


Research Highlights

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Hewitt Talent Survey 2008  
Building the Talented Organisation

**In Association with Talent Management Review**

# Introduction

Hewitt Associates first initiated the UK Talent Survey in 2006 to examine how companies are managing one of their greatest resources – their talented people. The shrinking talent pool and changes in workforce demographics were amongst the key issues highlighted in the 2006 survey.

This year the survey results raise some fundamental questions about how organisations are managing talent:

- Most of the companies surveyed are failing to see an adequate return on their investment in talent management.
- Many HR functions have yet to demonstrate the true value of the talent processes and programmes that have been developed over the past decade.

In presenting this report, entitled ‘Building the Talented Organisation’, our objective has been to explore, in a little more detail, the root causes of some of these issues. In addition, we have highlighted some solutions that we hope will be valuable to organisations as they continue to embed their talent strategies.

In the light of increased economic pressures, there is a renewed interest in talent management. This year we received almost double the number of survey responses compared to 2006, with over 240 organisations taking part. A broad range of companies responded, with a mix of SMEs and global conglomerates across a number of different industries. One-third of participating companies report revenues in excess of \$10 billion and almost two-thirds of respondents have operations outside the UK. Our thanks go to all those companies that willingly gave their time in completing the survey.

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# Building the Talented Organisation

There is now consensus that businesses which excel at attracting, developing and retaining talent are more likely to be successful. CEOs, leaders, in fact most employees know this. Market analysts and shareholders know this. They know that only companies with a ready supply of talent, are able to:

- Manage the unrelenting pressures of the global economy
- Become leaner whilst growing profits at double digit rates
- Succeed in the midst of economic uncertainty and intensified competition

Yet there is a big difference between understanding the business case for talent management and being truly committed to building a talented organisation. For those companies who 'know it' and 'do it', managing talent becomes a way of life and the rewards are great. For many organisations, as this survey indicates, embedding talent management is a difficult journey.

The significant investment organisations have made in talent processes and programmes often fails to impact the bottom line. Over half of those organisations surveyed recognise that:

- Business opportunities are missed due to a lack of talent
- Talented people are leaving their organisation
- Talent management is far from being embedded in their business

Since the phrase 'War for Talent' was coined, HR functions have focussed their efforts on building talent processes and programmes for the top of the organisation. In fact, many of these interventions are highly commended in this year's survey. Yet the results also indicate that, in building a talented organisation, a more fundamental shift in how talent is perceived and managed is required. To become a 'way of life', executives and the HR function need to lead the charge of embedding talent management across all levels.

With these survey results in mind, Hewitt has developed the Four Tenets of Talent Management, which act as a road map for organisations seeking to embed talent management more effectively. We introduce the four tenets on the following page and they provide the structure for the remainder of this report.



# Survey Results at a Glance

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## **Senior leadership commitment to the talent agenda is on the increase...**

- 88% of respondents agree that talent is a top priority for senior leaders, compared to 53% in 2006.

## **... Despite this commitment, talent management has yet to become a 'way of life' for most organisations ...**

- 62% of respondents believe that talent management has yet to be embedded in their organisation.

## **Today's talent agenda is aligned to the business strategy ...**

- 73% of respondents believe that their talent strategy reflects the future needs of the organisation.

## **... Yet the talent agenda fails to impact the majority of leaders and people managers ...**

- 55% of respondents do not see the talent strategy reflected in the decisions made by frontline leaders.

## **Talent programmes and processes are highly rated by HR ...**

Many of the tools and interventions introduced to support the talent agenda get strong endorsement from the survey.

## **... Although barriers to effective talent management remain ...**

- 84% believe that lack of time is preventing managers from managing talent.
- 62% believe that supporting technology is not effective.
- 60% believe that management capability is inadequate.
- 56% believe that the roles and responsibilities for managing talent remain unclear.

## **HR functions are galvanised in support of the talent strategy ...**

- 89% of respondents agree that the work of the HR function is aligned to and supports the talent strategy.

## **... Yet talent management practices are not impacting the bottom line**

- 51% of respondents recognise that business opportunities are being missed because of a lack of talent.

