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The Top 22: A Priority List

As part of our 2007 research into high-impact talent management organizations, Bersin & Associates surveyed more than 700 corporations and interviewed about 55 executives to learn more about top business problems, talent-related challenges and the adoption and sophistication of various talent-related processes ranging from recruiting to succession planning.

As part of the research initiative, we put all data collected under a microscope, so to speak. We wanted to understand the issues involved in implementing these talent management processes and, even more important, determine how they drive business results.

Our research found that of 62 processes examined, 22 consistently drive the highest business impact. These processes (The Top 22) represent a priority list for business leaders when it comes to developing and managing talent. If your organization is questioning where to start or how to strengthen its talent management program, these are the processes on which you should focus.

Our list of 62 talent processes, compiled through our experience and market knowledge, fall into eight categories:

1. Sourcing and recruiting
2. Performance management
3. Competency management
4. Learning and development
5. Leadership development
6. Succession planning
7. Workforce planning
8. HR systems

For each process, we asked respondents to rate their organizations on 16 different business measures which included onboarding, response to business change, compliance, employee engagement, retention and more. Following are the most important takeaways:

1. **Focus first on coaching.** At the top of the list is the implementation of coaching programs for employees. Organizations with strong coaching cultures, coaching programs and support structures develop much higher levels of engagement, leadership, flexibility and performance. Organizations are adopting a variety of coaching programs, ranging from intensive executive coaching to informal, ad hoc programs for specific skill development.

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For example, NASA found that its managers (mostly engineers and scientists) were not engaging well with employees. Although these managers were highly capable of solving engineering and technical problems, they were having a hard time dealing with strategy, planning and personnel issues. The result was an in-house coaching program, offered through a small set of senior employees who had unique skills in listening, coaching and development. These coaches quickly became highly regarded, and many managers sought them out. NASA is now trying to figure out how to leverage this program across the enterprise.

2. **Take a skills-based approach to workforce planning.** Skills-based workforce planning processes are ranked second and third on the Top 22. But although most organizations have workforce planning processes, many do little more than collect target head count requirements for each business unit. In today's tight talent market, organizations must thoroughly understand and address current and future workforce skills gaps.

One company we work with embarked on a nine-month study of workforce skills gaps and factored in retirements, attrition, new project demands and known demographic shifts. Analysis revealed that to achieve targets set in the five-year business plan, the company had to recruit 45,000 engineers. This startling finding led the company to dramatically revamp its sourcing, internal career development and job-placement strategies.

3. **Consider re-evaluating competency models.** Research clearly shows competency management is the "currency" for talent processes and decisions. Without identifying the competencies that make your organization succeed, talent decisions are made on quicksand. Well-defined competencies help you set goals, appraise people, identify high-potential employees, create development plans, identify leaders and develop the leadership pipeline. Seven of the Top 22 fell into this area.

We don't recommend organizations try to build enterprise wide models in one sweeping initiative — such a project is so daunting, it's an invitation to failure. Rather, we urge companies to start with the most important competencies required for the company's most important jobs.

4. **Performance management is key.** Focus on goal setting and development, not appraisals. Effective performance management takes place every day, not once or twice a year. Although periodic appraisals are important, the biggest business impact comes from setting goals and ensuring they are correctly aligned, as well as employee development. A performance appraisal is only a single point in this wide continuum of activities. The saying is trite, but it's true: Products don't make a company successful — people do. How they are managed on an ongoing basis greatly influences your success.

5. **For sourcing and recruiting, think sales and marketing.** Over the next 15 years, virtually all industry sectors will have more jobs than qualified people. In a tight labor market, organizations must do a far better job of targeting, sourcing, recruiting and assessing potential candidates. Recruiting has moved from a purchasing function to a sales and marketing function.

Moreover, there are a wide variety of new tools now available to improve the efficiency and effectiveness of talent acquisition. These include assessment systems, highly specific job boards and sourcing sites, innovative university recruiting programs and competitive intelligence approaches.

In addition, career development programs are back — organizations must invest in training and development programs that can help prepare employees for key positions throughout their careers. Many training and development managers are placing a renewed emphasis on talent development programs for a wide range of positions, including engineers, sales representatives, manufacturing managers and middle managers.

6. **Focus on processes first, systems second.** In spite of the attention given to technology, it doesn't add as much value as most people think. To maximize business impact, focus on processes first. Don't expect to gain value just by buying technology.

When setting expectations for new systems, it's also important to factor in the change management, training and communications required for any system implementation. For example, it takes about 2.4 years for a new performance management system to generate a positive ROI. This means that when you implement a software solution, you can expect to invest at least two years in training and change management before the associated performance management processes run better.

Thus, if performance management is your top priority, first spend time on process design, competency modeling and clarification of business requirements. You'll realize immediate business impact with this work. Then, you should automate.

You can use the Top 22 to help you "boil the ocean" and determine which processes are most critical, given your unique business challenges and requirements. Additionally, we recommend you focus on these three basic guidelines:

1. First, focus on the processes and people that matter most to the business. Find the 30 percent of your workforce that generates 70 percent of your organization's value, and spend your time and dollars here.

2. Second, work with your business leaders to design and implement processes that drive impact, with a careful focus on change management, governance, and monitoring and maintenance.

3. Third, automate as much as you can but focus on automating processes that work — not using software to drive change.

So, catch the wave. This research shows talent management can be transformational and even business-changing. For years, we've talked about becoming a strategic business partner. That time has come.

Excerpt from Talent Management Magazine-October 2007; Author Josh Bersin; http://www.talentmgt.com. Josh Bersin is the principal and founder of Bersin & Associates, with more than 25 years of experience in corporate solutions, training and e-learning.