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Integrated talent management

Part 1 - Understanding the opportunities for success

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Human Capital Institute

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Integrated talent management

Part 1 - Understanding the opportunities for success

By Tim Ringo, Allan Schweyer, Michael DeMarco, Ross Jones and Eric Lesser

As organizations seek to overcome challenges associated with globalization, changing workforce demographics and the emergence of new business models, they are looking to their employees as the critical source of differentiation in the market. However, the search continues for guidance regarding the value of investing in talent management, and where organizations should place such investments. Our recent study shows that the strongest emphasis belongs on developing a workforce analytic capability, embedding collaboration and deployment capabilities into existing work practices, and rethinking the role of employee development.

Today, we see many organizations wrestling with talent-related issues. Should they spend precious time and resources in upgrading their learning capabilities, or focus their attention on attracting new employees from the outside? Do they invest in developing the ability to connect employees around the globe, or on a system that allocates human capital across the organization? How can these practices work together in a more seamless and integrated fashion?

To better understand how organizations are addressing talent management, IBM and the Human Capital Institute surveyed 1,900 individuals from more than 1,000 public and private sector organizations around the world about their respective talent management capabilities. The respondents varied by position and included people involved with HR and non-HR functions. The surveyed companies represent a variety of industries, geographies and sizes.[1]

Combined with 49 follow-up interviews, financial analysis and secondary research, this study provides a unique window into the current state of talent management practices within organizations, the gaps that exist today and recommendations for bolstering this capability. In this, the first of three reports based on our overall study, we highlight two important findings:

- *Overall, investment in talent management makes a difference.* Our study highlights that both smaller and larger companies who invest in talent management practices are more likely to outperform their industry peers. Further, high performing companies are more likely to invest in understanding and acting upon employee engagement and aligning recognition and performance management systems.
- *While companies clearly recognize the value of integrated talent management, their ability to execute various talent management practices remains challenged.* Despite acknowledging its importance, along with the need to align talent management with business strategy; organizations still wrestle with workforce metrics and analytics, collaboration, workforce deployment and employee development.

Clearly, all organizations practice some form of talent management; without it they would be unable to function. However, those that invest in an integrated set of talent management capabilities closely linked to their business strategy have a leg up against the competition.

To rapidly build out these capabilities, a number of tangible strategies can jumpstart those efforts, including:

- Developing a workforce analytics capability
- Embedding collaboration and expertise location capabilities into existing work practices
- Incorporating the use of talent marketplaces as a platform to more effectively deploy the workforce
- Rethinking the role of employee development.

Integrated talent management

Part 1 - Understanding the opportunities for success

Introduction

"Talent management is not an end in itself. It is not about developing employees or creating succession plans, nor is it about achieving specific turnover rates or any other tactical outcome. It exists to support the organization's overall objectives, which in business essentially amount to making money."

– Peter Cappelli. "Talent Management for the 21st Century." Harvard Business Review. March 2008.

What are effective talent management practices? Given the well-documented increase in global competition for skilled workers, changing workforce demographics, and a shift toward more knowledge-intensive work, one answer may be that they are the practices that make for a happier, engaged and ultimately, more productive workforce.

However, no organization in today's economic climate can afford to invest in talent management practices without a demonstrable and significant return on investment. Lacking this, senior leaders will not support the process and, most importantly, the process will not support organizational goals.

Based on secondary research and our previous research and consulting experience, we identified six dimensions of talent management to examine for this study (see Figure 1):

FIGURE 1.
Six dimensions of talent management.

Talent management dimensions	Description
Develop Strategy	Establishing the optimal long-term strategy for attracting, developing, connecting and deploying the workforce.
Attract and Retain	Sourcing, recruiting and holding onto the appropriate skills and capabilities, according to business needs.
Motivate and Develop	Verifying that people's capabilities are understood and developed to match business requirements, while also meeting people's needs for motivation, development and job satisfaction.
Deploy and Manage	Providing effective resource deployment, scheduling and work management that matches skills and experience with organizational needs.
Connect and Enable	Identifying individuals with relevant skills, collaborating and sharing knowledge, and working effectively in virtual settings.
Transform and Sustain	Achieving clear, measurable and sustainable change within the organization, while maintaining the day-to-day continuity of operations.

Source: IBM Institute for Business Value/Human Capital Institute.

We divided organizations into six clusters based on their relative effectiveness at applying talent management practices; we then recombined the clusters into two "supergroups" that differ in the average number of employees within their organizations.

Each of the six dimensions contains many distinct practices that, when linked within and across categories, form an integrated talent management process (see Figures A-2 through A-7 in the Appendix for the complete list of talent management practices). In Section I, we explore the connection between these integrated practices and organizational performance through a two-step process:

1. Clustering organizations in our survey by their size and the effectiveness of the talent management practices they have put into place.
2. Determining if these same clusters vary by "organizational performance." For this analysis, within each cluster, we compared the financial performance – specifically, the *change in operating profit from 2003 to 2006* – of U.S. publicly traded companies as the indicator of organizational performance.

In Section II, we discuss what our research tells us about organizations' use (or lack) of the specific practices that make up an effectively integrated talent management capability. In particular, we explore the gaps between what organizations are doing well and what they could improve. In Section III, we offer recommendations on what organizations can do to close those gaps, improve their current processes and enhance their own performance.

Section I: The link between improved talent management and organizational performance

To determine which, if any, talent management practices are linked to improved organizational performance, we used the statistical technique of *cluster analysis*.[2] This method permits us to group organizations in our survey by how many, and how well they apply, practices from the six talent management dimensions outlined in Figure 1.

As Figure 2 shows, we divided organizations into six clusters, based on their relative effectiveness at applying talent management practices. In addition, we found it useful to recombine these six clusters into two major "Supergroups" that differ significantly in the average number of employees within their organizations.

Both Supergroups contain the full range of organizational sizes. Supergroup 1, the first group of four clusters, has a larger proportion of "Enterprise" organizations (with >50,000 employees). Supergroup 2, the second group of two clusters, has a larger proportion of smaller and mid-size organizations (those with <1,000 employees and 1,000 to 10,000 employees, respectively).

