

StepStone Solutions White Paper

An Introduction to Talent Management

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The term 'talent management' was first coined as a "critical driver of corporate performance" in 1997 by two consultants from McKinsey in the report **The War for Talent**. Since then, organisations have begun to place a higher priority on attracting, developing and retaining staff, realising that it is the single biggest source of competitive advantage they have.

In recent years, this has been fueled by the influence of technology and growth in knowledge-intensive organisations, alongside the fear of a global talent shortage due to an aging population. Companies can no longer expect to find queues of talented people responding to every vacancy they announce, so they need to be able to work better with the talent they already have.

Only 10 years ago, employers were using financial rewards to win the 'war for talent'. In such prosperous times, huge sums were spent on bonuses and furious bidding wars were used to attract and retain top talent, but the slowdown of early 2000 brought about layoffs and bonus freezes. Rewards were used more as a survival tool than a driver of business value and little attention was paid to the most critical issue of all: enhancing the value of the talent already in the organisation.

Today's world could not be more different. Now, 64% of businesses believe that a focus on management and success planning is key to attracting and retaining key personnel. The survivalist approach of yesteryear does not work well enough to justify the cost, and employees are placing a higher premium on developing their skills, rather than just their pay packet.

That said, good talent management has to go further than simply organising training sessions. It must bring together a number of important HR and management initiatives. Understanding employees' motivations, strengths and qualities is vital to developing the talent within an organisation – yet this vital process is often carried out infrequently, or overlooked altogether.

Human Capital Advantage

It is particularly difficult for large organisations to get to grips with these 'softer' aspects. To develop an effective strategy requires a full understanding of the talent lifecycle, which is why talent management technologies are must-haves for organisations committed to developing a competitive human capital advantage.

A range of solutions are now available to HR departments to help them implement a cost-effective talent management strategy. End-to-end talent management systems guide organisations through every step of career and succession planning by tracking information about staff potential and performance over time, as well as retention risk.

High-potential employees can be more easily recognised, but it is important that this strategy incorporates employees' views and not just the organisation's. Providing an opportunity to give feedback is vital as it gives stakeholders a critical insight into the aspirations and motivations of individuals so that managers can tailor their approach.

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Technology helps organisations build a more in-depth profile of the workforce, highlighting individual strengths and ambitions, as well as hidden flaws, whilst minimising the administrative and cost burden on the HR department. Web-based solutions also put employees in the driving seat, allowing them to update their own information when and where appropriate.

Not only can talent management technology help create career development and succession plans but it can generate succession scenarios to help visualise the effects of job changes and related executive decisions within an organisation. This can help avoid costly mistakes as well as providing a useful tool for spotting those employees who might be best suited for a specific role.

Particularly in large organisations, departments can have a tendency to hold on to high fliers at the expense of the business at large. By having an online system to support talent management, reports can be produced to provide a full talent review and therefore pinpoint which employees might be best suited to leadership roles in the future. Talent management systems can also demonstrate what HR managers need to do to ensure employees have the skills and experience they need to manage these roles.

Essentially, talent management is about identifying the key skills that are integral to the success of an organisation and mapping employees' capabilities against them to ensure you can track and develop them as far as possible.

Technology can play a central role in guiding a business through a successful talent management strategy. It can also help managers ensure their employees are motivated, stimulated and rewarded appropriately. As the war for talent becomes increasingly fierce, there is no more compelling business benefit than this.

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EXECUTIVE WHITEPAPER

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ABOUT THE AUTHOR

Dr. Grant Crow joined StepStone in January 2005, bringing with him 15 years of talent management and leadership expertise. Prior to joining StepStone, Grant led a number of entrepreneurial companies in the professional services sector in South Africa before relocating to London. This included leadership roles in the first private Graduate School of Business and Empowerment Leadership Institute in South Africa and taking the latter to an IPO in 1999. Dr. Crow's qualifications include an MBA and a DBA researching Leadership and Change.

ABOUT STEPSTONE SOLUTIONS

As part of the publicly owned StepStone Group, StepStone Solutions is the leading European provider of software based solutions and innovative technologies for effective HR. Together with StepStone Online, one of the market leaders for online job boards, StepStone Solutions is the only global provider to offer Total Talent Management: From vacancy advertising to e-Recruitment, HR Management, Skills and Competency Management, Performance Management, 360 Degree Feedback, through to Compensation Management, Learning Management and Succession Planning. Our clients, numbering more than 1,500, include Aral, Deloitte, The European Central Bank, Lufthansa, McDonald's, Carlsberg, Dannemann and Recaro Aircraft Seatings. StepStone is the only European provider to be rated as 'Leader' in the Gartner "Magic Quadrant for e-Recruitment Software".



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Software and Services for
Total Talent Management