 12: Organisational values
- Dimension 14: Performance management

Here the concern is with the embeddedness of the talent management process with everyday working life, so the opportunity for and acceptability of having career guiding conversations underpin the perspective, as do the collaborative values of the organisation and the support mechanisms. Performance management and permanency of definition have more impact on how the talent management process itself is operationalised

within the cultural perspective than laying the foundations for the culture itself.

The 'Competitive Perspective' is driven by the need to retain talent, and is most commonly found in the professional services organisations where poaching of staff is commonplace. Here the focus is to offer more than the competition does in order to retain them with the organisation. Accenture, Mills & Reeve and Grant Thorntons are perhaps the best examples of this perspective amongst the case studies in this report. The key dimensions that need to be considered within this perspective are:

- Dimension 1: Size of talent pool
- Dimension 2: Entry criteria
- Dimension 4: Permanency of definition
- Dimension 7: Development path
- Dimension 10: Influence on career
- Dimension 17: Systems flexibility

Here the concern is with adapting the system to keep the talent that you want from leaving to join the competition. Hence the size of the talent pool needs to be large enough to include everyone you want to but not so large as to be meaningless; the definition needs to be relatively permanent so that people continue to feel wanted; the development path is accelerated so that individuals can see how they are progressing relative to others; and the system needs to be flexible enough to allow negotiation as to who is in control of the individual's career path.

The 'Development Perspective' is focussed on accelerating the development of talents more quickly than other people in the organisation. This can be through job rotations, projects, quicker promotions or other opportunities. To some extent the National Probation Service case study illustrates this perspective as attempt to accelerate the development of those eligible for the programme. Fast-track graduate career programmes can be a form of this type of perspective in action also. The key dimensions impacting on this perspective are:

- Dimension 5: Recruitment as a source of talent
- Dimension 6: Transparency
- Dimension 7: Development path
- Dimension 8: Development focus
- Dimension 16: Use of technology
- Dimension 18: Ownership of talent

Talent has to be owned centrally for this perspective to work as it is necessary to move people around the organisation and across business units. A good

technological backup system which records where people are, have been, and are going to, can actually be the factor that makes the process succeed or not, as it is important to have a holistic view here and consider the bigger picture. Achieving this without a sophisticated record system is difficult. Recruitment is largely internal to give people jobs to move into, and the development path is accelerated and the focus is on strengths. Often there is not the time to address weaknesses in this perspective which is also why the IT system is important as you would want to pair people with matching strengths and weaknesses. This perspective is relatively transparent. It is obvious to everyone else in the organisation who appears to be on the fast track, and people need to know where they are on it so they can opt to jump off if they feel they are not coping.

The 'HR Planning Perspective' is focussed on having the right people in the right place at the right time. This is particularly popular with organisations going through rapid growth or expansion programmes, and hence is best exemplified by UnitedHealth Europe and Malmaison in the case studies presented in this book. The key dimensions driving this perspective are as follows:

- Dimension 3: Decision process
- Dimension 5: Recruitment as a source of talent
- Dimension 13: Risk
- Dimension 14: Performance management
- Dimension 15: Talent management processes
- Dimension 16: Use of technology

Clearly the amount of risk an organisation is prepared to take will shape the application of this perspective, while the performance management system and talent management processes oil the mechanisms by which this perspective operates. Recruitment is internal as much as possible, and technology is used to track people through the system, identifying where they could be going next and ideally by when the organisation needs them to get there. The number of people involved in the decision process can vary, and this is the key on how this perspective can be operationalised in any single organisation.

The 'Change Management Perspective' aims to use the talent management process as a driver for change, and can result in the deliberate recruitment and placement of mavericks in roles that they would not otherwise consider. Network Rail have explicitly stated that it is part of their strategy to use talent management to drive through change. Ipsen Pharmaceutical and the Metropolitan Police see potential for this perspective as they move forward in developing their talent management systems further. The key dimensions driving this perspective are:

- Dimension 1: Size of the talent pool
- Dimension 2: Entry criteria



- Dimension 5: Recruitment as a source of talent
- Dimension 6: Transparency
- Dimension 13: Risk
- Dimension 18: Ownership of talent

It is unlikely that the organisation will have sufficient change agents within its existing workforce and will look to bring in outside blood to achieve this perspective. Hence the entry criteria need to be clearly defined and recruitment can be both internal and external to find the 'mavericks'. This is a high risk approach so the organisation needs to decide how many people it wants to put in these roles, and whether or not they want the process to be transparent or not. Ownership is likely to stay central with those driving forward the change, but could devolve to business units in terms of making it happen.

Transparency is the dimension that organisations appear to struggle with the most. In the change management perspective, the organisation may be transparent within the organisation in order to help drive the change process, or it may be less vociferous to allow the change agents to make their impact in their own quiet ways. In the HR planning perspective, transparency can help people understand where their career is heading, but can cause upset if people find they are not being considered for roles they wish. In the development perspective, transparency usually occurs even if people are not explicit about it. Most people recognise when people are on an accelerated path compared to everyone else. In the competitive perspective, transparency is paramount, as knowing that they are considered as talent is one of the key drivers for people to stay. In the cultural perspective, transparency is something of a paradox. Given the culture is supportive of the concept of talent, it is surprising that most organisations within this perspective are not transparent about the outcomes of their talent management processes. Finally in the process perspective, transparency can be anywhere along the dimension. Organisations may be transparent about the process so that people know they are being talent managed, or it may feel that this is not a necessary requirement in order to optimise HR processes. If the talent management process is being employed to aid retention of talent, it is unlikely to have the desired effect if the individual's concerned don't know about it. Equally, if an organisation is worried that someone will leave if they find out they are not in the talent pool, then perhaps that person is of more value to them than they thought.

### **Some final thoughts**

In summary, a number of conclusions can be drawn from looking at the case studies and research results holistically across all the perspectives. These

appear to be true for every organisation and every talent management process. Firstly, performance management and talent management are not the same thing. Organisations that have embedded talent management into their HR systems may make the two look seamless, and this may be the outcome that most organisations are seeking, however the two are not the same. Secondly, there is no one way to do talent management – every organisation needs to find their own way, but focussing on one perspective and aligning the dimensions can help find that way. Designing and implementing a talent management system can be shaped by the dimensions. All the case study organisations could be mapped against these dimensions demonstrating that they are common to all talent management systems. A key area for development for all organisations is the development of a talent culture. Even those organisations subscribing to the cultural perspective need to develop their talent culture further as transparency is still an issue. This suggests that there is something underhand about talent management systems because if the organisation truly believed they were fair, open and justifiable, why wouldn't they want to be honest and open about them?

Care needs to be taken with disseminating talent management practices as talent management inevitably leads to segmentation and this can conflict with diversity and inclusion initiatives. This again requires a talent culture to be developed. There is a link between talent management practices and recruitment practices in an organisation. Those responsible for the latter ought to consult with those responsible for the former. Equally, there is a link between talent management practices and development, as the latter contributes to the former. There is also a link between talent management practices and retention as the latter can be dependent on the former, and finally there is a link between talent management practices and succession planning in that the former should contribute to and be guided by the needs of the latter.

Talent management and human resource management are thus closely related but it is not the HR department that makes or breaks the talent management system – it is the line manager. There must be strategic alignment at the top, and there must be the buy-in of the line manager in the actual workplace. Without these two sources of commitment, the talent management initiative will fail as it won't know what it is trying to achieve, and equally won't be able to be implemented. Hence talent management is not really an HR activity, it is a management activity.

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