As we explore in a separate report in this Talent Management series, organizations of different sizes have different talent management needs and capabilities. Therefore, by segmenting the clusters into the two Supergroups, we believe we are able to make more accurate comparisons within each.

Supergroup 1 contains four clusters: *Optimizers, Talent Managers, Magnets* and *Engineers*. *Optimizers* scored higher than all other clusters in all six dimensions of talent management – these are the organizations that implemented the most practices and used them most effectively. *Talent Managers* ranked second in all categories, while *Magnets* and *Engineers* ranked third and fourth, respectively, for all six categories.

FIGURE 2.
Overview of talent management clusters ranked in order of application of talent management practices.

Name	Description	Relative organization size	Application of talent management practices
Optimizers	Heavily apply talent management practices across the board.	Larger	Very High
Talent Managers	Focus their human capital investment in attraction, retention, motivation and development.	Larger	High
Magnets	Direct attention towards attraction and retention, with less investment towards motivation/development.	Larger	Medium – High
Engineers	Build infrastructure to support employee population.	Larger	Medium – High
Early Investors	Moderately use talent management practices across the board.	Smaller	Medium
Observers	Have little or no use of talent management practices.	Smaller	Low

Source: IBM Institute for Business Value/Human Capital Institute.

While ranking behind *Optimizers* and *Talent Managers*, *Magnets* and *Engineers* revealed some interesting differences in *which* talent management practices they emphasized. *Engineers* were better than average in creating an effective infrastructure for their workers – for example, connecting them with fellow workers, empowering them with the resources to do their job better, and deploying and managing them in a way that best meets organizational goals.

However, when it comes to some of the "soft skills" of development and motivation, these organizations were only average at best. On the other hand, *Magnets* focused most on attracting and retaining employees – and much less on developing, motivating or connecting these employees once onboard.

Supergroup 2 contains two clusters that differ from each other by how many, and how well they apply the various talent management practices. *Early Investors* scored near the average in our survey for all six dimensions of practices.

In contrast, *Observers* scored at the bottom among all six clusters identified in Figure 2, for *all* dimensions. These are organizations that either have not implemented most integrated talent management practices or have not done so effectively.

While the above results are all based on statistical analysis, similar conclusions can be drawn from talking to the respondents themselves – something we did through 49 in-depth follow-up interviews. We asked people to describe their own organization's strengths and weaknesses. Their answers depended greatly on which of the six clusters their organization belonged to (see Figure 3).

However, we are still left with the critical question posed at the start of this section – does using talent management practices effectively lead to better organizational performance? To answer this question, we calculated the reported *change in operating profit* from 2003 to 2006 for each of the U.S. publicly traded companies in all six talent management clusters (289 companies in total).

Figure 4 shows the percentage of publicly traded companies in Supergroup 1 that had greater than average profitability compared to their industry peers ("financial outperformers"). The key finding here is that the two clusters with the highest scores across all six categories, *Optimizers* and *Talent Managers*, also had the largest proportion of financial outperformers. In contrast, fewer of the U.S. public companies in *Magnets* and *Engineers*, those two clusters that do only some practices better than average, were financial outperformers.

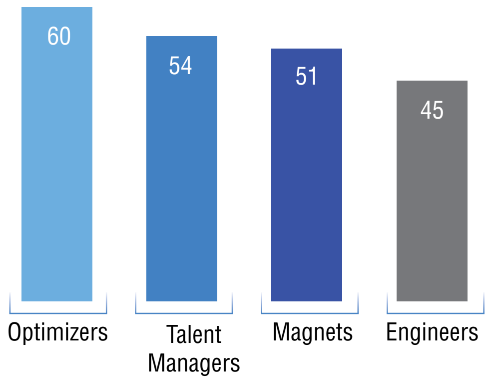
Within Supergroup 2, *Early Investors*, those who have implemented talent management practices at least as well as many mid- to larger-size organizations, did quite well – with over 60 percent of public companies in this cluster categorized as financial outperformers (see Figure 5). *Observers*, those organizations with the lowest scores in our survey, also had the worst organizational performance – only 38 percent of the public companies in this group were financial outperformers during this period.

FIGURE 3.
What different clusters said about their own integrated talent management.

Optimizers	"We are doing quite well as far as workforce issues; strong retention; good work/life balance; effective internship programs that we use to fill many new positions." *– President, 56-year-old management consulting company*
Talent Managers	"For a large corporation that is diverse as we are, we are fairly effective [at connecting individuals and collaborating across the organization]; however, we have initiatives underway to make it even better." *– Recruitment director, large technology company*
Magnets	"[R]apid growth creates an urgent need to constantly find the right candidates. …. [W]e have to work hard, fast and deep to find multitudes of candidates to serve our needs." *– HR director, fast-growing pharmaceutical company*
Engineers	"It is very hard to get the right people in. There is a lack of skills and a lack of interest" but "Individuals [once on the job] do share knowledge. … We are very supportive of each other." *– HR manager, multi-national technology corporation*
Early Investors	"[Integrating business and talent management strategies] is a part of our strategic planning process. … It is part of the reviews at the senior level, in particular. It is in our culture." *– HR director, smaller/mid-size professional services company in a period of rapid growth*
Observers	"We have a very ineffective HR group and their excuses are always that they have no time, no money and no resources." *– C-level executive, smaller/mid-size technology company*

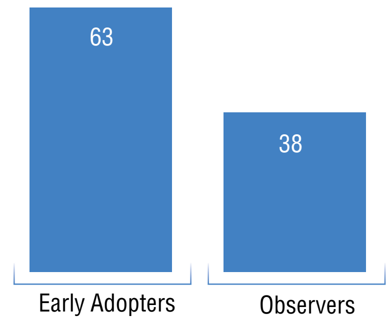
Source: IBM Institute for Business Value/Human Capital Institute.

FIGURE 4.
Percentage of financial outperformers in Supergroup 1.



Note: Percentage of companies that exceed the sample's median percent profit increase, by industry, 2003-2006.
Source: IBM Institute for Business Value/Human Capital Institute.

