



# What's the plan?

Eighteen months of corporate collapses and organisational failure prove we need a new model for managing tomorrow's global talent, **Tony Manwaring**, CEO of Tomorrow's Company reports on what that model could look like

**N**ow that the painful reality of deep recession is replacing the collapse of financial institutions as the big challenge for us in the near term, one longer term question remains unasked and unanswered: how do we embed a more sustainable way of managing talent to create organisations fit for the future?

In the past few months we have held conversations with some of the leading organisations operating both in the UK and globally to come up with a response and a roadmap for change.

Among those we have spoken to for the report, *Tomorrow's Global Talent*, the consensus around what this response is, is striking: the old model of managing and leading talent within organisations is broken, we need to change the way we

measure success in organisations; we need to fundamentally redefine what we mean by the word talent. There is also firm agreement that the driver for this is much bigger than simply ensuring we don't make the same mistakes: it is the recognition that we are entering a new era of business with new rules.

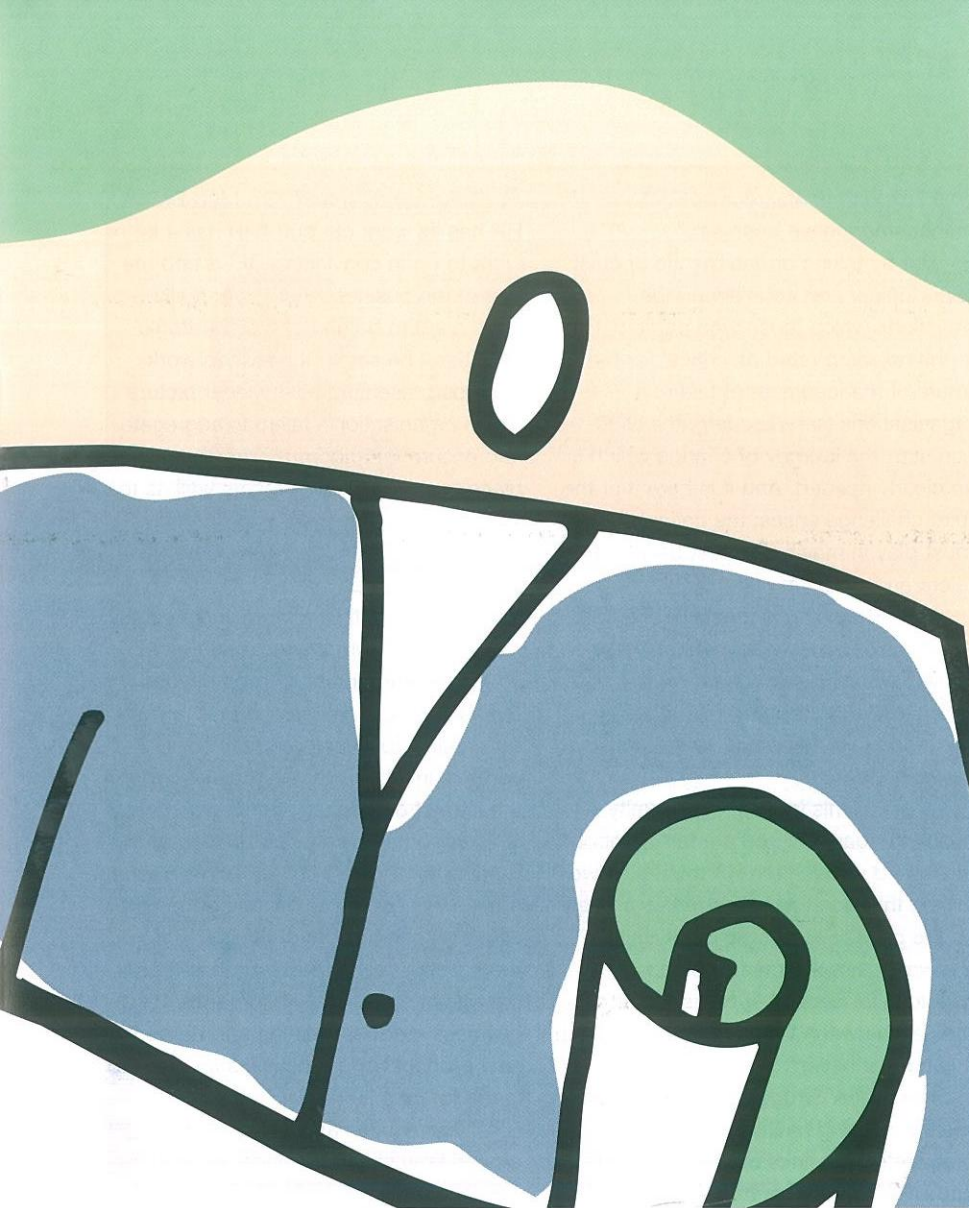
In the emerging 'age of sustainability' social and environmental impacts are every bit as important to secure business success as it is to ensure sustainability outcomes themselves: in fact, they reinforce each other. But what does that mean in practice for those responsible for talent management in organisations? From our conversations this means overcoming three broad challenges.

