Best Practices in Talent Management Strategy

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April 29, 2014
Today’s Agenda

1) Globalization and Talent Management

2) Potential U.S. Talent Shortages and Skills Gaps

3) Four Key Talent Management Strategy Components
   - Fully integrated talent management
   - Effective succession planning
   - Creative leadership development programs
   - Family-friendly, socially responsible corporate culture

4) Case studies of a small, a medium, and a large company: gDiapers, Noblis, and SAS Institute
Globalization and Talent Management

The most important corporate resource over the next 20 years will be talent: smart, sophisticated businesspeople who are technologically literate, globally astute, and operationally agile. And even as the demand for talent goes up, the supply of it will go down.”

Globalization and Talent Management

PricewaterhouseCoopers 2012 Global CEO Survey:
97% of CEOs said having the right talent is the most critical factor for business growth

Facing the talent challenge

CEOs are changing talent management strategies to confront skills gaps.
Skills shortages are seen as a top threat to business expansion.

CEO point of view on the HR challenge: Delivering results through talent
Globalization and Talent Management

**PricewaterhouseCoopers 2012 survey**: Global movement of talent increased 25% over the last 10 years and will grow by another 50% by 2020
Globalization and Talent Management

China

• 1.3 billion people
• Averaged 9% GDP increases for last 30 years
• On track to become world’s largest economy by 2050
• Major outsourcing /manufacturing hub

India

• 1.1 billion people
• At least 20% of population speaks English fluently
• Preferred outsource destination for call centers and other services
• Growing middle class that currently numbers 300 million
US Skills Gaps, Job Shortages

**US Labor Dept:** US employers will need 30 million new college-educated workers by 2020

However, fewer than 23 million people will graduate from US colleges in the next 10 years

**MetLife/Civic Ventures:** US may have 4 million more jobs than workers to fill them by 2018

**Baby Boomers:** 76 million in workforce will begin retiring in unprecedented numbers soon

**New Entrants:** Smaller numbers than baby boomers and many lack skills employers require
What does it mean for HR?

The global talent hunt will continue in spite of the current economic slowdown.

Business leaders will look to HR for more than transactional expertise.

They will look to HR for people strategies to help their companies prepare for growth.

HR professionals will come under increasing pressure to retain and develop their top talent.
What is Talent Management?

Talent:
“Individuals who have the capability to make a significant difference to current and future company performance”

Source: Conference Board

Talent Management:
“Integrated strategies and systems to increase productivity by developing improved processes for attracting, developing, retaining and utilizing people with the required skills and aptitude to meet current and future business needs”

Source: SHRM HR Glossary of Terms
What is Talent Management?

Talent Management includes the entire employment life cycle.
HR produces the processes, tools and expertise to allow an organization to deploy talent and meet business goals.

Integrated Talent Management Programs are:

- Aligned to Business Plan
- Integrated Globally
- Tailored to Workforce Needs
Strategy #1 - Integrated Talent Management

Ernst & Young Global survey of 340+ HR VPs and other Fortune 1000 executives:

Only 32% said their talent programs are integrated on a global, enterprise-wide scale and 24% said they are not integrated at all.

63% of respondents said they continue to modify their talent management systems to reflect changes in their businesses.

Organizations with integrated talent systems experienced a 38% higher annual return on equity than non-integrated systems.
Key strategy for smooth transitions and reduced turnover costs, which also helps to foster employee commitment.

Effective succession planning requires more than identifying critical positions and employees who might fill them.

Rather than a “name-in-a-box,” approach, seek to really develop the skills of all viable candidates.

Two important tools for effective succession planning are gap analyses and leadership assessment programs.
How prevalent is succession planning?

**SHRM June, 2011, Succession Planning Poll:**

426 US HR professionals were surveyed

Only about one-quarter of the organizations reported having a formal succession plan

A little over one-third – 38% -- indicated that they had an informal succession plan

The majority of the succession plans were in organizations with over 2,500 employees
Strategy #3—Creative Leadership Development

Top concern in Deloitte’s 2012 Talent Edge 2020 Survey:

- Developing leaders and succession planning: 30%
- Recruiting hard-to-find skill sets: 29%
- Sustaining employee engagement/morale: 25%
- Reducing employee headcount and costs: 23%
- Competing for talent globally and in emerging markets: 23%
- Retaining employees at all levels: 22%
Strategy #3 – Creative Leadership Development

Creative development of potential leaders means much more than traditional classroom education or online learning.

