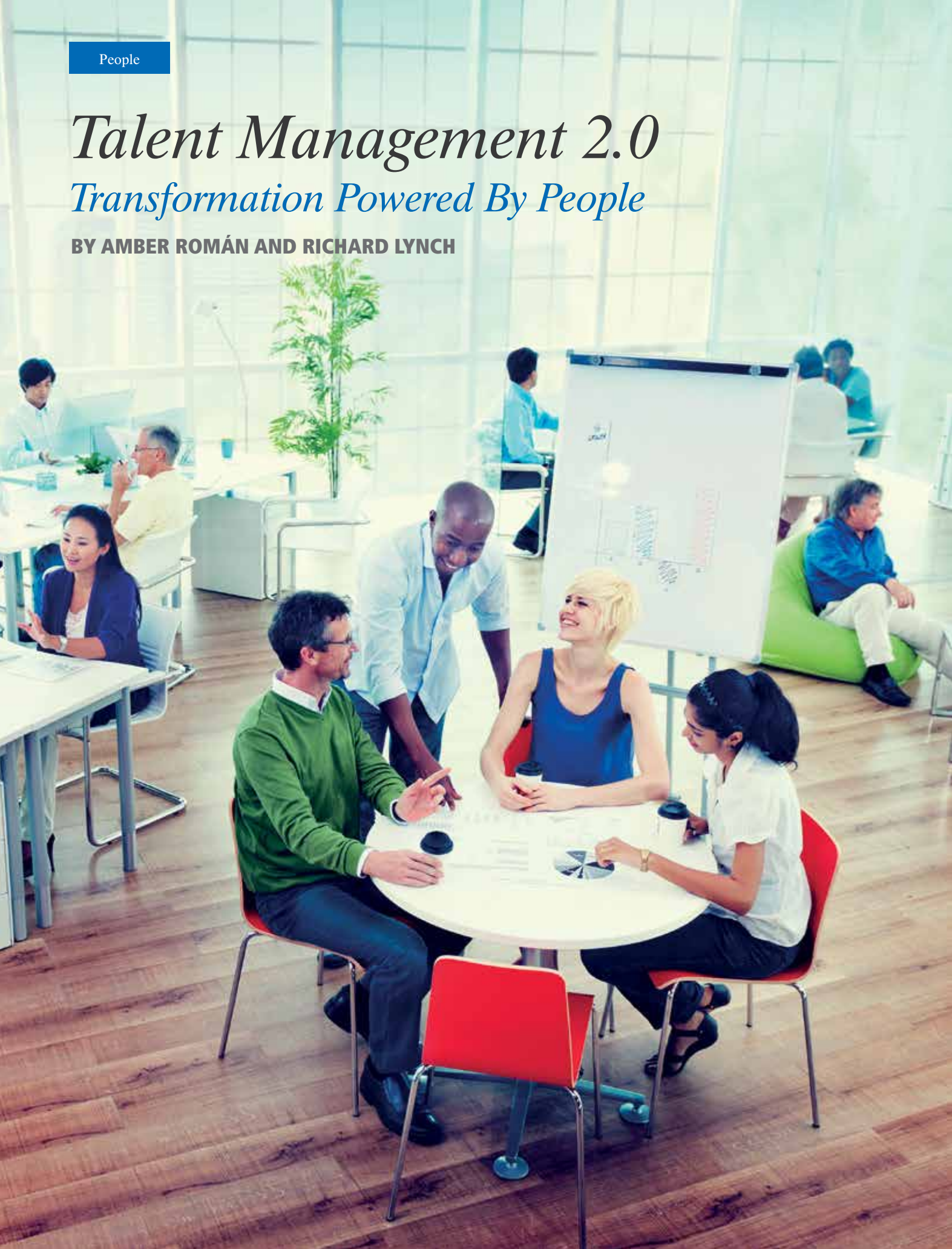


People

Talent Management 2.0

Transformation Powered By People

BY AMBER ROMÁN AND RICHARD LYNCH



In “*Moving Beyond the Anecdotal: What Will It Take To Create Your Digital 2.0 Business Model*,” we discussed our belief that everything begins and ends with people. Your organisation should focus on things you can control. On that list is upgrading the traditional Human Resources model prevalent in many organisations today. In this article, the second part of a three part series, we tackle out-of-date views of talent management and lay out a path to move HR to a new model we call Talent Management 2.0.

