

Talent Management and Succession Planning

The latest fad or a
new strategic approach?

The war for talent

Creating competitive advantage through people

There is an increasing recognition that people, not products or processes, lie at the heart of business. Products and services are coming to market with increasing speed. Technology and economies of scale have been widely exploited to create differentiation. But these approaches are all relatively easy to imitate and are, therefore, unreliable as sources of competitive advantage. As a result the focus has turned to the value of human talent within businesses.

If an organisation has a more highly talented workforce than that of its competitors, it is much better placed to respond to the challenges of a fast changing world. And it is better able to create real and long lasting competitive advantage.

Managing talent

Attracting, developing, and retaining talented people is therefore of paramount importance. It is within this climate that Sage, which employs nearly 15,000 people worldwide, has been investing heavily in talent management programmes, headed up by Dawn Robinson, Head of Learning and Development.

"We recognise that our people really are our greatest asset," says Dawn, "while organisations have been saying this for a number of years, it is now recognised that human resources have a core strategic role to play, and they therefore need to be managed in a way that reflects this."

But why is it a war?

Changing expectations

The workforce is becoming ever more diverse in terms of age, ethnicity and culture. As the population ages fewer young replacements are joining the workforce, while older people are working longer.

At the same time people of all ages are looking for work-life balance, and are driven by a desire to create a lifestyle and career path that suits them, rather than trying to fit their life around the organisation for which they work.

More than just a job

"People are looking for much more from employers," explains Dawn, "a few years ago all that mattered was salary, package and location, but other aspects relating to their employment are now becoming important." Organisational ethics, corporate social responsibility and global career opportunities are all of interest to employees.

People no longer expect, or necessarily want, a job for life, and employers can't offer the kind of long term security that would have been taken for granted thirty years ago.

Increasingly people want employers to help them to develop skills that will make them more employable in the future, whatever they may choose to do. And this means that employers must provide more than just a job, they must also provide a career path that enables people to develop the skills and capabilities they will need in the future.

"It's important that as an employer we can show people that Sage will not only give them a job but also nurture their career," continues Dawn, "if we want to attract the best possible talent, and keep it, we need to show that we care about an individual's development, that we can match their career goals as well as being aligned with their ethical concerns."



Taking a strategic approach

Proactive, not reactive

To some talent management is HR, only faster, which simply means using the internet and other technologies to underpin HR processes. It has also been defined as simply finding the right people for the right jobs, while others view it as about rewarding talent, wherever it occurs.

But none of these views bring a new perspective. Fundamentally they are what HR should be doing already, and are essentially reactive rather than strategic.

Talent management takes HR to the next level, where it becomes a strategic decision making part of the business, alongside finance, marketing, and research and development. It has an integral role to play in business strategy, supporting the short, medium and long term goals of the business, understanding the capabilities of both the talent already within the business and its future talent needs.

Getting organisational buy in

"Talent management has to be built into the organisation," believes Dawn. "For it to make a difference to the business," she continues, "it's vital that the leaders in the business are on board, and are passionate about the benefits strategic talent management will bring."

And talent management is more than simply the latest fad. A recent CIPD survey found that while nearly 75% of respondents didn't have a 'well developed plan' for talent management, most are in the process of developing one. The need is therefore clearly understood, even if talent management is yet to be given the strategic backing that it needs.

Is everyone 'talent'?

Achieving potential

Some people think that talent management is simply about focusing on the 'best' people in an organisation – the so called 'high flyers'. But this approach suggests that there are people in the organisation that should not be considered talented.

A more holistic view sees talent management as a process that encompasses every stage of an individual's relationship with the organisation, with the aim of helping every employee achieve their full potential.

"At Sage we have created a robust career development review process that encompasses everyone in the business." explains Dawn, "We work hard to ensure consistent benchmarking of performance across the organisation so that we can help everyone to achieve what we need for the business, and for themselves."

When the going gets tough

But talent management doesn't guarantee that everyone can be found the right niche. If an individual is unable to perform to the required standard, despite being given the opportunity to develop and to find a role for which they are suited, then it may be best to accept that they have no place in the organisation.

"Unfortunately Sage isn't the right environment for everyone," Dawn continues, "which is why we work with our leaders to help them to manage difficult conversations with people as well as positive ones. After all," she concludes, "it isn't good for anyone if we can't find someone a role that matches their skills and ambitions."



A well managed talent management strategy can also help when things get tough. "In the current climate, ensuring the long term viability of the business may mean that organisations unfortunately have to make redundancies," observes Dawn, "the better understanding you have of your human resources, the better decisions you can make, both for business and the individual."

Succession Planning

Looking for leaders

Succession planning is specifically concerned with the identification of successors for a specific post, and/or the future career moves of future leaders. It is not always clear, however, how succession planning fits into a talent management strategy, as the focus is often only on senior staff.

"I try to get people to think of talent management and succession planning together as they go hand in hand," explains Dawn, "a proper strategy is not only about looking at people for key roles, but also about spotting talent wherever it is. You simply can't separate the two activities."

