mine the gap!

THE WAR FOR TALENT MANAGEMENT

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It's the bus, stupid

Jim Collins' famously colourful analogy that talent management is all about 'getting the right people on the bus, the wrong people off the bus, and the right people in the right seats' still works.

In fact for most, the McKinsey-coined 'war for talent' is a straight fight to hire better and faster than (or from) the competition, whether that's shop floor coach or CEO first class.

A war whose risks according to PwC in 2011 have become the number one board room priority, with most boards planning to make 'major' changes to their talent strategy (83%) over the next 12 months.

If only, as McKinsey observe, boards could get bums on seats more often: currently board air time devoted to talent is flat-lining at 10%.

But although the front lines still focus on the attraction and retention of talent, things are shifting in 3 new and important ways:

1. **'A great bus to ride'** - To ensure the bus only picks up - and keeps - the right people - attention is now being paid on what the bus looks like and on what once-in-a-lifetime trip it offers

2. **'Who's driving the bus'** - Which in turn has shifted attention onto how talented the driver is and on how much influence they (and others) have in scheduling the route

3. **'The Magic Bus Theory'** - Which has finally led to brands looking at how integrated, sophisticated and even mature their approach to talent is - as measured against competitors

These 3 shifts of emphasis mean less that we are talking about a 'war for talent', and more about a new 'war for talent *management*'.

The question you should be asking now is: Have we missed the bus?

This mine the gap! whitepaper helps you digest the main concepts; but always with a view to guiding you around the talent bus of the future for practical benefit. We then offer a phony war myth debunking conclusion perfect, well, for reading on the bus or the train.

A great bus to ride

The great thing about this Twitter [recruitment video](#) is not that it has been watched almost 1,000,000 times; really features the CEO; or humorously parodies a rather cheesy genre.

The great thing about this *intentionally bad* recruitment film is that it neatly surfaces the 3 main features of talent management thinking:

1. That Gen Y want to be part of something bigger

2. That a 'great place to work' is less of a work place at all;

3. And that passengers now sell the journey

"Working at Twitter isn't just a sweet job. It's a way of life. A way of life that's like a sweet job."

This is a core Gen Y marketing message: At Twitter, we offer you *more* than just another seat on another bus. This is *the* bus ride of your life.

So who are these Gen Y passengers?

Gen Y (Net or Millennium generation) were born between 1980-1995, after Gen X (1965-1979) and preceding Gen Z (whose characteristics are up for debate).

Shared characteristics highlight familiarity with social media, cultural and political liberalism and an economically-driven dependence on their parents. But in work terms, they have very different ideas than previous generations about what it means to have a job: work/life flexibility; better working environments; freedom to make decisions; faster career progression.

Gen Y "want to be part of something bigger than themselves." Fancy titles, exotic locations, and high pay work: But what else have you got?

To help Gen Y feel part of something bigger - Twitter - and DreamWorks, Google, Zappos etc - realised one thing: we don't just need a bigger bus, we need it Vegas style.

In the video, these ['casino perks'](#) are listed as free t-shirts and acupuncture, but they are just illustrations of things brands now offer for attraction, productivity, and loyalty reasons.

Ensuring...

- The bus has all the modern facilities - gyms, crèche facilities

- Passengers create their own workspaces

- Nothing distracts from the view - concierge services for work/life

- The journey is educational: expert guest appearances and lectures

- Aisles encourage chance encounters and collaboration

... Helps fleet footed Gen Y think clearer, work harder, collaborate better - and remain more loyal.

Crucially, the Twitter video was created by Gen Y's, for Gen Y's.

This doesn't mark a sea change in the way businesses sell themselves as great places to work. But it is a good example of a move away from the idea that it's Marketing or HR's job to sell the ride.

In a nutshell, this is a clever harnessing and channelling of Gen Y's love of self-promotion and connectivity on behalf of your company:

- Instead of a company blog, why not unleash every socially active blogger in the company on the company blog?

- Instead of trying to stop employees networking on LinkedIn or Facebook, why not encourage them to reach out - and tap into - potential passengers on these platforms?

- Instead of failing to talk to the next generation of recruits, let your employees 'sell' your bus - to customers and employees - for you?

Who's driving the bus?

Most people would expect us to say HR.