When you hear the word “talent” what does this word mean to you? *How is talent different than what we know as Human Resources today? What differences do you see, if any?*

We have asked this question of leadership in industries ranging from higher education to healthcare and often don’t get a clear answer. As we probe for understanding, we quickly hear about the shift in talent demands: it is about attracting, engaging, developing, and rewarding the best people to meet the organisation’s goals. It’s about building an organisational infrastructure that provides a long-term source of competitive advantage – one of the top concerns for CEOs in recent years.¹

For traditional Human Resource (HR) organisations, this brings new and exciting adaptive challenges. An adaptive challenge, is one that requires exploring new domains where there isn’t a proven solution. HR leadership needs to experiment, learn, and adapt to address the major talent, process and technology shifts well underway. Traditional HR jobs and roles today don’t need to be tweaked: they need to be reframed in the context of new business realities.

For organisations to compete on the new demands for top talent, change starts *within* HR.

Challenges We Are Seeing

According to *Tipping Point* author, Malcolm Gladwell, leveraging HR strategy is “*more critical than ever before in terms of sustaining competitive advantage through talent preservation, development, and maximisation.*”

What obstacles are getting in the way?

There are five key challenges that won’t go away:

Challenge #1: Break the transactional stereotype. Traditional process-orientated transactional HR activities (e.g. benefits enrollment, payroll, employee relations) have become the focus of many HR teams, leaving the strategic work of the organisation overlooked or pushed to the sidelines. When this happens, the businesses take on the strategic HR work. Operating this way has created an environment where duplicate efforts increase costs and HR is often not valued in strategic work, or worse, seen as an inhibitor to it. It is this frustration that leads to the conclusion that “*It’s Time To Blow Up HR*” – the cover of the July–August 2015 issue of Harvard Business Review.

Challenge #2: Focus on talent first. Talent is more than an “asset” or “capital.” Talent Management has to be an integral part of business strategy because people, technology and process are the key enablers to a successful transformation. In fact, it is a key differentiator. While companies can use the same technology such as Workday or Salesforce or copy a best practice, how people apply them and glean insights can’t be. Yet organisations are struggling with how to make it happen.²

HR needs to play a strategic role in enabling and delivering new talent related capabilities within organisations. This isn’t a responsibility of just HR, but one of the entire organisation. Talent is everyone’s job; especially top leadership. CEOs and other executives need to champion that position with leading by example and investing

appropriately in contemporary talent related technologies.

Challenge #3: Make your employer brand sticky. Organisations need to create an employer brand that brings the talent to them and keeps them there. An employer's brand is as susceptible to positive or negative feedback as the product/service brands are. Talent can find your organisation through digital mediums like never before and will form perceptions that go beyond your brick and mortar. This is about creating an organisation where talent seeks you out. Organisations like Google and Netflix, have demonstrated how an employer brand can attract talent. HR plays a key role in building these capabilities and programmes to be attractive to top talent.

Through the talent lens, employer brand is more about leadership brand. How do leaders create shared mindset around the future and provide opportunities for employees to contribute. This forces choices around the role of leaders in delivering firm brand, products, and capabilities. It also informs change leadership; establishes expectations of service leadership; and informs culture development through changes in the way work gets done.

Challenge #4: Master talent analytics. Leadership wants to understand as much as possible about talent to inform business decisions, address organisation capability gaps, and organisational performance. They also want to understand why people or whole parts of the organisation aren't meeting business performance goals. The ability to be pro-active and not re-active to the life-blood of their organisation is a necessity, not a nice to have. Analytics is a key differentiator and requirement for HR to be a strategic advisor.

Challenge #5: Embrace the digital world. The implications of the digital landscape have been affecting the business world for some time and now it is HR's turn. The digital landscape impacts every aspect of the work that HR

Table 1: Gravity Shifts in HR

Traditional HR View	Talent Management 2.0 View
An organisation should leverage its existing competencies and capabilities.	An organisation must not be constrained by what it has. They look beyond their own boundaries for capabilities.
Talent management is a function.	Talent Management is a capability driven strategic element, embraced by leaders and engages the whole organisation.
Traditional boundaries determine the services HR offers.	Think in terms of the total solution customers seek, even if that takes the organisation beyond its traditional services.
Sourcing/Recruiting: We seek them.	Attracting: They want to come to us because of our reputation, work environment, and culture.
Onboarding: Complete the checklist.	Immersed: Make them inspired about launching a career with us.
Organisational Development: React to a crisis.	Create a global strategy and structure around the future capability needs and opportunities.
Leadership Development: Rewards focused on existing hierarchy, systems and results.	Leaders mobilize network resources quickly in new areas. Focus is experimentation, learning and agility. Leadership attributes are as important as results.

professionals do, from interacting with a candidate to providing self-service resources to employee engagement. New cloud-based platforms enable talent management capabilities across the organisation in new distributed ways; where and when needed. HR needs to form a strong strategic relationship with the Information Technologies team to best align strategies and enabling technologies.