# Introducing the Four Tenets of Talent Management

As these survey results indicate, it takes more than senior leadership buy-in and well developed programmes to truly embed talent management. It requires executives and the HR function to lead a transformation in management capability and organisational culture. We believe that with a sustained focus on each of the Four Tenets of Talent Management and their principles, talent management can become a way of life for all organisations.

The Four Tenets, which were informed by this year's survey results, are designed to support organisations take a more integrated and systematic approach to building a talented organisation.



## Talent Intelligence

Building the common language, infrastructure and consistent standards that enable talent to be effectively managed.

### Principles

- **Global Principle** – Language, infrastructure and standards are globally consistent.
- **User Acceptance Principle** – Talent processes and interventions are designed for high user-acceptance.
- **Talent Demand Principle** – Predictive talent management information (MI) is readily available.



## Talent Capability

Bringing talent management to life by enabling managers at all levels to attract, develop and retain the best.

### Principles

- **Capability Principle** – Recruit for and develop talent management capability at all levels.
- **Accountability Principle** – Reinforce (through job design and reward structures) the accountability that all leaders have for managing talent.



## Talent Alignment

Requiring talent management to be integral to the strategic goals of the business and at the centre of the HR agenda.

### Principles

- **Agility Principle** – The talent strategy has in-built flexibility to take into account changes in market/labour conditions.
- **Line of Sight Principle** – Talent management is a consideration in business decisions made at all levels.
- **Stewardship Principle** – The talent strategy drives the HR agenda.



## Talent Culture

Going beyond talent processes, creating the conditions where talent management becomes a way of life.

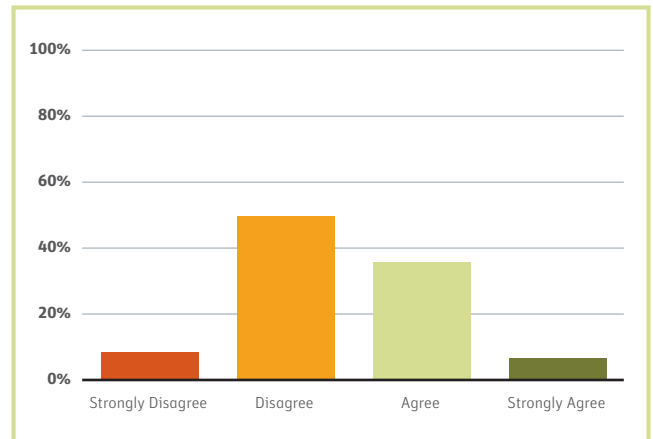
### Principles

- **Engagement Principle** – Build an organisational culture that enables (not prohibits) talented people to perform at their best.
- **Sustainability Principle** – Create the conditions and environment in which talent management becomes a way of life.