Turnover and absence figures, cost per hire, exit data, engagement and culture surveys: over the last decade, top table lite HR have been busy 'hardening up' the so-called 'soft stuff'.

They've ensured their passenger data is tied to business goals; demonstrates revenue impact; is compelling to the board; even forward looking.

In answer to Dave Ulrich's call in 'Are we there yet?', where he urged 'Statistics should become de rigueur for HR professionals', they have acquired skill sets from marketing, IT, even auditing professions.

They even squeezed into the increasingly strategic cultural space between the brand and its employees, turning the bus from a breeding ground of hierarchy-heady toxic managers to a diverse hothouse of creativity.

The business case here is impressive.

Meanwhile a lot of buses - often spectacularly - went off the road. BP leaked oil. Time Warner parked alongside AOL. RBS took a detour to ABN AMRO. Lehman a dead end.

The 'soft' mantra that 'People are our greatest asset' balanced by a financial crisis driven admission that 'People are also our biggest risk'. From the trading room to the board room. On buses, and cruise ships.

This in turn means that although boards are now calling on HR to bring their people skills to bear at the top, they want the talent as biggest asset, risk - and cost - picture to be shared.

As talent is their number one business priority, HR can't be the only hand on the wheel. That's a risk too.

Now more than ever Risk Managers and HR need to work side-by-side.

The question is how? Our recommendation is to merge the established practice of having a Talent Panel with a Human Capital Risk Panel.

Talent Panels already deal with talent or human capital risks:

- Analysing and revising strategy against competitors - perk by perk

- Prioritising the individuals, jobs, and units that need the most short and long term focus (based on ROI)

- Modelling recurring talent problems to identify any precursors or red lights that may indicate problems

- Acting as a rapid reaction team to deal with emergencies (or opportunities)

Encouraging Risk Professionals to get on board, these activities can be combined:

- Creating a common framework and shared language for contextualising and communicating talent risk and business risk

- Helping frame risks together as they apply to larger scale transformations such as mergers and acquisitions

- Ensuring the Human Capital Risk Strategy connects to the wider Risk Strategy as well as informs the overall Business Strategy

- A Talent or HCR Panel can help drive the bus. But the board needs to set direction. And to do so, they need to get 'hands on'.

Having a panel to integrate talent risk into business risk, the bus is a lot safer. But the board is also a talent risk, and the panel shouldn't shy away from analysing the makeup and culture of the board to ensure it is not posing risks to the business.

And not just in terms of having a robust succession plan in place, but mapping out the longer-term competencies required to support future requirements.

Conducting executive level 360-degree performance assessments and reviews - that employees undertake - should also be complimented by ensuring that the board is diverse (which in itself helps passengers 'see' their chance to reach the front seats).

A board culture that top-down encourages risk or rapidly burns out CEO's should be turned around.

The board could also take its duty to govern (HR Governance in the sense of awareness and management) the activities of the HR/Risk bus driver team.

This may become a systematic, open, two-way partnership, with all parties intimately aware of and using that awareness to make more talented decisions with the information provided by a company-wide awareness of its own talent management sophistication. In many ways, talent management awareness powers the bus along.

Self-awareness of talent management sophistication can in turn be communicated outwardly to investors (and shareholders) whose lackadaisical if not reckless approach to their own talent risks has led them not just to tighten up their own ship but factor the same criteria onto the businesses that they value. Moody's for example have started to do just this, starting with the healthcare industry. AXA too have their own human capital investment fund.