When Incremental Change Isn't Enough

The transformational effort for many HR professionals is driven by the new digital business models and moving to a more contemporary service organisation. It cannot be approached in segments and isn't incremental.

For HR to enable the organisation's capabilities, HR needs to shift to a service provider mindset and serve the organisation as a whole; spotting and solving real business problems. HR leaders need to be measured on how talent impacts the bottom line in organisations.

The new focus is on the capabilities of the organisation and what HR needs to do to enable them through new innovative ways. This requires a gravity shift (based in Blue Ocean concepts) as illustrated in Table 1 above.

Getting Started

Now that we understand these challenges, we are able to better frame the problem, define a solution, and deliver on the execution. HR professionals must not get discouraged and find a refreshed motivation to focus on moving forward.

Here are three starting points:

1. Relate HR to real business needs through capabilities

Talk to stakeholders and customers about their strategies and capabilities; what's missing or underperforming? Immerse a small team in the business to learn what the organisation needs for talent. Don't be afraid to venture outside or your organisation to see what other companies are doing. Ask software and recruiting firms the same question. What hot skills are



Universities developing? This goes beyond learning best practices and develops adaptations for your organisation that deliver organisational capabilities. Use these learnings to build out the future state talent management capability model.

Learning from companies like Google, Netflix, LinkedIn, Pepsi and others, we see whole new groups of capabilities emerging:

► **Align the organisation to the future state:** capabilities here sound similar to organisational development but take on a new twist, capability-based planning.

For example:

- Advise leaders on talent implications of strategy; what are the hot skills needed
- Identify new competencies required for growth
- Analyse why whole parts of the organisation are not meeting organisation goals

► **Attracting and assembling stunning talent:** Borrowed from Netflix, this group of capabilities is about recruiting in a whole new world and assembling teams more fluidly. As talent behaviours have changed significantly, so must HR capabilities.

For Example:

- Offer appealing benefits/rewards/incentives for short term projects (LinkedIn, CEO Jeff Weiner, calls these "tours of duty")
- Leverage social media/crowd sourcing for recruiting

► **Match and engage talent:** Top contributors want opportunities to grow while contributing to the mission. Companies like IBM and P&G pioneered tools to create cross functional teams:

For Example:

- Create programmes to share talent resources across the organisation.
- Support assembling of talent for new ventures

2. Transition from functions to services

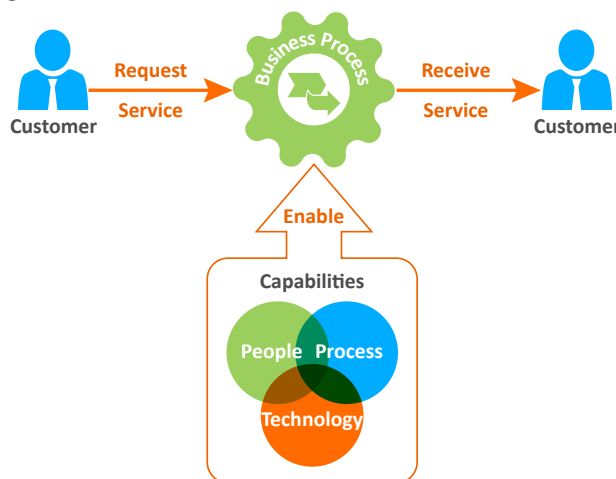
Collaboration and cross-functional effectiveness have not been the sweet spot for many in HR. But how can leadership trust HR to be a strategic advisor if the day to day work cannot be done effectively and efficiently?

It is easy to fall into the trap of functional optimisation within HR but with the digital business model 2.0, HR needs to collaborate across the organisation and within itself to enable the capabilities of the organisation.

Think of an HR as a service provider: customers can request a service, defined in business terms, that enable them to successfully run their business.