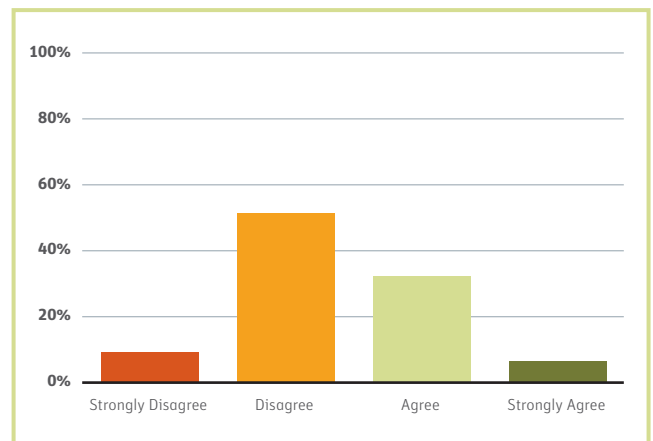
# Talent Intelligence



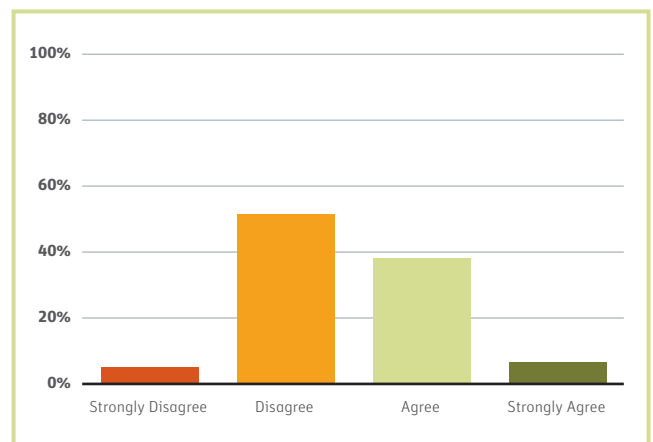
Although it appears that we have the right programmes and processes in place, we have yet to sufficiently shift the dial when it comes to talent management. Inconsistent approaches, a lack of quality management information and poor communication are all hampering our ability to embed talent management.



We have sufficient accurate and readily available data to help us to identify, manage and deploy talent within our organisation.



Effective administration and technology in our talent processes have allowed our managers' time to be put to the best use.



Our organisation's approach to attracting, developing and retaining talent is effectively communicated.

## Survey Results

Many of the programmes and processes that support the talent agenda are viewed favourably by respondents:

- 89% believe that their organisation's talent assessment processes and succession planning processes are helping to attract, develop and retain talent.
- 91% view Senior Management Talent Reviews as being invaluable.
- 79% view their high potential programmes as being effective.

Yet these successes were not reflected when respondents were then asked about the overall progress of the talent agenda:

- Only 60% think that they are doing a good job of managing talent.
- 38% believe that their talent management approach is impacting the way they do business.

“Talent management is espoused as a value, but there is limited evidence that it's lived in reality.”

**Survey Respondent**

The survey results give us some clues as to why talent management is not impacting the business in the way we would expect:

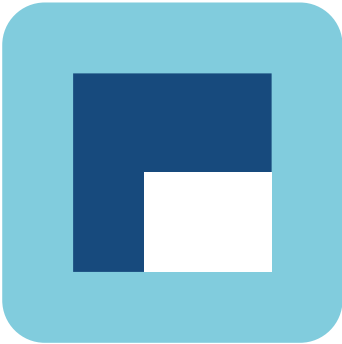
- 72% of respondents believe that inconsistent approaches are hampering their attempts to embed talent management.
- 71% of companies see lack of accurate talent management MI as a major barrier.
- 56% believe that talent management processes have not been clearly communicated.

With 51% of companies indicating that business opportunities are being missed because of a shortage of talent, now is the time for organisations to put increased energy into getting these basics in place.

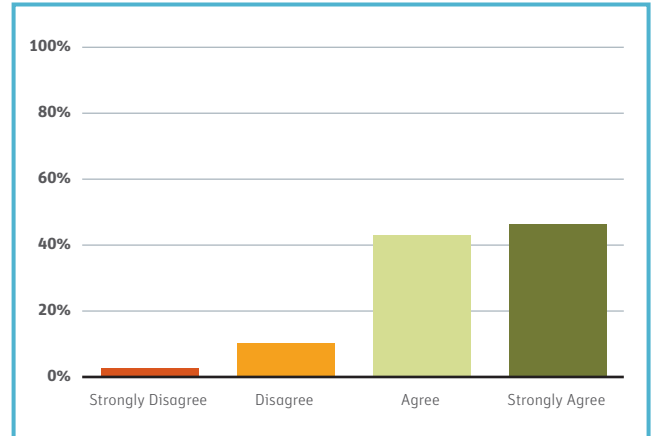
## Recommendations

- No matter what their size, reach or complexity, the first principle of building a talented organisation is for companies to create a universal talent management taxonomy that is widely shared and understood at all levels across all regions.
- 58% of companies stated that they do not have accurate and readily available data to help identify, manage and deploy talent. Building MI capability that can measure current and future talent demand and supply is a critical enabler to embedding talent management.