FIGURE 5.
Percentage of financial outperformers in Supergroup 2.



Note: Percentage of companies that exceed the sample's median percent profit increase, by industry, 2003-2006.
Source: IBM Institute for Business Value/Human Capital Institute.

From our sample, we see that public companies that are more effective at talent management had higher percentages of financial outperformers than groups of similar sized companies with less effective talent management.

The public companies for which we collected financial information represent a subset of all organizations in our survey. However, our results are consistent with other recent studies that have shown that organizations with more effective talent management also tend to score higher on some measure of organizational performance.[3]

Finally, our in-depth study of specific management practices allows us to delve into even more detail and ask, "What specific talent management practices *most distinguished* financial outperformers from other organizations?"

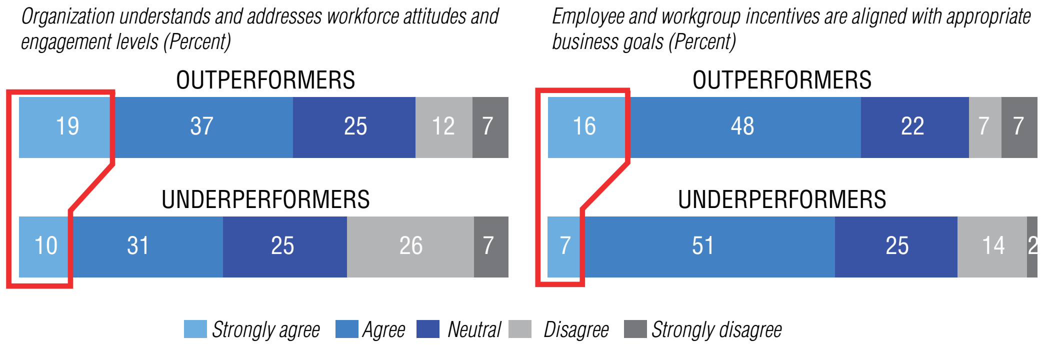
To explore this question, we compared the results for each specific practice, among all six talent management clusters (from *Optimizers* to *Observers*), of financially outperforming and underperforming companies. Figure 6 shows that among all the practices we studied, two stood out as being used significantly more often by financial outperformers:

- Organization understands and addresses workforce attitudes and engagement levels
- Employee and workgroup incentives are aligned with appropriate business goals.

Compared to underperforming companies, approximately twice as many respondents from financially outperforming companies *strongly agreed* that their organizations were focusing on these two key motivation and development practices.

About twice as many outperformers strongly agreed that their organizations were focused on two key practices: understanding and addressing workforce attitudes and engagement levels and aligning employee and workgroup incentives with appropriate business goals.

FIGURE 6.
Financial outperformers are more likely to address employee engagement issues and align incentives.



Source: IBM Institute for Business Value/ Human Capital Institute.

Section II: Gaps between talent management strategy and execution

In this section, we look deeper into the specific practices that make up each talent management dimension – exploring in detail the strengths and weaknesses of organizations across the range of practices. Many, if not most, organizations recognize the importance of both talent management, and, in particular, employee development (a key ingredient of financial outperformers).

This fact is borne out by the results of our research as well (see Figure 7). Eighty-four percent of respondents indicate that senior managers recognize the value of workforce effectiveness (and, presumably, associated talent management practices) in delivering business results.

However, our research identifies four key gaps between establishing and then executing an integrated talent management strategy. These gaps hinder the effective alignment of talent management and organizational performance:

FIGURE 7.
Integrating business and workforce strategy.

Source: IBM Institute for Business Value/Human Capital Institute.

- Integrating analytics and metrics into all aspects of talent management strategy
- Providing an infrastructure to better support collaboration
- Understanding and accounting for trade-offs in workforce deployment strategies
- Providing employees with better development opportunities.

Integrating analytics and metrics into all aspects of talent management strategy

The first gap, the failure to adequately incorporate effective metrics into the design and implementation of strategy, is the largest. In fact, a major finding of our study is that nowhere do organizations struggle more than at measuring current needs and forecasting future trends. As Figure 8 shows, less than half of all organizations are using metrics to improve strategic decision making, and only 40 percent consider themselves effective at forecasting future workforce demands.

Even worse, barely more than one-third of all organizations (35 percent) have the necessary metrics in place to effectively measure and model workforce management and deployment decisions. These results were echoed by our survey respondents (see sidebar, "What people are saying about metrics").

What people are saying about metrics

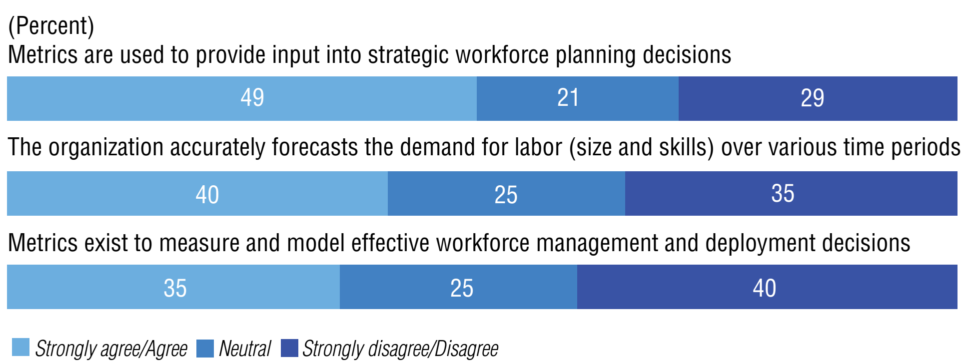
"We are not very sophisticated, with no regular metrics in place. And I don't think the staff would know what to do with metrics [if they had them]."
– HR director, small pharmaceutical company

"In terms of tracking metrics, we don't do well at all. We have several systems. No two of them are integrated. We have one for payroll, one for turnover ratios, etc."
– HR manager, mid-size professional services company

"Need better metrics – particularly for the identification of High Potentials. This isn't being done well because it is 'scary' for most groups to do."
– Manager of leadership and succession, large government agency

"It is manual and burdensome. We outsource metrics and data. We have 170 stand-alone systems. It is a combination of in-house and off-the-shelf programs… Any one of us has to learn to use four or five systems."
– HR manager, mid-size utilities company

FIGURE 8.
Challenges in using workforce analytics.



