Don't Put the Cart Before the Horse:

Why Process Should Come Before
Talent Management Technology

TALENTQUEST

Introduction

For nearly two decades, companies have purchased talent management software without the appropriate consideration for the symbiotic relationship between process and technology. In most cases, companies purchase talent management software with the hope that the technology will lead to the implementation and adoption of a new, efficient talent management business process.

In other cases, companies struggle to bend technology to fit the dimensions of their existing process. In both cases, the lack of alignment among the core talent management business process with the features, functionality and configuration of the talent management software is a major obstacle to the success of the initiative.

Bersin & Associates recently reported that "general customer satisfaction [with talent management solutions] across all vendors and all markets is medium to low."[1] That means that more people are satisfied with their airline or their cable TV provider than they are with their talent management system! A primary driver of dissatisfaction is the lack of integration among the talent management software, the core business process, the implementation of services and ongoing customer support. This integration can't occur at the end of the process, it has to start at the beginning.

Don't put the cart before the horse. Talent management software does not compensate for the lack of a core talent management business process. The rule is simple: process first, system second.

[1] Bersin & Associates. Talent Management Systems Satisfaction Results. 2010.

THE TECHNOLOGY ITSELF IS NOT THE SOLUTION, PROCESS IS THE PLACE TO START

How do high-performing businesses consistently outperform their peers over a sustained timeframe, across business cycles, industry disruptions and cycles of leadership? It's because these organizations have institutionalized processes for matching and moving their best talent to the most critical positions — ensuring the ability to face current and future business challenges and opportunities.[2] Because most of these high-performing businesses use technology to power their processes, it's easy to see why some people believe that these benefits are the result of technology, not process.

As a result, some companies purchase talent management software with the hope that the technology will lead to the implementation and adoption of a new, efficient talent management business process. Unfortunately, that never works. Why?

- **Garbage in, garbage out:** Technology in and of itself is not a benefit. What you get out of the technology is only as good as the process behind it. Research from Bersin & Associates indicates that companies using poorly integrated or disconnected systems are no more effective (and, in some areas, less effective) than companies using manual processes. In fact, Bersin's research found that companies with both a process and an automated talent system are better at planning-intensive, future-focused activities, such as developing leaders and employees, planning for future talent needs and building a pipeline of ready successors.[3]

- **Here today, gone tomorrow:** Many technology vendors are more than willing to fit the square peg (your company) into the round hole (their solution). Here's the dirty secret of most talent management vendors: They sell software, not solutions. Unfortunately, most companies don't figure this out until budget has been spent and years have been wasted. Too many companies found this out the hard way during the recession, when they most needed insight into high and low performers in their workforce. Instead, these organizations found no answers from their talent management solutions about who their current top and bottom performers were. Lacking insight, many of these companies cut good employees along with the bad. Technology can improve agility, but without the right people and processes in place first, technology is simply a faster way to get to a bad result.

[2] Accenture. Teaming Talent with Technology.

[3] Bersin & Associates. Talent Management Factbook 2010.

- **You need to roll with the punches:** For most businesses, their strategic needs and goals at the end of 2010 are far different from what they were at the beginning of 2008. Most organizations currently feel that the only certainty is change, and many are making moves to create a more agile talent strategy. To increase agility, many organizations are using cascading goals to ensure that individual employee performance targets are linked to strategic business goals and performance measures. However, it is impossible to put this practice in place without a clear and well-understood business strategy and operational plan.[4] Unfortunately, too many companies quickly and desperately embrace what they believe to be best practices with regard to cascading goals, linking goals, and performance models simply to stay in step with competitors. These activities should not remain within the purview of HR or disparate functional silos within a company. Instead, these initiatives need a robust business strategy to support them as they are integrated into all facets of the organization, both vertically and horizontally.