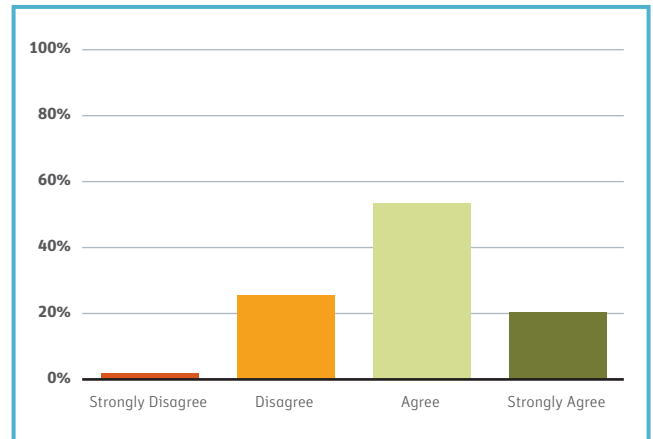
# Talent Alignment



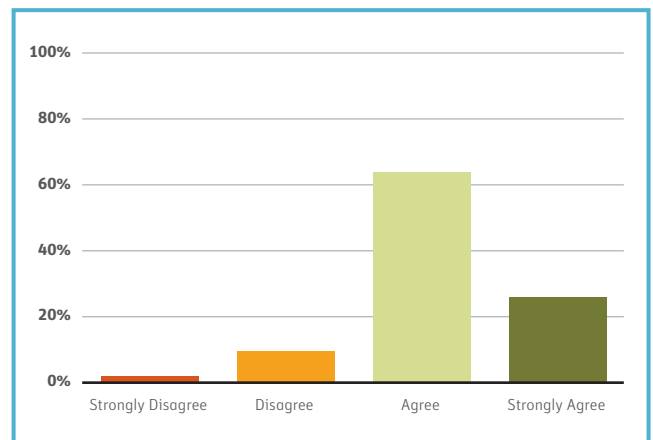
Alignment at the ‘top of the house’ is clearly in evidence. Executives and the HR function now need to shift their focus towards aligning the wider workforce, working with leaders at all levels to embed the talent strategy.



Attracting and retaining talent is one of the top priorities for leaders at all levels within our organisation.



Our talent approach reflects the future needs of our organisation.



The work of HR reinforces our talent strategy.

## Survey Results

Increasingly talent management is receiving greater attention from senior executives. This is particularly evident with discussions held at the remuneration committee level, where non-executive directors are taking an interest in the talent agenda and its link to senior executive succession planning.

According to this year's survey, the HR function has successfully aligned the talent strategy with the goals of the organisation and gained the buy-in of senior leaders:

- 88% agree that talent management is a priority for business leaders.
- 73% agree that their talent strategy reflects the future needs of the organisation.
- 89% believe that the work of HR is aligned to the talent strategy.

Despite alignment with, and commitment from, the top of the organisation, talent management has yet to become a 'way of life' in most of the companies surveyed. 62% of respondents believe that talent management has yet to be embedded in their organisation.

Moving forward, HR functions are required to shift gear, moving their focus away from the 'top of the house' towards partnering with business leaders in aligning the workforce at all levels.

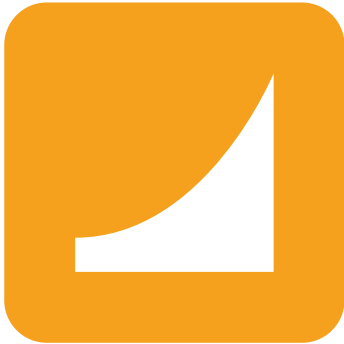
## Changing Demographics

In our survey in 2006, there was widespread recognition that changing demographics and a shrinking workforce would impact talent management going forward. The same survey also found that few organisations were actively addressing these issues. Two years later this is still the case. 92% of companies recognise that changing demographics will make talent management more challenging, yet 47% admit that they do not have a clear understanding of how changing demographics will impact their business. The importance of the changing workforce cannot be underestimated and neither can the need for companies to align their talent agenda to the seismic changes in demographics that are already upon us.