But this openness, both in the way companies use talent to reach talent, in the way the bus as a great place to work is being touted, and in the way risk has animated board room as well as ongoing media/political conversation, is a real opportunity to reset HR to HC. In the same way that brand's embraced the financial, marketing and sustainability potential of being eco-friendly, 'talent-friendly' presents brands with a promising new frontier to head toward.
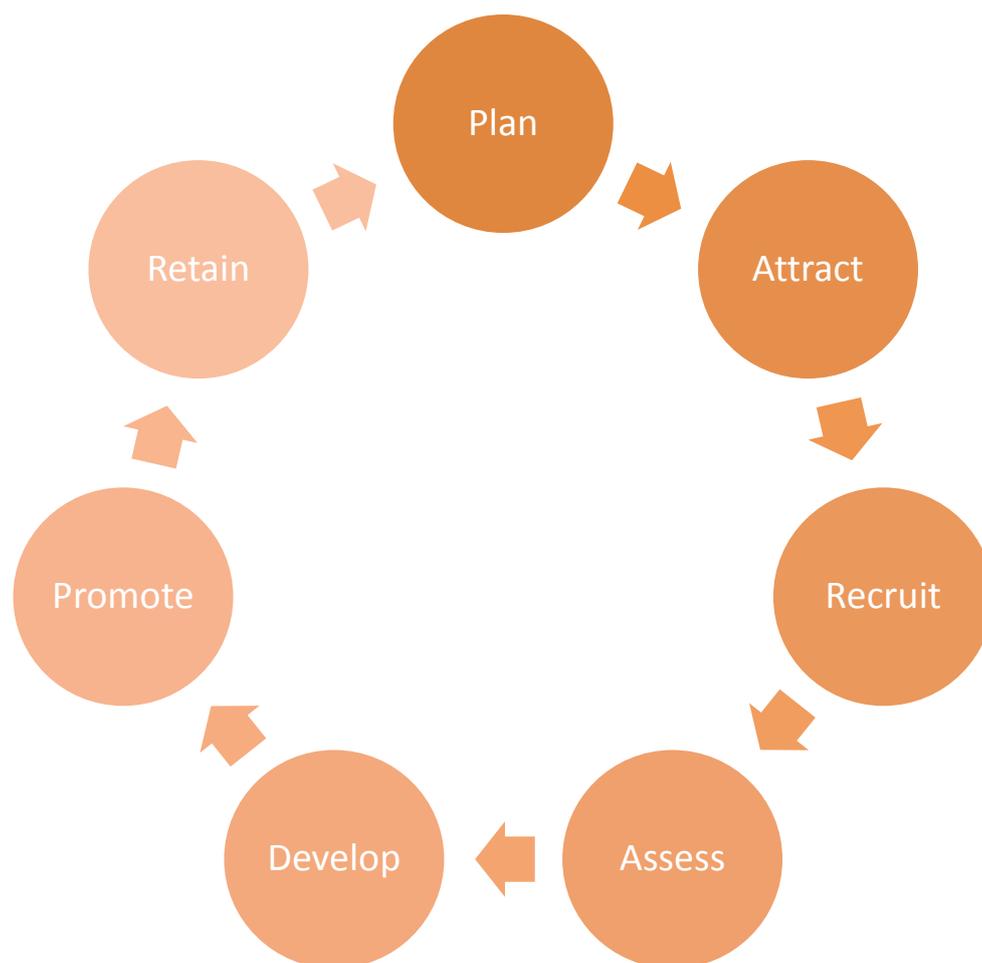
An Integrated Talent Framework consists of 7 main activities. As we've covered the main ingredients that encompass the Planning stage, and urged you to think of using talent to attract more passengers, we'll stick to summarising the other 5 steps.

Recruiting Talent: Picking up new passengers

Traditionally, companies get serious about recruitment when they have a specific opening, or when someone unexpectedly quits. But for sophisticated talent management companies are proactive: If it's your 40th, maybe you're susceptible to a change of scenery?

They also, as we have said, use passenger power (so called talent scouts). Bringing in 'talent magnates', superstar passengers who will make an industry sit up and take notice, also work to rebrand the bus in the eyes of new recruits. Talent-savvy companies are also realising that academic achievement doesn't always translate into performance.

Google eschew candidates with stellar academic records in favour of candidates with stellar records plus the ability to take initiative, a far better indicator of future performance. Degrees are important: but degrees + the wrong attitude can negatively impact the bottom line.

At the same time, employers are parking their buses outside schools and colleges rather than just universities.

The hiring process is speeding up too. As passengers reach out and sometimes even vet candidates for you, you can fast track the process hugely, a benefit to both sides.

Assessing talent: how far an individual's journey will go

We've encountered four typical approaches to assessing talent:

1. Buses where talent is only found at the top board-level

2. Buses where certain individuals, roles or groups are seen as more talented than others

3. Buses where EVERYONE is equally recognised as talented

4. Buses where turnover is so high no one stays long enough to be assessed as talented at all

For the most part, the majority argue that talent = highly paid high flyers, usually from top schools, often with hyperspecialist STEM skills, who show board level leadership potential. In our view, this is outdated.