The first challenge is to move beyond the reliance on a top tier of talent in

organisations. "If the current crisis shows anything, it shows that a small group of people within a large organisation have the ability to make or break that organisation," says Kai Peters is CEO of Ashridge Business School.

Organisations must therefore simultaneously reduce the risk currently vested in the few at the top and improve performance by harnessing the talent of the many others.

This represents a major shift in how we think about talent. It means moving on from the 'talent is scarce' dogma which has dominated since McKinsey coined the phrase 'the war for talent' (see *Box, far right*) and focusing on how talent all through the organisation can contribute to organisational success. As Richard Emerton the regional managing



## The war for talent: a brief history

- It has been 12 years since the consulting firm McKinsey coined the phrase 'the war for talent' where it defined the key battleground for organisations as being the fight for top executives.
- In 2007 the firm reaffirmed its view still held true and that talent would be the most important resource for the next 20 years.
- It defined this talent in an article in *Fast Company* magazine as "... smart sophisticated business people who are technologically literate, globally astute and operationally agile".
- Since then influential voices such as Stanford University Professor and author of the *Work Matters* blog Bob Sutton have been vociferous in their criticism of the focus on scarce talent and superstars at the top level of organisations (<http://tinyurl.com/dm3yfs>).
- Similarly in the UK, Sir Mike Rake, chairman of BT and of the UK Commission for Employment and Skills, has been a leading voice in making the case that talent should be defined as something that can be contributed by all at every level of the business.

partner EMEA, leadership consulting for report partner Heidrick & Struggles puts it: "Leaders must create a culture that encourages all forms of talent to be exposed, valued and developed, not just the rare high potential leadership talent. Organisational leadership potential may be scarce, but talent is all around us."

This has implications for the whole organisation but particularly at board level where talent management must become an issue for the CEO.

This leads to a second challenge which emerged in the research: the challenge of embracing a new model of leadership which sets the tone for the rest of the organisation where CEOs promote talent as a priority and act, in effect, as chief talent officer. This, says Matt Brown a director of YSC who

works at board level with global organisations, is something that the CEO must grasp as a priority and work through the organisation.

"Clearly the CEO cannot be involved in everything so part of the expectation a CEO needs to set for the executive committee is that they all

personally own talent for their functions," he says. "One of the things that has been missing has been follow-through



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*Gary Browning, CEO, Penna*

## 10 questions for tomorrow's chief talent officer

1. In the face of the challenges of a triple context where you must measure your impact of the economy, the environment and society, how will your company redefine and measure success?
2. What are the implications of this new thinking for the way you create value through people?
3. How will your organisation define talent in the future?
4. What new kinds of talent will your organisation need to enable it to succeed given the triple context measurement of business performance?
5. How will you challenge the 'talent is scarce' mindset in your organisation?
6. What will you need to do to discover, unlock and harness the latent talent inside and outside of your organisation?
7. What more could your organisation do to engage the talent and enhance the potential of your people?
8. How will your organisation's culture and value system need to change to foster commitment to sustainability?
9. How will you ensure that talent management rises up the leadership agenda for your and your organisation?
10. What do you need to do differently to fulfil the role of talent steward for your company?

Source: *Tomorrow's Global Talent report, Tomorrow's Company*

when expectations around talent management have been set."

But by taking on the mantle of chief talent officer and considering the questions which those who participated in the research rated as critical for the future of management of talent in organisations (see *Box, left*), the CEO can start the journey of change which is so clearly needed. And it is here that the third challenge arises: the critical role HR must play in making the link between talent and corporate strategy.

Gary Browning is the CEO of Penna, a global HR consultancy which works closely with HR and boards of international organisations. He believes that, for senior HR practitioners, this is a defining moment.

"For HR this is a big opportunity to raise their game. If you are talking about talent and values then HR must say 'we will be the moral guardian of this and act as the conscience of the organisation the way it selects, manages and develops its people'. If HR is to narrow the gap between them and the CEO then it is now or never."

Heidrick & Struggles' Emerton says there is nothing new in the need to create stronger links between strategy and HR. Consultants have been banging this drum for many years. But in too many organisations it still is not the norm. Given the startling demographic changes looming across the western world, time is running out. CEOs have got to bring leadership development into the board room and have got to deepen the strategic capability of their HR functions – now.



But according to YSC's Matt Brown, HR has its work cut out: "HR has a lot of work to do in convincing CEOs and the rest of the business that talent really does need to be one of their strategic priorities," he says. "It needs to work towards presenting a very clear picture of the organisation's talent in aggregate and ensure that rigorous plans are in place to address any gaps as well as to plan how existing talent can be maximised."