## Recommendations

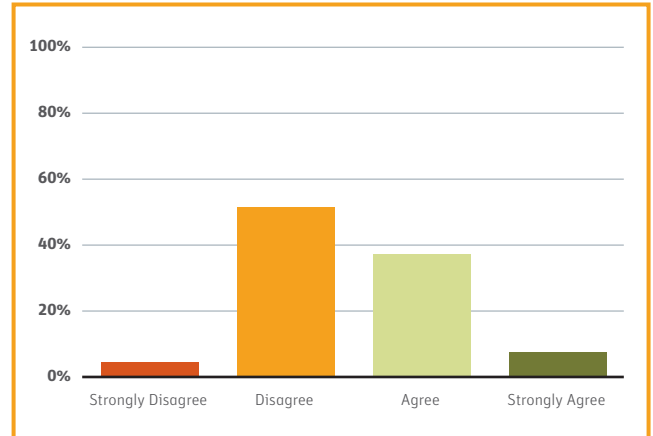
- In talented organisations, executives don't simply sponsor the talent agenda or focus on a top few roles, they take an active role in embedding talent management from top to bottom. The HR function needs to work harder in getting leaders to take accountability for making talent management a 'way of life' at all levels.
- Evidence suggests that HR processes are not sufficiently aligned; the disconnect between talent and performance management processes is a case in point. Simple, connected and intuitive end-to-end talent processes need to be introduced that will make life easier for line leaders.

# Talent Capability

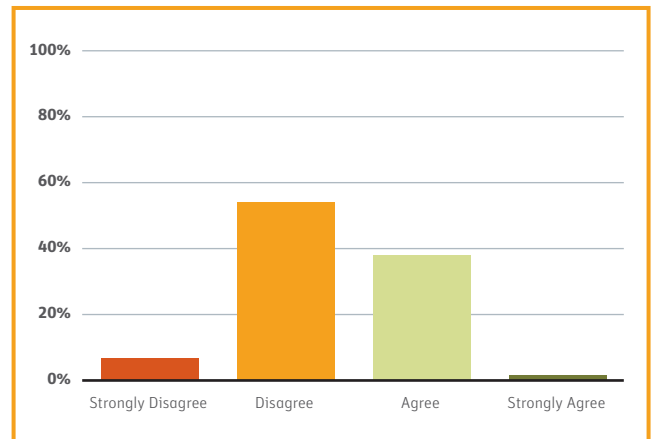


“Senior managers think talent management is important, but line managers either don’t know what they are meant to be doing or don’t think it matters.”

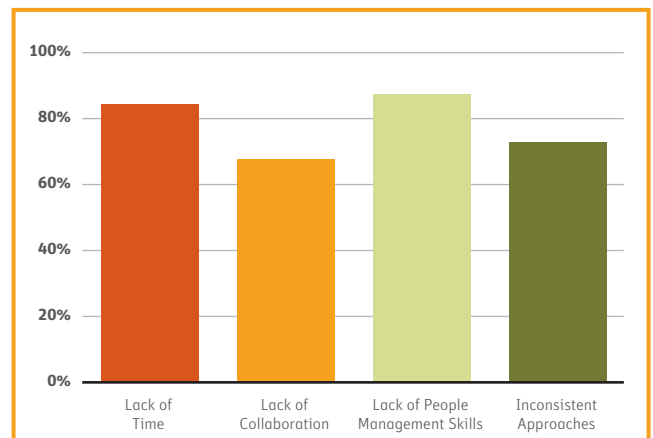
**Survey Respondent**



The accountabilities, ownership and responsibilities for managing talent are clear and understood.



Our managers have the skills and ability to attract, develop and retain talent.



Most common barriers to the effective management of talent.

## Survey Results

The survey indicates that if talent management is to become a 'way of life', it needs to permeate every level of the organisation, impacting decisions made by leaders at all levels. However, only 57% of companies surveyed believe the talent strategy is reflected in decisions made by middle managers. For frontline leaders, this figure falls to just 45%.

“ Ah, the middle manager conundrum. The executives have seen the light and then the top down momentum comes to a screeching halt right in the middle management girth of most organisations. ”

**Andrés Tapia**

Chief Diversity Officer, Hewitt Associates

According to the survey, a lack of accountability and poor management capability contribute to this inertia.

- 56% believe that the accountabilities for managing talent are unclear.