Talent programmes can create an Us vs. Them culture, with resentment on one side, and risk-taking arrogance on the other. They fail to recognise the lynchpins in the business who make it possible for all 'stars' (technical, local and generalists) to shine (more on this later).

They also fail to ask two key questions:

1. Which business factors should influence the way we assess the talent we have - what future requirements do we have, what are competitors doing, how do we assess what we have against what we could bring in?

2. What is the ROI of our talent programme - ROI per individual contribution back to the business in terms of new business and sales targets, innovation, patents, IP, even lower recruitment costs owing to the talent magnetism of our talent management system?

Talent management savvy buses start by answering these questions and create a framework that meets those targets.

Developing talent: getting passengers to talk

The key to developing talent can be simple:

- Identify barriers to productivity: employee surveys, focus groups, even open door policies can uncover conflicting process elements, outdated organisational design, and routine system abuse

- Let talent help each other: communities of practice, consultant directories, wikis and internal social networks can spread best practice, alerting others about upcoming problems, as well retaining knowledge

- Turn mentors into coaches, even friends: as our Gen Y graduates want a friend rather than 'manager', work on making both generations work together in new ways

- Encourage shadows: job shadowing can be a great way of not just developing new skills but also identifying hidden talent potential

Even in leadership development, our advice is to define what you mean by leadership.

We define leaders as individuals who engender 'followership' by articulating a clear vision and strategy for achieving that vision. As we also urge that talent is found everywhere in the business, we also suggest that leaders can be found everywhere too.

In creating leadership development programmes, Bersin & Associates have identified six best practices (our summary):

1. *Develop executive engagement:* Ensure the programme is highly regarded by being focused on the right issues

2. *Define tailored leadership principles:* Ensure the programme differentiates between management levels

3. *Align with business strategy*: Ensure the programme is individually tailored to refer to businesses strategy

4. *Target all levels of leadership:* Ensure the aim is to develop a leadership team rather individual leaders

5. *Apply a comprehensive approach:* Ensure interventions match learning styles and maximise business impact

6. *Integrate with talent management:* Ensure the programme is at the heart of the integrated framework

Promoting talent: getting them in the right seats

How often has someone you thought perfect for a role failed spectacularly - with dire consequences for the them and the business?

Talent management savvy buses don't promote people to the front seats based on traditional criteria such as the fact that they have been around long enough to deserve the chance to take the step up, or tick the technical requisites of the job but have little or no EQ to take on the broader management side of the role.

Learning agility hails from seminal research conducted by McCall, Lombardo and Morrison (1998) and their resulting book, Lessons from Experience. Here they discovered that many newly promoted passengers derailed because they tended to depend largely on the same skills which got them promoted in the first place rather than learning new ones.

Previous strengths became weaknesses. In contrast, the successful ones (the real high potentials worth promoting) seemed comfortable with new, different, and challenging situations. They were willing to learn from experience.

One of the most used measures of learning agility is [CHOICES](). In 2010, a Korn/Ferry Institute study conducted by McGaldrey, a national accounting, tax and consulting firm, used the CHOICES instrument to reveal the four areas that would help passengers move up the bus:

1. Strategic skills: be aware of how strategies and tactics work in the business world, develop fluency with business terminology, have mastery of financial tools, and be able to make timely decisions

2. Communication skills: possess well-honed communication skills that effectively inform, persuade, influence and coach others

3. Managing up: relate well to others on the bus in all directions - up, down, sideways - inside and outside

4. Inspiring others: support, encourage and inspire other passengers on the bus to perform their best

Four areas that businesses can develop in those they want to promote.

Retaining Talent: Keeping the Right People on the Bus

As we know that money isn't everything that keeps passengers on your bus, it is perhaps surprising that companies still believe throwing more money at their best and brightest will keep them sticking around for the journey. By far the most cost-effective way of retaining your passengers is to give them the kind of bus ride that they can't get anywhere else.

As we have shown, this is particularly key for Gen Y. But helping people to continue to do the best work of their lives - and delivering on your promises - shouldn't be focused just on the new blood, like a special offer that doesn't apply to existing customers.

The psychological contract between the bus and its passengers, the shared perception they have about their mutual obligations toward making this bus ride special for all its passengers, is vitally important, even if necessarily left unsaid.

Everyone on the bus has talents and everyone has a role in attracting and developing the best talent around them.

