

THE FUTURE

OF BUSINESS AND THE PIVOTAL NATURE OF THE TALENT AGENDA

By Gwen Ventris

In the past ten years we have increasingly seen a significant shift in the sources of value in modern businesses. Today 70% of the value in businesses across all sectors is attributed to intangible assets*. Almost all of these intangible assets are driven by human talent. Talent Management has become the hot topic. The critical nature of talent within a business and an organisation's ability to attract, retain and excite it, such that the talented individuals within these organisations excel and become the sources of competitive advantage they have the potential to be, now sits at the heart of the strategic agenda.

Organisations today are facing ever more rapid change, economic extremes, competition from emerging economies, global mobility, rapidly shifting demographics, the impact of technology including social media and the expectations of the generation Y workforce which are significantly different from the previous generation X.

What direction then, is the future of business hurtling towards? A future that challenges many if not all of the principles applied to businesses in the 90's. The future will, more than ever before, be about leveraging talent, but in contexts that are also very different from the past. At the centre of this change will be an organisation's ability to effectively engage with its workforce. Its ability to apply globally integrated business models which enable people to collaborate and leverage shared know how; models which connect with partners, suppliers, customers and employees alike. Such business models must enable ideas, innovation and applied creativity and the associated structures will support rapid information exchange and the creation of value. Businesses of the future will have enabling mechanisms which underpin the twin objectives of unlocking the potential of talent to achieve strategic goals and engaging all relevant parties in achieving mutual goals. This talent may be employed in the conventional sense or part of an extended and mobile workforce.

emerging economies competition
global mobility
rapid change economic extremes
shifting demographics

Effective leadership will become ever more critical in achieving business success in such dynamic environments. Command and control will ultimately become discredited as an appropriate form of leadership or organisational behaviour. Autocratic management structures will equally be shown to be unsuitable in this brave new world. So what does a successful business of the future look like?

It will be global but not necessarily physical bricks and mortar in each of the major economic locations. It will be a significant user of green technology on many levels, with an IT platform that enables sharing of knowledge and access to customers, suppliers, employees and its extended workforce alike. Its people will be excited, energized and engaged. Talent Management will be a source of competitive advantage. Its structure will be organic and networked; supporting the flow of relevant information, products and services to relevant parties. And its leadership will be inspirational and able to lead through a combination of vision,

*The Shift, Lynda Gratton

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direction setting and enabling; it will have a social conscience and be concerned about building a sustainable future.

Why Talent Management? Talent is not simply a synthesis of education, qualifications, experience and intelligence. Nor is it necessarily specific; talent can be contextual. Talent – as defined in the OED is “an unusual natural ability to do something well - somebody with exceptional ability”, and importantly it is also about “know-how”; knowledge of markets, customers, processes, technologies, etc. I believe Talent, in an organisational context, can be described as “T” shaped. The vertical bar of the T representing the specific deep technical or specialist skill, or skills of the individual and the horizontal bar of the T representing those human skills (often categorized as emotional intelligence) which enable successful leverage into the business world, of complex specialist skills. Talent therefore comes in many forms but fundamentally it is about being exceptionally good at something quite specific and being able to apply this in varying circumstances, very often in a business context, to achieve specific objectives. The contribution of effective Talent Management is to enable the organisation to define talent needs, identify sources of talent; develop the organisation’s individual and collective talents and to create circumstances whereby such talent can be deployed in ways that engage and align people around business strategies and a compelling set of objectives.

LEVERAGE SKILLS

SPECIALIST SKILLS

The acquisition, development, deployment and retention of “talented” people, requires a “talented” approach. Success in this respect means organisations being open, progressive, flexible, exciting and enabling environments in which people engage in a self-motivated and self-managed way but with the shared purpose of a collective understanding of business goals, strategy and direction. Importantly it is about organisation environments which enable individuals to simultaneously feel a sense of belonging and being stretched to give of their best in support of both individual and broader business goals. A talent for achieving alignment to propel these apparently conflicting requirements in a forward trajectory will be a critical factor in achieving successful business outcomes.