To do this HR must shift from functional hierarchy, where HR is specialised and separated by their expertise, to services and solutions that cross all specialties to meet customer needs.

Figure 1: HR Service View



3. Balance transactional and strategic focus

Talent has become part of strategy. HR plays a critical role shaping contemporary sets of Talent Management services to support the organisation's mission and vision including cost containment.

It is no longer a question of transactional "or" strategic focus, it is now transactional "and" strategic.

A Way Forward

The transformation of HR won't happen overnight. We understand this adaptive challenge has been around for some time now. We are certain that this change will require a deliberate focus and leadership attention that utilises a new approach emphasising capabilities and strategic alignment to the organisation while running (or overseeing) traditional HR

Table 2: A New Look at HR

Business Services:

- Advising and guiding the business in matters of talent and performance. Enable the organisation through expertise and strategic influence without transferring work to other parts of the organisation.

Business Enabling:

- Applying new innovative technologies to enable self-service and sharing best practices across the organisation that support organisational growth. Creating strategic alliances to understand the capacity of talent and the needs of the organisation holistically. All of this while moving away from delivering HR transactions to overseeing their execution.

Business Differentiator:

- Talent becomes part of the strategy and an enabler to execute it. HR creates solution centers that define a full suite of services to meet the needs of their customers and the organisation.

transactions with flawless efficiency.

It is best to start smaller, by running the day to day operations and improving them as requirements change. HR can use this to create opportunities to move back into the strategic HR role through their actions; they speak louder than words.

We recommend that certain things be stopped in the shorter term to align resources to improving and transforming the business of HR.

• What to disengage with or stop doing now

1. Stop concierge services. This is what really kills HR teams. Everything is a workaround and an exception, which slows the organisation down and ultimately doesn't add real value to the employee experience.

2. As HR leadership, stop framing challenges around transactional work. Figure out what pains customers have with the day to day talent work and reduce their burden immediately.

3. As HR leadership and staff, don't work with blinders on and create work for customers with more bureaucratic processes and policies. Develop an end-to-end view of where HR work fits within the enterprise and reduce the effort for the customer.

• What to start doing now

1. You need to learn the business you service. Bring in new business and commercial acumen into the HR team.

2. Encourage diversity of experiences. How do we develop the people beyond just skill sets that create organisation capability?

3. Take Dave Ulrich's advice: HR

Leadership needs to demand more from HR to leverage talent for better collaboration and to create the conditions for innovation and growth.

Table 3: The Ambidextrous HR Team and Focus

Strategic Capabilities for leverage	Transactional Capabilities for efficiencies
Align organisation to future state business strategy	Deliver employee benefit programmes
Advise leaders on talent implications of business strategy	Facilitate benefits enrollment
Map talent related spending to future state capabilities	Administer time and attendance
Identify new competencies required for organisational growth	Administer annual compensation programmes
Develop talent engagement strategies	Conduct HR compliance audits

needs to take an outside-in view of the organisation. He advises that HR shift focus from inside an organisation (employment of choice) to outside the organisation (employer of choice of talent and one that customers would choose).

4. Talent Analytics is a requirement to enable the organisation. Build this fast or broker it.

5. Take a hard look at what is going well in HR for running the day to day operations and leave these alone for now. Take a look at where HR could be offering services that customers want and would be an easy lift.

6. Research what business partners do day to day. Learn the business and create a partnership with key leaders to create a better service organisation that focuses on the customer needs. HR needs to change the cultural mindset that they can be strategic with words alone. Prove value-add with customers through actions and accountability.

• What would be aspirational?

1. Utilise a capability-based approach to ensure the new talent management and HR strategy are aligned with business strategy and communicated throughout the organisation. This is needed at all levels of leadership to ensure execution of the business strategy.

2. Address the cultural changes to demonstrate that talent is the organisation's responsibility as a whole and not just HR's. It is not a mandate from HR, but rather a complete change in

the strategy development and execution process.

3. Transformation is more than just a slogan.

For the two-thirds of executives in *IBM's Global Market CEO Survey* who think their business models aren't viable for more than 3-5 years, transformation is essential. Transformation starts with CEO and C-suite leadership and support for appropriate investments to overhaul outdated services and the technologies that deliver them. Leadership also needs to demand more from HR to leverage talent for better collaboration and to create the conditions for innovation and growth.

The organisation's future success depends on it. 

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