Rather than delegate responsibility to HR, talent management needs to remain the collective responsibility of leaders at all levels. All leaders need to be held accountable for, and empowered to, manage talent.

- 60% of survey participants don't believe that their line managers have the skills and capability to manage talent.
- Even with improvements to capability, line leaders are not set up for success when it comes to managing talent. With competing pressures on their time (84%), a lack of recognition (64%), unwieldy talent management technology (62%) and poor communication (56%), is it surprising that line leaders have lost the will to manage talent more effectively?

“ I think our leaders understand the need to attract and develop talent, it's just that they don't see it as a priority against all the other pressures they face. ”

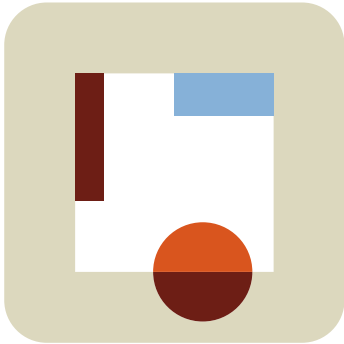
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## Recommendations

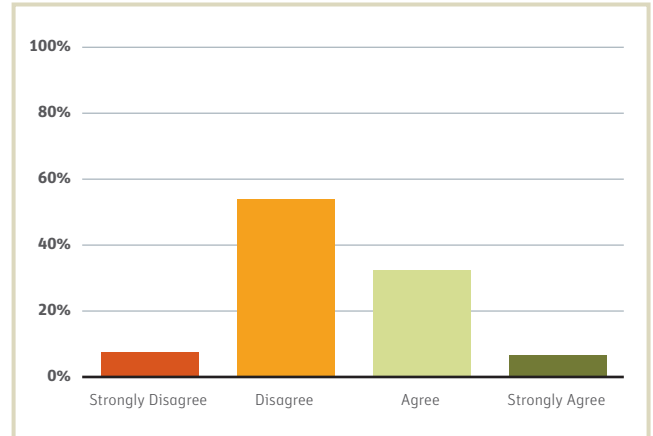
Holding leaders accountable for attracting, developing and retaining talent is critical to 'Building the Talented Organisation'.

- For some companies, this requires a wholesale review of management roles and responsibilities.
- For others, this requires that reward structures for managers place greater emphasis on talent management.

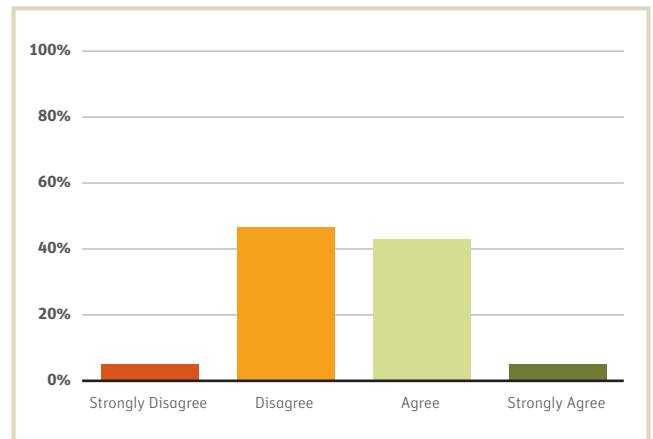
# Talent Culture



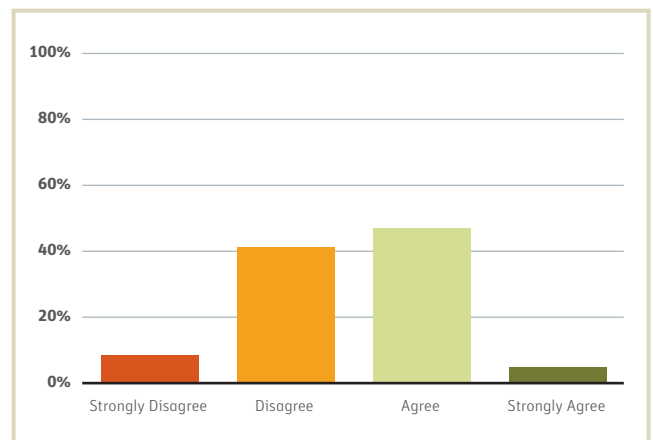
The talent programmes and tools are developed. Work is ongoing to build talent management capability. Now comes the difficult part of the journey ... building a talent-centric culture.