So what steps should organisations who want to shift to a more sustainable approach to talent management take?

The starting point is to go beyond the narrow economic focus on the bottom line to recognising the 'triple context' in which we now operate where the impact on society and environment is as important as financial performance.

The *Tomorrow's Global Talent Report* argues this goes way beyond engaging with new generations of talents, while recognising how important this will be – the age of sustainability demands new business models, creating and delivering new products and processes to succeed in the future.

"This requires an open discussion around how climate change, legislative development and design for sustainability will change the rules of the market and thus change the rules of the organisation," says Kai Peters of Ashridge Business School.

The next step is to translate this into a change in the way organisations manage the talent development process.

"Developing talent is a broad process which includes recruitment, training and

**"Organisational leadership potential may be scarce, but talent is all around us"**

*Richard Emerton,  
regional managing partner EMEA,  
leadership consulting, Heidrick & Struggles*

## Case study: Talent 2.0 – how BT is facing up to the challenge



*Caroline Waters,  
director of people and  
policy, BT Group*

*One organisation which has faced up to the talent issues discussed in this article is BT which is some way down the road in their values-driven approach to talent management. Caroline Waters is director of people and policy, for BT Group.*

“Managing talent is not a new topic for BT. Our approach has been evolving and is constantly changing to fit our customers’ expectations and the demand of an increasingly global and integrated market place.

We have, for a number of years now, had an increasing emphasis on value-driven assessment in the

recruitment and development of our people. This means we can ensure the people we recruit and develop as leaders make decisions and behave in a responsible and sustainable way while also working autonomously from the business. It allows us to recruit people who bring new perspectives to the BT team and to foster their wider capabilities and skills in the way we manage their development.

With the BT values forming the core of our leadership

capabilities it means we also recognise and reward the behaviours that underpin, not just a narrow economic view of what business success means for them, but the wider environmental and societal impact of what they do.

Because we have been at this for a couple of years we are seeing the outputs and benefits. One example is in the diversity of our workforce. This doesn’t just cover diversity in traditional areas such as age, ethnicity, faith and gender but is much broader.

We have worked hard for a number of years to reach groups from a wider range of backgrounds, for example, inner city communities, who would not normally be recruited by big companies. We have one of the biggest apprenticeship programmes in the UK and we are seeing a real impact here as well as in our graduate recruitment and wider talent pool.

In my view all HR directors should be proactively reaching out to a wider group of people, not because it is politically correct but because it is great for business and for customers. We believe our people need to reflect the diversity of the customers we serve. Their differences challenge us as a business. Seeing the impact of building this into our development and recruitment processes encourages us to do more.

At BT the CEO intuitively understands that talent is a decisive factor for the future success of the business. Like all good business leaders he understands the importance of keeping this as an area of key focus.”

development, promotion and, where necessary, an exit. Organisations who take the present challenges seriously will consider each of these areas,” says Peters who adds that this means asking hard questions of the organisation: “Are the right people being attracted to the company in terms of their understanding of risk and the role of an organisation in society? Are they being developed with a holistic understanding of the ‘big issues’ rather than in a narrow way? Are the right people being promoted or, where necessary, terminated? The journey is one of a serious alignment with the strategic challenges of an organisation rather than of ‘business as usual’.”

Heidrick & Struggles’ Emerton adds that this is particularly critical as organisations face up to the challenge of operating globally and reflecting the diversity of the market place in the workforce. “It’s not only about finding and recruiting people who are different from what you’re used to and who

originate in different countries, it’s learning how to engage and retain them that counts. If you are too slow in finding talent in markets you don’t understand today, it could impact on an entire business cycle leaving a generational black hole.”

Report partners Career Innovation, in their work on ‘the Conversation Gap’, emphasise the impact of the failure to build relationships and ensure frequent and productive conversations, especially when it comes to retaining talent.

Listening to Penna’s Gary Browning who works with a range of organisations on these issues, the major stumbling block is not accepting the world has changed but breaking the organisational paralysis caused by the ongoing upheaval. “Some organisations are better placed than others to face up to these issues but not all are doing what they could or should. There is a sense of being caught in the headlights and organisations need to move on from this.”

We are already seeing evidence in some organisations that as they teeter on the edge of survival they are going backwards on this issue: sustainability, ethics and a view to the long term are taking a back seat.

But in our research for the *Tomorrow’s Global Talent Report* what we found in talking to individuals and organisations is that this is not just short-sighted but unsustainable.

The challenge for talent management professionals – whether this is the CEO as chief talent or HR as a partner – is to move away from old mindsets, see talent as abundant and then do what is needed to ensure the survival and sustainability of our companies. This means thinking about the new kinds of talent that will be needed, defining it in new ways, finding it in new places and from new generations.

Tomorrow’s organisations will succeed through discovering, engaging and leading every ounce of individual and collective capability in people. ■