“Real-life” learning stretches employee capabilities and can significantly decrease employee churn and bolster retention.

People learn the most from those they trust – bosses, subordinates, peers, and mentors.

That is why mentoring and coaching – with clear expectations and defined goals -- are crucial to any development strategy.
Strategy #4 - Family-friendly Corporate Culture

Culture:
--Drives behavior
--Unites employees
--Attracts talent

Culture changes how we are:
--Viewed by the public
--Viewed by customers
--Viewed by investors
--Viewed by job candidates
Workplace flexibility is a way to define how, when and where work gets done and how careers are organized. It is essential that flexibility work for both the employer and the employees to be effective.

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<th>Flex-Careers</th>
<th>Reduced Time</th>
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<td>• Arrangement for employee</td>
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<td>• Daily flextime</td>
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**Flex-Leaves**
- Time off during the workday
- Time off for personal illness
- Paid time off to care for children
- Parental Leave/ Elder Care

**Phased Retirement**
- Arrangement for employee nearing retirement age to work reduced hours to transition into full-time retirement
Strategy #4 --Flexible, family-friendly culture

2013 survey by Staples Inc. of telecommuters who work one day or more for U.S companies:

48% of telecommuters said they are less stressed when working from home

93% said telecommuting was mutually beneficial for them and their companies

75% of business decision makers noted telecommuters are happier employees

53% said telecommuting leads to more productive employees
November, 2012, SHRM survey, “Challenges Facing HR Over the Next Ten Years”:

When HR Professionals in the survey were asked what was the most effective tactic for attracting, retaining and rewarding the best employees, the largest percentage (40%) indicated,

“creating flexible workplaces.”
Strategy #4 -- Flexible, family-friendly culture

Ten Tactics for Success:

1. Recruit top management as flex champions
2. Position flexibility as a business strategy
3. Make the business case, by focusing on ROI
4. Develop flexibility for all
5. Build management support
Strategy #4 -- Flexible, family-friendly culture

**Ten Tactics for Success:**

6. Listen to what employees say works best

7. Develop clear guidelines

8. Incent managers to support workflex

9. Track metrics

10. Communicate
Case Study #1 -- gDiapers

Direct-to-Consumer Retail Diaper Business
Portland, OR – 18 employees
www.gdiapers.com
Case Study #1 -- gDiapers

From its beginning in 2005, gDiapers believed that the key to attracting and maintaining a high-performance organization was to provide family-centric flex options for its employees.
Case Study #2 -- Noblis

Non-profit Professional Services Company
Falls Church, VA – 660 employees
www.noblis.org
Case Study #2 -- Noblis

Noblis knows that continual investment engages high performers and helps keep them with the company longer.

So, in 2009, despite economic pressures during the recession, the company’s senior management for the first time made employee professional development the #1 corporate priority.
Case Study #3 - SAS Institute

Business Analytics Software and Services
Cary, NC – 13,000 employees worldwide

www.sas.com
Case Study #3 - SAS Institute

SAS has worked hard to build a corporate culture that is based on trust between its employees and the company.

It is a culture that rewards innovation, encourages employees to try new things, and yet doesn't penalize them for taking chances.
SHRM Talent Management Resources

Some relevant Toolkits:

- Talent Management
- Managing Flexible Work arrangements
- Interviewing
- Managing for Employee Retention
- Workforce Planning
- Workforce Readiness
- Introduction to Staffing Management
- Managing Employee Onboarding and Assimilation Process

**SHRM toolkits:**

Aggregate resources, articles, links, and other practical information related to a specific HR topic
Summary and Take-aways

1) Globalization has spawned global competition for talent, which will intensify in spite of economic uncertainty

2) Top talent will be at a premium, and skills shortages may develop in several sectors

3) Focus on four talent strategy components
   - Organization-wide integration of talent management
   - Effective succession planning
   - Creative leadership development programs
   - Flexible, family-friendly corporate culture

4) Emulate companies like gDiapers, Noblis, and SAS that have developed effective talent management strategies
Thank you!

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