Openness and transparency

Succession planning is therefore an integral part of Sage's talent management strategy. "We are focused on identifying individuals that have unique potential and have created a programme that is designed to give them a range of experiences across the business, which includes having a mentor, or coach if you prefer, for at least six months. Our programmes for the highest tiers of the business are open and transparent throughout the business," says Dawn.

"Having identified individuals with leadership potential," Dawn continues, "we have created a development journey for them that comprises three levels. The first, which we refer to as Aspire, is about giving people the tools to do the job they are currently in. This is followed by Enable, a week long course that focuses on developing the leadership skills of the individual, and finally Inspire, which is the final preparation for taking on the responsibility of leadership. As individuals progress we use a 360° online tool that enables us to assess their progress and offer help and guidance where necessary."

The Sage strategy is designed to create a pipeline of internal talent that both assures people they can make their career in Sage, and reduces the costs and risks associated with recruiting externally for strategic roles.

Finding new talent

Attracting the right people

While Sage, like many other organisations, is focused on developing talent from within, it also needs to attract new people to the business. "We are competing with other organisations for the brightest and best people, and even in the current economic climate these people have choices. We need to make ourselves attractive as an employer," explains Dawn.

Employers increasingly need to create an employee focused offer that will attract the right candidates, and give potential employees the ability to differentiate on more than just salary, location, and benefits alone. A well defined and clearly articulated talent management strategy can play a key part in this differentiation.



“People want to know that they have an interesting career ahead of them, not just a job” says Dawn. “We’ve begun to concentrate far more on our brand and our culture, rather than just the package we can offer,” Dawn continues, “because we have recognised that people are motivated and engaged more by the entirety of what an employer has to offer.”

Start with the best

An approach called ‘top grading’ is becoming popular, and has proved successful for many companies. Put simply, top grading means not compromising when making hiring decisions. So rather than taking the best performers from whoever applies, it means waiting for people that meet specific criteria proven to indicate future success.

While top grading can be more costly, and take more time, research has shown that as the complexity of roles increase, so do the differences in performance and productivity between individuals. In unskilled and semi skilled roles, the average amount by which people differ can be as much as 19%, depending on whether they are good, average, or poor performers. In managerial and professional roles this rises to as much as 48%. These individual differences translate into massive differences in organisational output when aggregated across a number of employees. So waiting for the best makes financial sense. “Top grading has been shown to work in some of the world’s most successful companies” explains Dawn, “and I’m always looking at what organisations such as Coca Cola, HSBC, and Proctor and Gamble are doing, as they are renowned for the success of their talent management strategies. We have looked long and hard at how other successful organisations manage talent,” Dawn concludes, “and we are working to be amongst the best.”

Creating a talent pipeline

Attracting the right talent is a long term process. Finding individuals with specialist skills takes time and requires that you know who is out there, and even engage with them before there is a position available.

“At Sage we take a more strategic approach to attracting new talent. We need to warm people up, and promote Sage as an excellent employer so that when something comes up, we know who to contact and they already know about us. We have also begun to use head hunters,” explains Dawn, “as they are close to the market and know who is out there that might be right for us. We’ve even brought our website to life,” Dawn continues, “we have filmed interviews with key staff explaining what working at Sage means to them so that potential employees can get a feel for what we are like.”

Creating a talent pipeline in this way is part of the strategic approach inherent within the concept of talent management, turning it from a reactive to a proactive process.



A process, not a destination

A new paradigm

Talent management is far more than simply the new way to describe HR. It is a wholly different, strategic approach to managing the most important resource any organisation has. A successful talent management strategy therefore comprises a whole range of activities. "Once you have brought people in to the business, it really is about showing them that you care about their career progression," believes Dawn, "We work very hard at creating a variety of different development programmes to meet the different needs of the people in the business."

A successful talent management strategy begins with assessing the talent that exists within the organisation. It must look at not only results already achieved, but also at the future potential of its staff. It must also focus on developing talent in everyone, not just high potential individuals. Programmes designed to develop talent must be tracked and evaluated, making it possible to identify what works and what can be improved.

"We work really hard to ensure people know that we are keen to keep them in our business, so we've recently introduced a more robust career development review process," explains Dawn, "It's no good just telling people that you want them to stay, you have to show them that you do with practical programmes that produce results."

An integrated approach

Talent management is not something that can be done piecemeal by individual managers, it needs to involve everyone in the organisation and have high level buy in. "It's my job to make sure everyone buys in to the process, and feels it is relevant to them and their career," says Dawn.

But despite the importance of talent management to Sage, Dawn has learnt that simplicity is best. "Keep it simple," she says, "so that everyone knows what is going on and how they can benefit. It must be about more than filling in forms and ticking boxes, everyone must feel they have something to gain if they put the effort in. We've still got a long way to go at Sage," concludes Dawn, "but I'm convinced we're getting there. Winning the CIPD innovation award for our Enable programme satisfies me that we are doing a lot right. We are not there yet, but we are making enormous progress."

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