Too many companies struggle to bend technology to fit the dimensions of their existing process without asking whether or not their existing process is the right one for their organization in the first place. Without alignment among the core talent management business process and the features, functionality and configuration of the talent management software, the success of any talent initiative is unlikely.

[4] Bersin & Associates. Building a High-Performance Culture. 2009.

How Should an Organization Design Its Process?

Before designing a process that aligns business needs with your technology, your organization needs to be able to do these three things:

1. **Understand your key business metrics.** What are the key drivers of business success and how do you measure them? Every business has a couple of key metrics — such as number of units shipped per day or average delivery time — that are an accurate barometer of business success.

2. **Identify the critical roles that drive those metrics.** Who are the people and what are the positions that drive your key business metrics? Some organizations mistakenly believe that the answer to this question is automatically "the salespeople" because they are the ones who "drive revenue." However, driving revenue isn't confined to sales. For example, critical roles for a health provider might be registered nurses.

3. **Establish competencies as the foundation of your talent initiatives.** What are the skills, behaviors and knowledge that are used to evaluate, assess and develop people? Understanding these skills, behaviors and knowledge will allow you to define the competencies that will underpin all of your organization's strategic talent processes, including recruitment, performance management, career development and workforce planning.[5]

HR has a key role in this process, but it should not work alone on answering these questions. Instead, it should engage senior leadership and collaborate closely with them to assist in developing competencies and implementing talent processes, programs and technologies. After key metrics, critical roles and competencies are understood, businesses have the foundation to identify and develop top performers and high potentials.

- **What do you need to know about top performers?** Top performers can be 100 to 1,000 percent more productive than average employees. According to Dr. John Sullivan, a well-known thought leader on HR issues, "It doesn't take a rocket scientist to realize that if you invest in an asset [whether that asset is an employee or any other financial investment] that costs 25 percent more but produces 1,000 percent more in output or revenue, you have a net gain – and

[5] Bersin & Associates. Competency Management. 2008.

an outstanding one at that."[6] What are the common attributes, behaviors, skills and aptitudes among the company's top performers that make them successful in their roles, as well as a good fit within the organization's culture? Better understanding your top performers will allow your organization to duplicate this success not only with the organization overall but in a particular functional area or team.[7]

- **What do you need to know about high potentials?** Nearly 60 percent of companies are facing leadership talent shortages that are impeding their performance. Another 31 percent expect a lack of leadership talent to impede their performance in the next several years.[8] Where will the next generation of talent come from? Your organization needs to be prepared to answer this question. Having the right talent processes in place (such as leadership development programs and succession planning processes) will allow your organization to recognize high-potential employees early on. These high potentials may become your future top performers or top executives, with proper nurturing and development.

Armed with this information, your organization can:

- Manage organizational growth and change
- Identify talent needs and gaps
- Attract, recruit and retain key leadership talent
- Identify, develop and coach current and future leaders through succession planning
- Develop and build high-performance teams
- Implement an effective performance management process
- Measure employee engagement and increase retention of the most critical talent

[6] Sullivan, Dr. John. The "Big Secret": Top Performers Are a Bargain. April 29, 2002. ERE.net. *http://www.ere.net/2002/04/29/the-big-secret-top-performers-are-a-bargain/*

[7] Aberdeen Group. Talent Acquisition AXIS. 2009.

[8] Ashford, Sue; and DeRue, Scott. Five Steps to Addressing the Leadership Talent Shortage. Harvard Business Review. June 2, 2010. *http://blogs.hbr.org/imagining-the-future-of-leadership/2010/06/5-steps-to-addressing-the-lead.html*

BEST PRACTICES: HOW TO AVOID PUTTING THE CART BEFORE THE HORSE

As anyone who has ever built a house knows, there is a long period of time when you are left staring at a vacant lot, dreaming of what the future will be. In the meantime, you spend a lot of time with your architect and contractor — gathering requirements, planning meticulously, tweaking incessantly. Designing a strategic talent process works the same way. Lots of thought and work are required before any sustainable infrastructure takes shape.