Source: IBM Institute for Business Value/Human Capital Institute.

Our research identified four key gaps between establishing and then executing a talent management strategy: integrating analytics and metrics, establishing a supportive infrastructure, accounting for trade-offs in workforce deployment strategies and providing better employee development opportunities.

This is supported by the IBM "Global Human Capital Study 2008," in which we found that only 6 percent of companies interviewed believed that they were *very effective* at using "human capital data and information to make decisions about the workforce."[4]

Providing an infrastructure to better support collaboration

A second major gap between workforce strategy and execution is highlighted in Figure 9. Nearly 60 percent of respondents believe that workers in their organizations are not only collaborating and sharing knowledge with each other, but are doing so in ways that help promote organizational goals and success. However, in many cases they appear to be doing this without the help of an infrastructure designed to facilitate collaboration across the organization.

This is highlighted by the next three responses in Figure 9, which show that less than 50 percent of organizations provide the resources needed to foster collaboration and knowledge sharing. In most organizations, workers are left largely on their own to forge their own contacts and find resources through informal networking. One can only imagine how much better collaboration and knowledge sharing could be aligned with critical goals *if* more organizations were better at promoting it.

Understanding and accounting for trade-offs in workforce deployment strategies

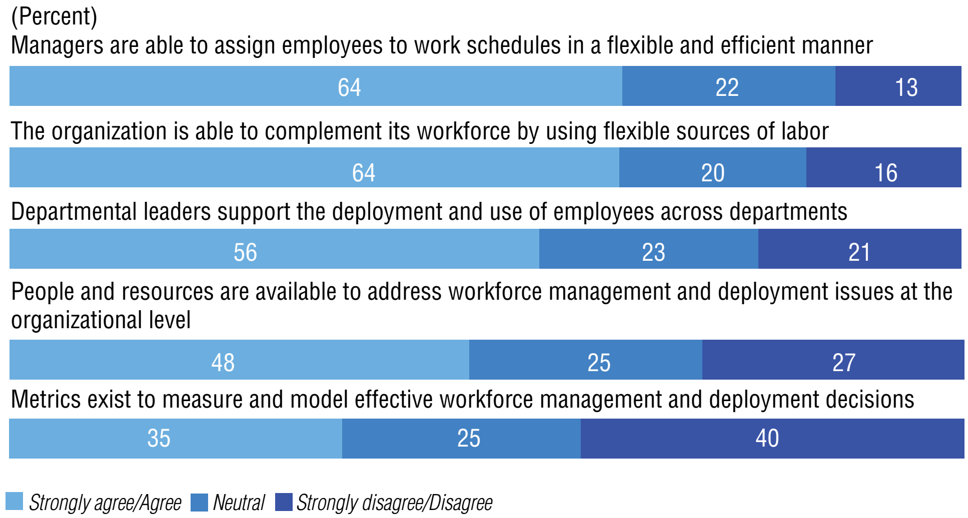
Figure 10 shows that most organizations believe they are efficient at developing flexible work schedules. Moreover, they also indicate they are relatively effective in using various sources of labor when necessary and, to a lesser degree, supporting the deployment of workers across departments.

However, as with the collaboration gap, organizations are not as effective at providing the tools and resources necessary to further improve deployment beyond where it is now – for example, with only 48 percent of organizations making people and resources available to address deployment issues at the organizational level. Further, as with other applications of metrics, most organizations are failing to effectively use metrics to make important decisions about how to manage the workforce or deploy employees across the organization.

FIGURE 9.
Collaboration across the organization.

Source: IBM Institute for Business Value/Human Capital Institute.

FIGURE 10.
Resource deployment.



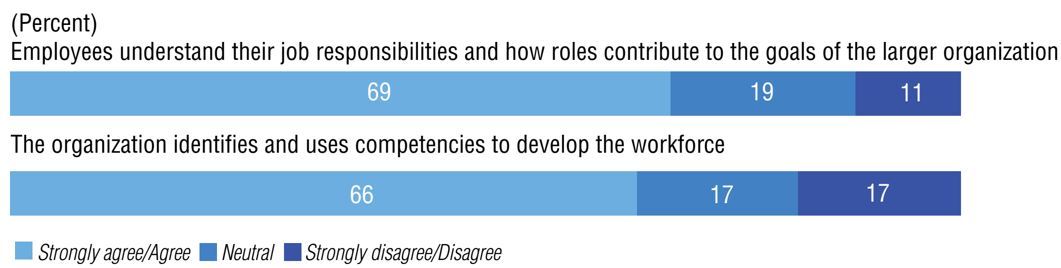
Source: IBM Institute for Business Value/Human Capital Institute.

Providing employees with better development opportunities

The final gap highlighted by our research may be the most important: employee development. As we showed in the previous section, motivating and developing employees are the talent management practices that most differentiated the financial outperformers from the low performers. And, as our interviewees told us, development and engagement are areas that present most organizations with sizeable challenges (see sidebar, "What people are saying about employee development").

Our research shows that a foundation exists on which enhanced talent engagement and development can be built. Over two-thirds of respondents believe that workers understand both their job responsibilities and how those are aligned with their organization's goals (see Figure 11). In addition, most organizations have formalized job responsibilities into competencies to better highlight development needs.

FIGURE 11.
Clarity around job responsibilities and use of competencies.



Source: IBM Institute for Business Value/Human Capital Institute.