Conclusion: 'Move that Bus!'

Are you missing the bus? Do employees think it offers the ride of their lives? Are the drivers (HR/Risk and senior management) the right people for the future? How do you measure efficiency? What keeps your best people wanting to stay on board? Do you have a bus?

If you've ever seen Extreme Makeover (we won't hold it against you if you haven't) the premise is quite straightforward. As a deserving family are taken away on holiday, a design team bulldoze their often underprivileged home and build a palace in its stead. The family then return and, standing behind the ridiculously swanky Extreme Makeover bus, cheer 'Move that bus!' with the assembled crowds as their new home is unveiled - seriously, it's great!

But before you bulldoze your talent plans, note that talent management is not an exact science. Just as there isn't any foundational management text book, don't expect the 'Talent Management 101' text book to arrive soon. We are dealing with people here, people - employees and customers - whose ideas and wants and values and needs and skills are constantly changing with business models changing just as fast to keep up. If anything, buses are changing lanes to keep up faster than ever.

For some businesses, the type of talent is still all important (the best engineers). If they're Gen Y, attracting them might be better handled by your Gen Y passengers. Giving them a Twitter style casino to work in will also help them make your bus their home away from home. But if all you've got now is a camper van, plan ahead for needing a Talent Panel, but keep your eyes on the road too. For those with a fully souped-up Lady Gaga style tour bus, you too would do well to look in the mirror now and then to see what new talent management best practices your competitors are using to break all records.

The key to winning here is to realise that every bus is different. It's your bus and you need to understand it before you can determine how to set its direction. Make sure you know it inside and out to keep it sustainable.

Whether you're still stuck in the war for talent, or stepping up to engage in the war for talent management, make sure that you're not side-tracked by accepted wisdom either.

Debunking Talent Myths

Smart people make companies smart

One of the cornerstones of the war for talent is that hiring all the smartest people is the smart move. But this is a real risk. This was pointed out in a seminal 2002 article by Malcolm Gladwell, who took particular aim at McKinsey and its influence on Enron:

> *"The broader failing of McKinsey and it's acolytes at Enron is their assumption that an organisation's intelligence is simply a function of the intelligence of its employees. They believe in stars, because they don't believe in systems. In a way, that's understandable, because our lives are so obviously enriched by individual brilliance…But companies work by different rules. They don't just create they execute and compete and coordinate the efforts of many different people, and the organisations that are most successful at that task are the ones where the system is the star."*

Smart people is the smart move

Recent research by Harvard's Boris Groysberg on 1,000 star Wall Street analysts supports Gladwell's idea. Groysberg's study showed that analysts who change buses suffer a sudden and lasting drop in performance. Without their previous buses general and proprietary resources, culture, network, and support from colleagues - the things that made them shine - they fell down to earth.

With a few caveats:

- Companies that poach entire star teams survive much better

- Companies that offer better resources help those stars reboot faster

- Companies that poach more women - more scrupulous in making career changes and, due to male-dominated cultures, have shined on networks outside the firm (networks that follow them) - also fair better

Money makes smart people work smarter

It is of course a trite argument to suggest that the predicament we find ourselves in is the effect of lavish bonuses. But research into the link between bonuses and risk is fairly established: Creative knowledge workers fail more and pose more risk to the business when rewarded by financial incentives (too big ego'd to fail).

Not without irony, people who undertake routine manual jobs perform better when offered bonuses. Our reset message: reward people working together, not individuals working alone.

The smartest teams are made up of the smartest people

If your bus only had a few seats left, who would you pick? Most people would pick the smartest. The higher the collective IQs in your group, the more likely it is to come up with the winning ideas (and claim the bonus if you followed the last point).

But there is little correlation between a group's collective intelligence and the IQs of its individual members: unless the group has more women.

So, only hire women? No. In the same way that all-male teams perform badly due to group think, the same rule applies. The research suggests that group's succeed when they: draw on a range of cognitive skills; meet face to face; listen sensitively to one another; share criticism constructively; have open minds; and are not autocratic.

Traits increasingly more prevalent in teams, boards - and talent management reset - companies.

About the authors

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We are brother and sister at mine the gap! and help brands bridge the gap to their customers and employees.

We'd be happy to research any area of HC for your business.

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We look forward to hearing from you.