

# STRATEGIC TALENT MANAGEMENT

**It is a common idea that there is not enough talent to go around. However, whether or not an organization is able to meet its talent needs depends primarily on how it implements strategic talent management initiatives**

*by Kent Jonassen, Global CEO, LPI*

## Introduction

Strategic talent management is about defining your future need for talent in the organization and about taking actions to meet these needs. While many companies are aware of their talent needs, they are still challenged when it comes to being fully responsible for meeting those needs.

Traditional talent management often relies on external and/or internal assessment centers. However, the true potential of your leaders cannot be disclosed in assessment centers. Further, the talent challenge is not solved by just assessing and selecting from your existing talent pool. It can only be solved by increasing the pool to select from, and by building an integrated talent management approach based on the Leadership Pipeline concept in order to activate all of the talent that

is already there.

## The ongoing talent challenge

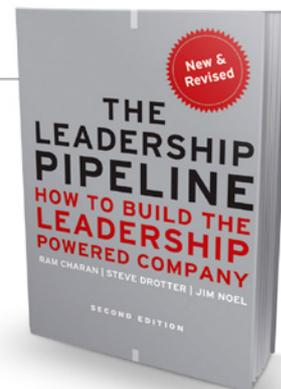
In order to support the sustainable growth of your company you need to grow a net flow of talent that is equal to the free cash flow of your company pro ratio, as a minimum. Many companies have difficulties identifying enough talent, and this is true even for companies with extensive talent management initiatives.

A shortage of talent may have various root causes. Examples of this can be inadequate talent projection, unexpected growth of the business, lack of strategic recruitment, excessive faith in internal/external assessment/development centers, insufficient performance management system, lack of data-driven

## The Leadership Pipeline Book

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people management, etc.

However, imagine that:

- the leaders in your organization were trained to assess talent based on people's performance in their everyday job
- leaders considered it a critical part of their job to identify and nurture talent
- your performance review process enabled you to rely on the output in terms of performance and potential

Wishful thinking? It does not have to be. Irrespective of your starting point, three simple building blocks will do it for you:

- Dual Performance Appraisal System
- Leadership Transition Programs®
- People Review

When you combine this with a strategic recruitment process you can transform your entire organization into a live assessment center and, ultimately, a solid talent factory.

Building a sustainable pipeline of talent requires an integrated approach towards talent management based on the Leadership Pipeline concept, which ensures the successful transition of leaders at all levels of the company and keeps the pipeline of leaders flowing abundantly.

Even if this may not be the time for you to transform all processes at once, the different elements can be implemented step by step in concert with your existing HR tools and practices.

The role of the Dual Performance Appraisal System

The role of the Dual Performance Appraisal System is to enforce accountability for how the leadership role is enacted and to drive focus for leaders to develop their direct reports into becoming better leaders.

The key difference between a traditional performance appraisal system and a dual performance appraisal system is that the dual performance appraisal system uses two discrete appraisal ratings to measure leaders' performance: one rating for their business result objectives and one rating for how well they execute their leadership role.

However, the key to success does not lie in just having a discrete rating for leadership. It lies in measuring the leaders at each leadership level on "the job that has to be done" rather than on an abstract ideal about what the perfect leader looks like. Reality is that the definition of a good leader depends on whether he/she is a Leader of Others, a Leader of Leaders, a Functional Leader, etc. Consequently, you must define "the job that has to be done" in accordance with the Leadership Pipeline concept. Rather than starting on a blank piece of paper in this exercise you may want to tap into Sirrah's generic model and expertise in customizing this model.

Our experience from the Leadership Transition Programs® is that many leaders unconsciously consider their leadership role as something that comes on top of their job rather than as an integral part of their job. Indicators of this tendency is that budget, sales meetings, etc. are booked well in advance in the calendar while performance reviews are always conducted at the last minute just before deadline.

Based on the business adage "what is measured is improved" we suggest that by rating leaders separately on their leadership performance you support them in their own transition into becoming effective leaders.

When measured in this way leaders are more likely to strive to adjust their work values and time application. They will also start valuing leadership work more and allocate the necessary time to it.

Furthermore, a separate rating on leadership performance combined with the organization's leadership competence model provides the Leaders of Leaders with powerful input for personal development discussions with their direct reports. In this way, dual performance appraisals represent an important cornerstone in an integrated framework for securing a pipeline of ready-now leaders.

By differentiating the performance appraisal, you create visibility into the links between the leaders' performance as leaders and their delivery of business results. A talent pool should consist of leaders that both deliver the numbers and fully perform their leadership role.

We should also point out that a good leader at one leadership level is not necessarily a good leader at another leadership level. This becomes visible when you use a dual performance appraisal system which differentiates between leadership levels. Such a system supports your framework for securing a free flow of talent to continually fill your leadership needs.

#### **The role of Leadership Transition Programs®**

The step from accepting a leadership position to becoming a successful leader takes more than merely providing better leadership skills. It calls for a fundamental adjustment in mindset.