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Crack the talent management challenge and you are well on your way to building a sustainable organization of the future; build an organisation of the future and you will have put in place the platform from which talent will flourish. This however presents business with somewhat of a conundrum; a chicken and egg situation – which comes first? There is no one specific right answer to this, much will depend on where you are starting from and the nature of the current capability of the organisation and the strategic requirements of the future. But it is clear that exceptional individuals will be necessary at the beginning of such a journey to shape the fundamentals and lead the desired changes whether it is a business in transition, or an emerging business/organisation with big ambitions.

At the heart of achieving this sits the “capability model”, a framework which allows an organisation to view its business through the prism of human capital as its primary source of competitive advantage. Capability models change perspective; they turn hierarchical structures into flat landscapes and align strategy with the skills required for the future. Capability models are not 21st century grading systems; instead they promote

a 21st century view of the human capital contribution and provide a language which enables everyone in the business to engage in a dialogue about how they individually and as part of a team, make their contribution to business success. A successfully implemented capability model can fundamentally change organisation culture and underpin the sustainability of the business well into the future.

10 REASONS

WHY A CAPABILITY MODEL COULD BE THE ANSWER FOR YOUR BUSINESS

1. Your business is fragmented, siloed and not providing customers with sufficient depth and breadth of access to your core competence. There is a desire to offer integrated services but attempts to achieve this are foundering. You are missing value adding opportunities and customers are frustrated with your lack of responsiveness and service.
2. The skills profile of your business is more relevant to its history than its future. The recession has slowed employee turnover but retention of important skills has not delivered performance improvement. Recruitment is not aligned with emerging business opportunities and the required capability is often hired after the opportunity is missed.
3. Your business is experiencing a loss of key skills, higher than market employee turnover. Training and development is not delivering sufficient ROI. Your business experiences high levels of recruitment costs and long recruitment cycle times and finds it difficult to recruit the right talent.
4. Resources are locked down, sharing knowledge, capability and information is poor. The business experiences internal competition diverting management attention from the real competition and undermining the brand in its marketplace.
5. Leaders talk about the change agenda, know the business needs to change, but are unclear how to achieve this without disrupting current revenue and profit streams.
6. The CEO is unhappy with the lack of alignment between strategy, business objectives, rewards and performance management outcomes.
7. Business models and organisation structure no longer support the way the business operates or needs to operate in the future.
8. Employee/industrial relations need improvement. There are significant internal frustrations with lack of progress, lack of personal development opportunities and/or lack of change.
9. Employees are not engaged, the HR Function is not making sufficient impact and Management is not persuaded about the critical nature of the talent agenda.
10. Technology and MIS are not providing a sufficient ROI, or sufficiently enabling of collaboration, information sharing, knowledge transfer and performance management.

I arrive at these views from the perspective of a practitioner; having spent most of my career in businesses developing these ideas and applying them in practice. And I have benefited from being able to see the remarkable results in real time of such ideas on employees, customers and business performance alike.

As an example businesses that depend upon technical/scientific competence as a source of competitive advantage benefit significantly from a framework that enables identification, definition and measurement of

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capability, such that a common language can be used to describe and understand the business requirement for this capability today and to forecast and plan for appropriate capability into the future. This approach is not role bound, grade specific, dependent upon a few technical specialists (although depth and breadth of capability can be readily established), or restricted by organisation structure, or middle management behaviour.

When managed appropriately an effective capability framework can significantly influence company direction, strategy, ROI outcomes and deliver strategic and business alignment. When managed as a driver of major change, a capability framework approach can inform behaviour, influence business culture and contribute to shaping technology requirements at both the strategic and tactical levels. The benefit of viewing the business through the prism of understanding its capability also provides a platform from which the business can be performance managed. This is particularly useful when your business depends upon the depth, breadth and technical competence of “talented” individuals.

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