What people are saying about employee development

"It is in the speed at which we can make people multi-skilled. How can we make Generations X and Y as multi-skilled as possible? … They are not coming from math, science and engineering. We need to reach out to the liberal arts. How can we make CAD operators out of designers?"
– *VP for recruitment, large engineering and construction company*

"Time is the issue in healthcare. In healthcare, we are always on the floor of the hospital or with the patient, whose needs come first. Booking and scheduling the time is difficult in healthcare."
– *VP of workforce planning, mid-size Midwestern U.S. hospital*

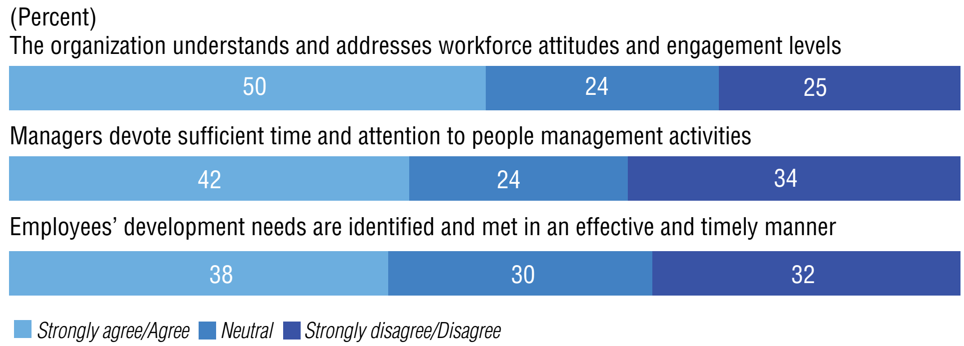
"As compared to some large multi-national corporations, most Asian corporations are not prepared to do it. They never have developed it. They have technical skills, but no soft skills. This is changing. They are starting to do succession planning, mentoring, retention measures, etc."
– *C-level executive, Asian company focusing on recruitment*

"We need to keep people motivated and challenged. We have lots of capital. What are lacking are the soft skills. We need to develop the right person in the right job. The newer generation does not have a lack of soft skills. Their skills are just different. We need to find out what makes them click."
– *HR manager, Middle Eastern state-owned energy company*

"Finding and implementing learning that can withstand constant change, and that truly helps us focus on continuous improvement and give the proper attention both collectively to the company and individually to the employee."
– *Head of training and development, small U.S. industrial product company*

However, Figure 12 indicates a steady decline from top to bottom in how well the development goals are being put into practice. One-half of organizations say they understand and address workforce attitudes and engagement. *How* they are doing that is unclear, since only 42 percent believe that their managers are devoting enough time to development and other performance management activities. Further, only 38 percent of respondents agree that employee development needs are being effectively met in a timely and effective manner.

FIGURE 12.
Employee development is a significant issue.



Source: IBM Institute for Business Value/Human Capital Institute.

An organization's talent management strategy will need to be closely tied to the overall business strategy (or mission), focusing on positions that enable marketplace differentiation.

Section III: Recommendations for closing the gap between talent management strategy and execution

From our data, we see the value companies place on developing a talent management strategy that establishes a common framework and approach for making the most of their human capital. This talent strategy should be closely tied to the overall business strategy (or mission) and focus on positions that help differentiate the organization in the marketplace. Without this common set of guidelines and principles, it is easy for organizations to squander their limited resources through fragmentation and duplication.

Although it appears that companies are taking a more strategic view of talent management, the execution of these activities has been, at best, sporadic. Given the gaps evidenced by our survey results, we offer specific suggestions on four ways to invest in talent management that may help improve organizational performance:

- Develop a workforce analytics capability
- Embed collaboration and expertise location capabilities into existing work practices
- Incorporate the use of talent marketplaces as a platform to more effectively deploy the workforce
- Rethink the role of employee development.

Develop a workforce analytics capability

Our research indicates that organizations need workforce analytic capabilities that enable more effective strategic decision making across all components of workforce planning. Our survey respondents echo the assertions of experts who outline the need for better analytic system integration, metric definition, and a general increase in the competencies of HR and others to use data and information to make strategic decisions.

Clearly, the analytics needed to develop a greater understanding of talent management issues will depend upon the organization's and industry's particular challenges. For example, in industries that are particularly affected by an aging workforce population, such as electric utilities and health care, the percentage of employees in key roles/positions eligible for retirement would be an indicator that requires attention of senior management. For other industries, an understanding of the background, skills and competencies that differentiate high performing sales personnel from average performers would be useful in terms of investing in recruiting and development activities.

Through a strong workforce analytics capability, organizations can enable more effective strategic decision making and workforce allocation decisions.

We recommend: developing a workforce analytics capability, embedding collaboration and expertise location into work practices, using talent marketplaces and rethinking the role of employee development.

The steps to achieve this capability include:

- Defining the data needed to provide insight to the line organization
- Integrating disparate systems from different HR processes (for example, recruiting, learning, performance management) and connecting with non-HR systems (for example, finance, sales)
- Developing a scorecard that focuses on primary areas of talent management:
  - Attract and Retain (such as the percentage of offers/accepts, retention rate of new hires, retention/promotion rates of top talent)
  - Motivate and Develop (for example, employee engagement index or the ratio of high performers/total population who participate in specific training initiatives)
  - Deploy and Manage (such as the ratio of internal vacancies to total positions or the percentage of revenue lost due to an inability to bring resources to a new opportunity)
  - Connect and Enable (for example, using the average social network distance between employees)
- Developing a centralized analytic capability within the HR organization that focuses limited resources for the benefit of the larger organization.

Embed collaboration and expertise location capabilities into existing work practices

As organizations are looking to expand their potential talent pools and tap into experience from around the globe, collaboration and expertise location play an increasingly important role. The ability to find individuals with particular knowledge and bring them together in a virtual environment can make it easier for individuals to share good practices, generate innovative ideas and build the social "glue" that can help attract and retain employees that are increasingly more likely to move from organization to organization.

Organizations can take several actions to embed collaboration and expertise location capabilities into their existing work practices:

- Develop a standardized expertise profile that is flexible and simple enough to support broad operations. This would incorporate information from existing HRIS systems (such as job titles, salary bands, department codes) and over time expand to incorporate information that is more performance-oriented (skills, certifications, competencies and the like).
- Enable employees to provide, and search on, resumes and other sources of employee-generated content to locate experts.
- Incorporate collaborative applications into ongoing work processes, so that collaboration is not viewed as an ancillary activity within the work environment.
- Recognize and support those who demonstrate effective collaboration in the workplace at all levels of the organization.