The Leadership Transition Programs® support leaders at various leadership levels in developing the appropriate work values, time application and skills. The generic programs can easily be customized to capture specific organizations' desired leadership culture and existing HR tools.

When applied the right way, these programs ensure that leaders who have leaders reporting to them focus on selecting leaders based on their leadership capabilities rather than merely their functional capabilities AND they focus on developing leaders as leaders in order to keep the leadership pipeline flowing. The programs mobilize your middle management in the critical role of selecting and developing talent. Middle management often relies on corporate talent programs and the evaluations made at assessment centers, but the reality is that the development of talent is actually a day-to-day job for middle management and they play a critical role in assessing the potential of their direct reports and providing reliable assessments of both potential and performance.

For many Leaders of Leaders this is a new way of looking at how they add value to the company. Beyond building this new mindset, the programs provide specific skills training in how to assess leadership potential based on evidence rather than gut feelings and hearsay.

The programs are based on high-impact learning principles, which integrate the participants' real-life situation into the programs. This is done to an extent where the participants often feel that being at the program is like being at their job. As a result, the learning from the programs can be applied instantly when the participants return to their jobs.

#### **The role of People Review**

Even with the best dual performance appraisal systems you will find that consolidated performance distributions are skewed towards the high end. Leaders are challenged by their direct reports when they assess them and there is often a concern that a performance rating that is not on the high side will demotivate talent. It is also easier to give people good news than bad news.

People Reviews work as a safeguard to ensure the proper calibration of ratings across teams. At a People

Review each leader is held accountable to their direct manager and their peers for the performance ratings they have given. This fact in itself encourages leaders to be more objective and evidence-based in their ratings of direct reports.

The outcome of the People Review in relation to talent management is:

- A clear overview of ready-now talent, i.e. people who will be ready for a significant promotion within 12 months;
- A reliable shortlist of long-term talent, i.e. people who are expected to take not one but two or three steps up in the organization;
- An action plan for what will be done in order to develop talents, i.e. what positions should be made ready for these people and what should the current direct manager of the talent focus on in their day-to-day coaching of this talent.

In other words, based on solid input from a dual performance appraisal system and leadership transition training of middle managers, the People Review will become your internal assessment and development center.

Many studies have been conducted on executive derailers. Typical derailers are learned arrogance, low tolerance for ambiguity, self-promotion, micromanaging, etc.

We have found that most of the typical executive derailers are issues that could have been identified long before an individual was promoted to the executive level. Derailers are most effectively dealt with long before the individual is promoted by using appropriate development initiatives. At the People Review you assess the risk of a specific talent developing these

potential derailers and decide on a plan for how the direct manager can support the talent in coping with these derailers.

### **The role of Strategic Recruitment**

Traditional talent management starts with the selection of talent for internal talent pools. However, by that point you may have already significantly limited your options of finding sufficient talent. Our proposition is to start the talent management process when you recruit young people for your internal graduate programs or other entry level positions.

The two obvious questions are then:

- How many do we need?
- What should we be looking for in the recruitment process?

Of course it is rarely possible to project the exact composition of an organization five years ahead. However, just ignoring the issue and waiting for the future is not a solution either. For established organizations, simple tools do exist to ensure that there is a meaningful line of sight between the recruitment of today and the talent needs of tomorrow three and five years down the road.

It is not much different from managing financial risk. Nobody knows the interest rates or the exchange rates of tomorrow, the day after tomorrow and of course not at all one year down the road. But that does not prevent a company from evaluating different possible scenarios and decide on a maximum desired exposure to the market, and then subsequently hedging the exposure using various financial instruments.

The questions we are left with are: What is your organization's maximum desired exposure? What are your talent scenarios?

Another question is: “What should we be looking for in the recruitment phase?” After all, you recruit a 24-year-old graduate and it is not until three or five years down the road that they will be evaluated for talent pools.

It is correct that many things can change over a three- or five-year period. However, there are also things that do not change.

People’s fundamental traits and general intelligence do not change much over time after the age of 18-20 years. So, if you take these two factors into consideration in your selection of people for your talent pools you might as well take them into consideration already in your recruitment process. A number of tools such as cognitive assessment tools and psychometric tests tools (as normally used in external or internal assessment centers) are often much more effective to use already in connection with the recruitment process.

Accordingly, talent management does NOT start with the selection of already employed people for talent pools. It starts by defining certain characteristics of

people that you are looking for when selecting talent and then push these criteria all the way down through the recruitment process.

#### **Tapping into talent**

It is our experience that there is more than enough talent to go around. You just need to tap into it and not accept the idea of a talent shortage. Your entire organization can be turned into a talent management center, where you nurture everything you already have.

Implementing the Dual Performance Appraisal System, Leadership Transition Programs® and People Review will take your organization to the next level of being strategic in your talent management approach. These three initiatives will help leaders in your organization to think of leadership as an integral part of their job and they will support everyone in nurturing and developing talent on an everyday basis. Along with strategic recruitment, this will increase your talent pool significantly and transform the organization into a solid talent factory.



Kent Jonasen is Global CEO and co-founder of LPI and is mainly focused on managing large international clients and building the international business.

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