Our talent approach has been successfully embedded at all levels of our organisation and impacts the way we do business.



We rarely miss a business opportunity because of a lack of talent.



Talented people do not usually leave our organisation.

## Survey Results

“ Our employee surveys have shown that employees are not satisfied with the way we manage talent. We have the processes but the focus now needs to turn to how we create a talent culture. ”

### UK Talent Survey 2006 Participant

Over the last decade, organisations have invested heavily in developing new talent management processes and programmes. Yet these interventions alone are not delivering the expected return on investment:

- 49% of respondents believe that talented people routinely leave their organisations.
- 51% recognise that business opportunities are being missed because of a lack of talent.

Yet the talent agenda is set to become more challenging. With changing demographics leading to a smaller, more diverse and less sufficiently skilled workforce, organisations will find attracting and retaining talent still more demanding.

Consequently, building a talented organisation now requires a more fundamental shift in how talent is perceived and managed:

- As custodians of the talent strategy, the role of HR is to create the conditions where talent management becomes a way of life.
- As stewards of the employee experience, HR's role is to build an organisational culture that enables talented people to be at their best.

“ The HR of the future will be marked not so much by the specific programmes and processes it runs but by the overall impact it brings to the business in the area of people performance. ”

### Next Generation HR Research 2006

Hewitt Associates

## Recommendations

In practice, creating a talent culture means aggressively managing the corporate messages, building a culture of accountability, trust and opportunity, proactively coaching line managers, constantly directing development to future critical capabilities and delivering aligned talent processes.

### Does Your Organisation have a Talent Culture?

- Is high performance recognised and celebrated?
- Is underperformance dealt with honestly and directly?
- Are your managers active and invested partners in the success of their talented people?
- It is clear how to grow in step with where your company is going?
- Do the people that your company depends upon feel valued and confident?
- Are talented people inspired to perform at their best every day?
- Are talented people motivated to achieve more than is normally expected?

# Summary of Recommendations



## Talent Intelligence

Building the common language, infrastructure and consistent standards that enable talent to be effectively managed.



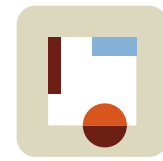
## Talent Alignment

Requiring talent management to be integral to the strategic goals of the business and at the centre of the HR agenda.



## Talent Capability

Bringing talent management to life by enabling managers at all levels to attract, develop and retain the best.



## Talent Culture

Going beyond talent processes, creating the conditions where talent management becomes a way of life.

## Tenet Principles

### Global Principle –

Language, infrastructure and standards are globally consistent.

### User Acceptance Principle –

Talent processes and interventions are designed for high user-acceptance.

### Talent Demand Principle –

Predictive talent MI is readily available.

### Agility Principle –

The talent strategy has in-built flexibility to take into account changes in market/labour conditions.

### Line of Sight Principle –

Talent management is a consideration in business decisions made at all levels.

### Stewardship Principle –

The talent strategy drives the HR agenda.

### Capability Principle –

Recruit for and develop talent management capability at all levels.

### Accountability Principle –

Reinforce (through job design and reward structures) the accountability that all leaders have for managing talent.

### Engagement Principle –

Build an organisational culture that enables (not prohibits) talented people to perform at their best.

### Sustainability Principle –

Create the conditions and environment in which talent management becomes a way of life.

## Recommended Actions

- Create a universal talent management taxonomy that is widely shared and understood at all levels across all regions.
- Build MI capability that can measure current and future talent demand and supply.
- Make senior leaders accountable for embedding talent management at all levels.
- Introduce simple, connected and intuitive end-to-end talent processes that will make life easier for line leaders.
- Create clarity about the role of leadership in managing talent through:
  - Wholesale review of management roles and responsibilities
  - Alignment of reward structures to the talent management agenda.
- Aggressively manage the corporate talent management messages.
- Build a culture of accountability, trust and opportunity.
- Proactively coach line managers in the skills of talent management.

# For more information

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