Incorporate talent marketplaces as a platform for workforce deployment

Many companies, including IBM, recognize that one way to more effectively deploy resources is to increase the transparency of both skills and job opportunities across the organization. These "talent markets" provide a platform for those seeking skills to more easily locate and access those with the needed capabilities. Further, these markets provide immediate insight into the short-, medium- and long-term talent supply and demand variances that organizations can then use to decide whether they need to reach out to the external market, develop skills in-house, or partner with outside firms to obtain needed competencies.

Like other markets, talent markets require rules and governance mechanisms that allow the markets to operate fluidly and protect the interests of both parties. For example, in many situations, an individual must perform his/her role for a specific minimum amount of time before applying for a new position. Similarly, before moving to new assignments, employees must give sufficient notice to their current managers.

Among the key components needed to develop a talent marketplace are:

- A standard classification of employee roles, skills and competencies
- A technology platform where individuals seeking roles can view opportunities and potential managers can identify individuals with relevant skills and capabilities
- A governance mechanism that clearly articulates the protocols for participating in the marketplace
- Human intermediaries who can spot trends and manage imbalances in the talent supply and demand.

Rethink the role of employee development

Improving talent management requires rethinking the role of employee development in the organization. In both this study, and in the IBM "Global Human Capital Study 2008," we see a significant concern in organizations' ability to rapidly build skills to meet changing business needs.

As the lifespan of relevant skills continues to shrink, leading organizations are focusing on blending classroom training with electronic learning tools. At the same time, organizations are combining formal instruction with informal learning opportunities, such as mentoring, peer learning and access to user-generated content.

In addition to learning opportunities, the manager plays an important role in employee development. Our study found that relatively few companies believe their managers are allocating sufficient time and attention to employee development issues. Managers must be able to:

- Provide feedback on employee job performance
- Identify employee skill development needs
- Facilitate access to development programs.

However, in today's world of rapidly changing skills and capabilities, employees also need to bear some responsibility for their learning paths. Organizations can enable employees to take charge of their personal developmental plans through:

- Enabling access to self-service learning modules through a common portal platform
- Providing access to career management tools that can visualize potential career paths, develop personal career histories, and obtain information about the skills and competencies that are needed to be successful in future roles
- Encouraging employees to contribute to, and obtain self-published content via social networking platforms, such as wikis, blogs and podcasts. In addition to being part of their "expertise profile," these tools will help build connections and relationships with others across the organization.

Identifying your own talent management priorities

For organizations that are looking to quickly develop their talent management agendas, the following questions can serve as a important guide:

- To what extent does your organization have a talent management strategy that is focused on the key positions or roles that can differentiate it in the marketplace?
- How clearly defined and easy to understand are your processes related to attracting and retaining, motivating and developing, connecting and enabling, and managing and deploying the workforce?
- Are resources dedicated to addressing talent management issues that cross functional, geographic or business unit divisions within the organization?
- What types of metrics allow your organization to quickly ascertain the current state of talent supply and demand within the organization?
- How effective are your existing human capital applications in supporting talent management processes, as well as in providing information and enabling decisions about your current and future talent pools?

Conclusion

We discovered that most organizations recognize the importance of aligning talent management and organizational strategies. Further, most employees are looking for ways to improve their own performance – whether through enhanced collaboration or greater opportunities for skill development. Indeed, many organizations believe they are already making progress in developing their talent management strategies and making investments in this area.

However, execution and integration still challenge many of those who participated in our survey. In terms of their abilities to understand the skills composition of the workforce, and to deploy resources, foster collaboration and provide developmental opportunities, their records remain spotty. While our data shows that higher performing companies are investing in their overall ability to manage talent, for many organizations, the ability to take their workforce to the next level of performance continues to be a work in progress.

Sponsoring executives

Tim Ringo is a Partner and the Global Leader of the IBM Human Capital Management consulting practice. In his 17-year consulting career, Tim has helped clients across many industries on a variety of topics – including talent management, workforce transformation strategy and solutions, learning and development, and learning outsourcing – creating bottom-line results using innovation in human capital solutions. Tim is based in London and can be reached at *tim.ringo@uk.ibm.com*.

Allan Schweyer is the Executive Director and a co-Founder of the Human Capital Institute. He is an internationally recognized analyst, author and speaker on the topic of transformational human capital management for individuals, organizations, regions and nations. He is the author of *Talent Management Systems* (Wiley & Sons, 2004) and is working on a 2008/09 version. Allan's articles, book chapters and white papers appear in dozens of popular media and industry specific publications worldwide. He can be contacted at *aschweyer@humancapitalinstitute.org*.

Study team

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Eric Lesser is an Associate Partner with over 15 years of research and consulting experience in the area of human capital management. He is currently responsible for research and thought leadership on human capital issues at the IBM Institute for Business Value. He is the co-editor of several books and has published articles in a variety of publications including the *Sloan Management Review, Academy of Management Executive, Chief Learning Officer*, and the *International Human Resources Information Management Journal*. Eric is based in Cambridge, MA, and can be contacted at *elesser@us.ibm.com*.

Appendix

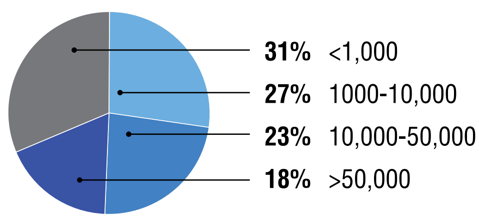
Methodology

Our research findings are based on the results of a Web-based survey conducted between February and April 2008. We e-mailed invitations to participate in the survey to the Human Capital Institute membership and received 1,900 completed responses. We also conducted in-depth follow-up interviews with 49 respondents, representing a cross-section of the complete sample, to explore specific topics in more depth.

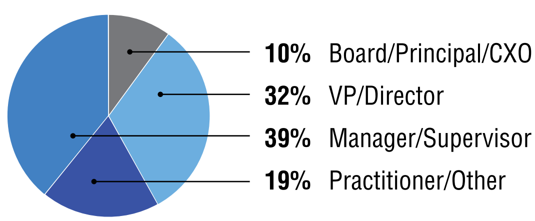
Figure A-1 highlights the important demographic features of our sample. While 67 percent were from the United States and Canada, approximately 30 percent were relatively evenly divided among Europe (primarily the United Kingdom), and Asia and the Pacific (predominately India and Australia). Although our sample included respondents from 56 different countries, 93 percent were from the United States, United Kingdom, Australia, India and Canada.

