



The transparent talent pool

Whilst succession planning can prove to be one of the toughest parts of your people management strategy, Erik Berggren argues that by creating a transparent talent pool, organisations will find themselves in a win-win situation.

No one can afford not to take advantage of the current supply of their talent. With increased competition for talent and increased attrition, this poses both a cost issue, as well as a strategic concern for organisations today. Getting the best out of your people is in a company's best interest and that of the employee.

But the questions you have to ask yourself are:

- Just how do you go about it?
- What are the real business benefits to the organisation?

Traditional succession planning

Succession planning, by nature, is one of the most difficult parts of a company's people management strategy. It involves several cringe-inducing decisions and tough choices that most HR people would rather not deal with: the prospect of talented, successful people leaving their organisation; often times a painful internal or external search for new talent; and a lack of clear insight as to just which people in an organisation are really right for the job.

"Succession planning involves several cringe-inducing decisions and tough choices that most HR people would rather not deal with."

Traditional succession planning is all about making sure business can continue to function should people in some key roles decide to leave. Nothing is wrong with it, but it is not sufficient. Succession management is more of a risk management and business continuity issue. What if you could leverage the embedded strengths of all your employees to match their ambitions, skills and capabilities in line with the needs of the company? It might sound theoretical and visionary, but in fact, pretty straightforward and attainable.

Financial and practical concerns have all but forced companies to take a real, reasoned look at their approach to succession planning among rank and file. Competition for prime talent, along with financial pressures to optimise the workforce, as well as other talent management pressures, mean more and more companies are looking at succession planning less as a hassle and more as a key part of their human capital management strategy.

The foundation though is pure and simple; having reliable data to base talent management decisions upon. And smart companies are doing something about it – leveraging technology to bypass the traditional hurdles of succession planning – and getting swift and tangible results.

From the top

The first step is to make sure there is a sound assessment process loaded with integrity to provide this data. To be able to accomplish this in any scale, organisations are integrating this workforce planning or supply-based succession management process, if you will, with their performance review process. An integrated and fully automated talent management process makes life easy for managers and employees and is the starting point.

A FTSE 500 financial services customer (that we have been recently working with) has been able to improve their internal fill rate from 60 per cent to 75 per cent with an estimated direct financial benefit of \$11.5 million on an annual basis, which is a direct cost saving (and is also a conservative estimate). This examples aims to highlight that for companies, the stakes are high.

"People are usually identified as an organisation's most important asset, but little is done by leaders to ensure their employees are engaged, motivated, and performing at their full potential."

Many organisations and customers that we work with are seeing similar results and are now in a situation where a lot of managers are withdrawing their focus on being able to maintain the high internal fill rate and ensure that organisations widen the pool of where they are looking for future talent.

As discussed initially, the direct cost saving is substantial, but for most organisations this is a far more strategic concern and helps drive growth while keeping employees engaged and actively looking for career advancements that fit their ambitions and capabilities.

This has implications on an organisation's ability to attract and retain the best people. People want to work in an organisation where there are career opportunities for the best personnel. People are usually identified as an organisation's most important asset, but little is done by leaders to ensure their employees are engaged, motivated, and performing at their full potential.

Opening the flood gates to talent assessment really allows organisations to connect their strategic priorities with its talent. The transparency that this wider talent pool provides empowers individuals, and aligns the overall corporate strategy with individual contribution.

It helps weed out managerial behaviour where ugly guarded managers cannot survive. There is no way of keeping great employees from moving on in the organisation, but bad optimisation of individual departments is at the expense of the overall company as well as the individual employee. The company, great people managers and individual contributors win when talent inclusion goes wide.

Talent transparency - win win

A major retailer was able to find 15 new regional managers when tapping into the talent pool after assessing individual staff members from the store manager level and below, including assistant store managers using the right tools and technologies. The external cost of hiring to fulfill the need for regional managers was well above a million dollars per year. The 'ready bench', as it is sometimes called, also put to use, grew by 20% during the first year. For this company, this was key for overall growth, and furthermore provided significant cost avoidance benefits from not having to hire so many managers externally.

"Real visibility and fairness to the performance reviews is a foundation to drive a strategic talent process."

Again, there is a direct cost saving attached to this initiative but the real strategic value for this company was that they improved their employee engagement score by 7%. So the ripple effects of these investments are instrumental.

To make these strategic initiatives work, companies must integrate their talent processes with performance review data and internal processes. Real visibility and fairness to the performance reviews is a foundation to drive a strategic talent process.

As we constantly see, and have also validated by previous research, leading companies rely on technology solutions to scale these processes in consistent ways. Subjectivity and unclear paths to progress in organisations are strong demotivators for individuals.

However, providing individuals with a clear chance to align their talent with the future strategy of an organisation drives engagement levels up, turnover rates down and strengthens companies' competitiveness and results, all while saving direct costs in the process.

In all, new performance management technology enables employers to quickly and easily set effective goals for employees and align them to the company's objectives, measure performance against those goals and reward people for their performance to improve motivation, and to deliver on the actions that have the biggest impact on the organisation.

Erik Berggren is senior director of customer results & global research at [SuccessFactors](#).

HR Zone 29-Jul-2008

Categories: [HR Strategy](#)

Copyright © 2002 HR Zone Ltd. All rights reserved