Before you get started, keep these recommendations in mind:

- **Find a partner:** Most companies lack the internal expertise to build talent processes on their own. Instead, they are better served finding a partner who has been down this road before and understands how processes and systems work together. Find a partner who is willing to take the time to understand your needs first and identify the right system second.

- **Fit the system to the process, not vice versa:** Although we have been making this point over the past few pages, it bears repeating. Most technology vendors will tell you anything to sell you their software. Don't fall for it. Design your process first, then select your system. If a vendor is not willing to help you design the right process, they are not the right company for you.

- **Get executive buy-in:** An executive sponsor is an important and essential step in developing strategic talent processes. Not only is this sponsorship needed to secure the budget to fund talent initiatives, a strong executive leader sends a message to the organization that talent management is a key business priority.

- **Engage line managers:** The line managers in your organization are the people who will put your strategy into action. Engaging and listening to line managers on the front end of the process design can help avoid missteps that can short-circuit adoption. Furthermore, thorough communication with line managers is necessary to explain the business rationale for these efforts, as well as how they fit into the process. With line managers onboard, organizations are much more likely to align individual effort with business objectives.

- **Build a baseline of competencies:** Competencies are the common language that will allow your organization to discuss talent issues and clearly align individual effort with business priorities. When selecting competencies, an organization is, in a sense, defining how effective, competent employees should behave in the company. Off-the-shelf competency models are the most common because they have been validated by other successful organizations. However, even off-the-shelf competency models will require a level of customization. Take the time to get your competency model right and you will have gone a long way toward defining your process.

- **Drive retention with performance management:** Most employees hate performance reviews because they see them as a meaningless exercise — employee perception is that this process is driven by subjective manager opinion and does nothing to improve performance. And they're right. This is not talent management. Instead, when driven by competencies and aligned with business strategy, performance reviews can become a living process that is linked to objective criteria and designed to truly "coach up" your employees.

- **Use assessments strategically:** Personality and skills assessments should be an integral part of every talent management process. Not only should assessments guide recruitment, leadership development and team-building initiatives, they can inform critical promotion and succession decisions. In short, assessments can help your organization make strategic hiring decisions that will define your business both today and in the future.

- **Develop tomorrow's leaders today:** The impending retirement of the Baby Boom generation will result in a shortage of experienced executive talent that will hamstring business for the next decade, because demand for leadership talent will far outstrip supply. The best solution for most organizations is to invest time and effort today in high-potential employees to groom the next generation of leadership talent. If robust career development and succession management initiatives have not already been established, make these an immediate priority.

Conclusion

Process first, system second – don't let software vendors tell you otherwise. And don't be daunted by the challenge of formulating a comprehensive talent management process for your organization. Today, only half of U.S. companies say they have a well-defined talent strategy. But two years ago, this figure was just 37 percent.[9] Don't focus on what hasn't been done. Instead, resolve to get started immediately.

Find a partner who can help your business understand its talent needs and invest wisely in developing a strategy to encourage peak performance. A new class of talent management solution providers is emerging that addresses both parts of the equation with equal zeal and effectiveness. Working with such a partner will speed implementation, increase adoption and maximize results.

Unlike other talent management technology providers, TalentQuest has a strong base of consulting expertise to help your organization develop strategy before implementing solutions. Contact us today — call 866.377.6106 or email info@talentquest.com — to find out more about how we can help.

About TalentQuest

TalentQuest has been strengthening organizational performance and advancing leadership for almost 40 years by blending the art of consulting with the science of technology. The company's consultants and organizational psychologists deliver fully-integrated human capital management consulting and talent management solutions that span the entire employee lifecycle—from talent selection to leadership succession—enabling organizations to maximize the value of their investment in people. For more information, please visit www.talentquest.com.

[9] Bersin & Associates. Talent Management Factbook 2010.