FIGURE A1.
Breakdown of study participants.

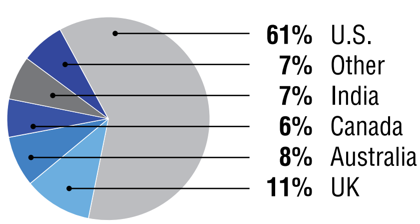
Company size



Respondent title



Geography



Industry

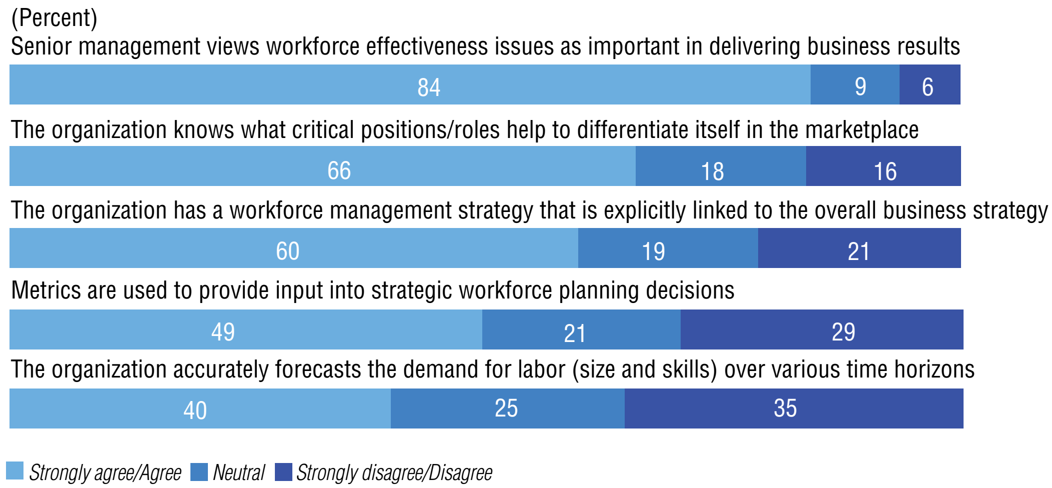
Banking	**4%**
Chemicals/Petroleum	**2%**
CPG	**2%**
Education	**5%**
Electronics/Technology	**12%**
Financial Markets	**5%**
Government	**7%**
Health Care	**7%**
Industrial Products	**3%**
Insurance	**3%**
Media/Entertainment	**1%**
Pharmaceuticals	**2%**
Professional Services	**18%**
Retail	**5%**
Telecommunications	**4%**
Transportation/Logistics	**2%**
Travel and Tourism	**2%**
Utilities	**1%**
Other	**12%**

Source: IBM Institute for Business Value/Human Capital Institute.

In addition to the regional variation, respondents represented a well-distributed range of organizational size – including Smaller (<1000 employees), Mid-size (1,000 to 10,000), Larger (10,000 to 50,000) and Enterprise (>50,000); as well as relative position in the organizational hierarchy, from Board/President level to Practitioner. Finally, our sample included a wide range of organizations from small and large business involved in many types of commercial activities, to public service organizations such as colleges, government agencies, and public health facilities.

Summary findings

FIGURE A2.
Develop Strategy dimension.

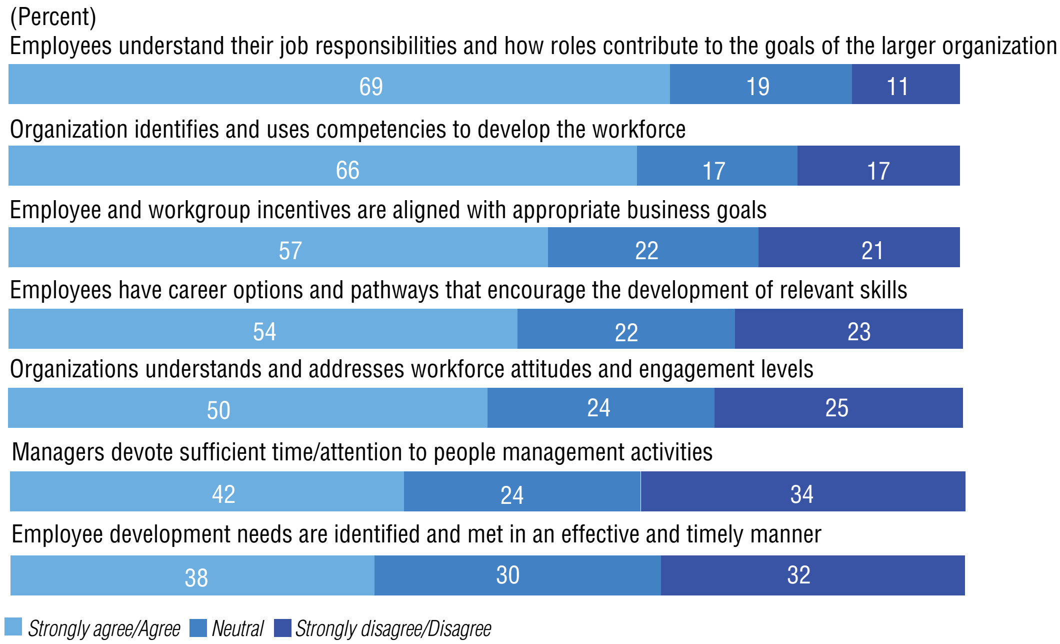


Source: IBM Institute for Business Value/Human Capital Institute.

FIGURE A3.
Attract and Retain dimension.

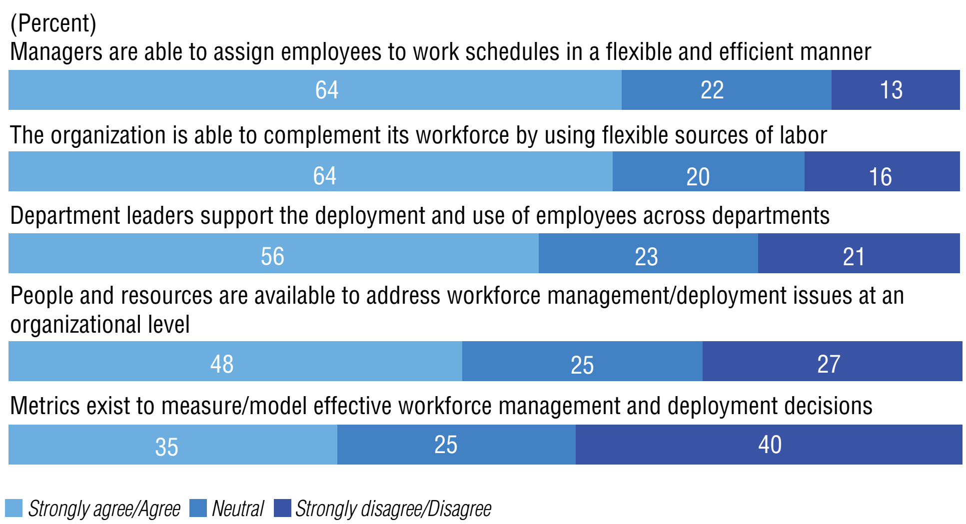
Source: IBM Institute for Business Value/Human Capital Institute.

FIGURE A4.
Motivate and Develop dimension.



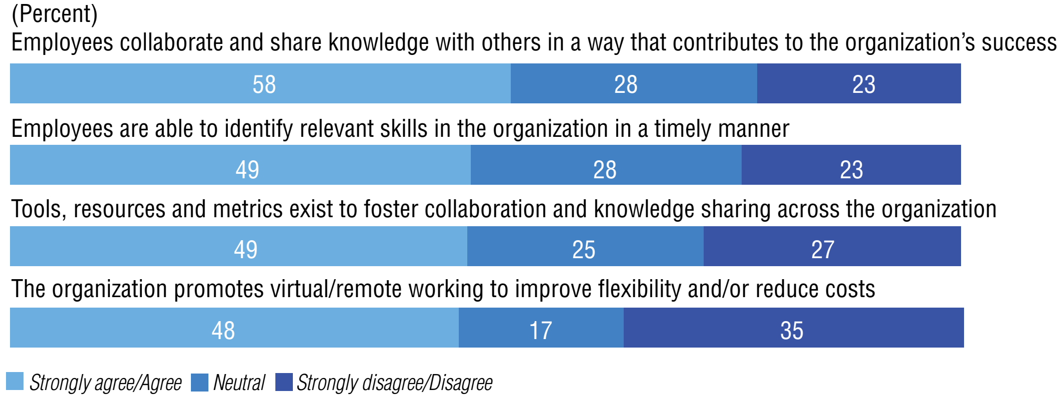
Source: IBM Institute for Business Value/Human Capital Institute.

FIGURE A5.
Deploy and Manage dimension.



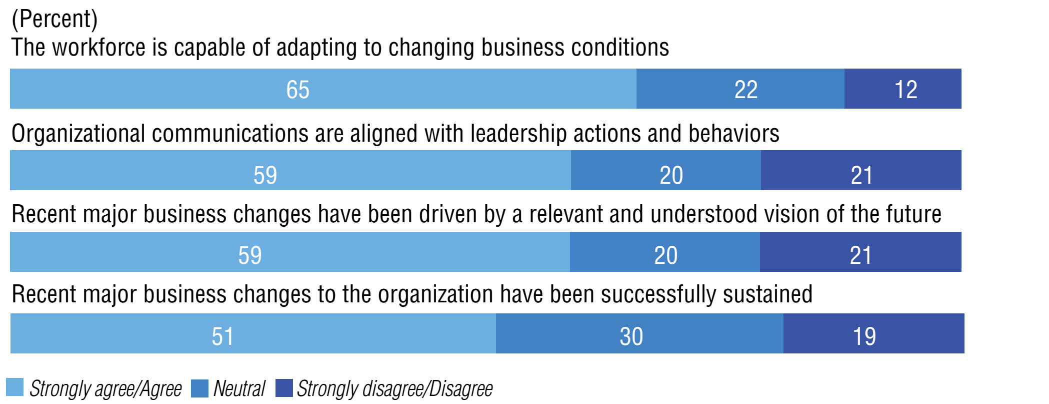
Source: IBM Institute for Business Value/Human Capital Institute.

FIGURE A6.
Connect and Enable dimension.



Source: IBM Institute for Business Value/Human Capital Institute.

FIGURE A7.
Transform and Sustain dimension.



Source: IBM Institute for Business Value/Human Capital Institute.

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With business experts in more than 160 countries, IBM Global Business Services provides clients with deep business process and industry expertise across 17 industries, using innovation to identify, create and deliver value faster. We draw on the full breadth of IBM capabilities, standing behind our advice to help clients innovate and implement solutions designed to deliver business outcomes with far-reaching impact and sustainable results.

References

1 See the Methodology section in the Appendix for more information about our study sample.

2 Cluster analysis is a statistical method used to identify subgroups of cases in a sample (for example, respondents in our survey) by how similar they are for a set of variables (for example, responses to survey questions). In our study, we classified survey respondents into one of six clusters based on six variables: the standardized average of the scores within each of the six talent management dimensions.

3 See, for example, Rucci, Kirn, & Quinn. "The Employee-Customer Profit Chain at Sears." *Harvard Business Review*. January-February 1998; Bassi and McMurrer. "Maximizing Your Return on People." *Harvard Business Review*. March 2007; Russell Investment Group Indexes 2007 available at: www.russell.com; Human Capital Research 2004 – 2008 available at www.humancapitalinstitute.org

4 "Global Human Capital Study 2008: Unlocking the DNA of the Adaptable Workforce." IBM Institute for Business Value. October 2007. http://www-935.ibm.com/services/us/gbs/bus/html/2008ghcs.html

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