A ROAD MAP TO ORGANIZATIONAL EXCELLENCE

THE TALENT MANAGEMENT HANDBOOK

THIRD EDITION

Making Culture a Competitive Advantage by Acquiring, Identifying, Developing, and Promoting the Best People

EDITED BY LANCE A. BERGER & DOROTHY R. BERGER

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Preface

Successful organizations systematically design, integrate, and proactively implement programs that build and sustain a high-performance workforce. These programs typically focus on the acquisition, cultivation, positioning, and rewarding of employees who can best achieve their goals while remaining true to their stated values. When their approach to building a high-performing workforce is fully integrated and codified it is labeled *talent management*. Based on our research, consulting assignments, and the input of this book's preeminent contributors, we conclude that the core talent management framework required for creating a high-performance workforce consists of three elements. They are:

1. A blueprint that articulates the principles that guide the organization's strategic and tactical talent management processes. It consists of a talent management creed and strategy. A creed is composed of a widely publicized set of core principles, values, and mutual expectations that guide the behavior of an organization and its people. Collectively, the stated principles depict the type of culture an organization strives to create to achieve its unique portrait for success. The principles of the creed are embedded into its talent management strategy, building blocks and programs through incorporating its doctrines into selection criteria, competency definitions, performance criteria, internal selection and development processes, and all other relevant human resources policies and programs. A talent strategy makes explicit the types of people in whom the organization will invest. The biggest investments will be made in people who are currently contributing the most to organizational success and to those seen as having the potential for making strong contributions in the future.
2. A set of building blocks that translate a talent creed and strategy into assessment tools that classify employees based on their current and potential contribution to the organization. These classifications are necessary to implement a talent management strategy. There are three building blocks: competency evaluation, performance appraisals, and potential assessment.
3. A talent management system that incorporates building blocks into talent management implementation programs. The individual programs are integrated into a unified approach for making decisions regarding the people who

exemplify the culture expressed in the creed, who are currently contributing the most to organizational success, and who are seen as making strong contributions in the future.

This book is organized into eight parts. They are arranged to provide readers with a way for creating their own talent management approach using the core talent management framework described above. The structure of *The Talent Management Handbook* is outlined below.

The Structure of *The Talent Management Handbook*

Part I establishes the talent management framework. It describes how the different elements of a human resources blueprint, building blocks of employee classification, and talent management programs are integrated into a unified approach that creates and sustains workforce excellence.

Part II defines the building blocks that represent assessment tools rooted in the organization's creed. The building blocks are competency evaluation, performance appraisals, and potential assessment. Talent management building blocks enable the organization to classify its employees based on their actual and potential contribution to organizational success and suggest the types of investment needed to enhance individual contribution.

Part III covers the deployment of the integrative system necessary to implement a talent management strategy based on building blocks. This system consists of four core human resources programs: positioning, enhancement, mobility, and compensation.

Part IV links talent management, culture, and business excellence. It describes how organization philosophies, beliefs, and values establish the parameters that govern the selection, development, and advancement of the people who shape the culture for success that drives business excellence. They include elements such as: ethics, engagement, innovation, and creativity.

Part V covers ways to use global talent management techniques to promote organization-wide leadership.

Part VI presents ways that professionals can use talent analytics, big data, and technology to make better and faster talent management decisions.

Part VII covers talent management competencies required by professionals and leaders. They have been carefully developed by The Society for Human Resource Management, Association for Talent Development, and the Organization Development Network.

Part VIII highlights significant trends that will affect talent management practices in the future.

Acknowledgments and Dedication

Thanks to the 77 professionals of which 38 are new participants who contributed their expertise to this book.

The third edition is dedicated to the children and grandchildren of the editors: Adam and Alejandra Gimenez Berger; Craig and Alexandra Block Berger; Nancy Berger; and Cheryl, Steven, Hailey Rose, and Ryan James McGuire.

Introduction

The Talent Management Handbook has been recognized as the most authoritative and bestselling reference book in its category.

The book's success has been the result of its capacity to:

- Identify the most significant talent management issues impacting organizations now or in the future.
- Provide straightforward, comprehensive, and understandable solutions to deal with significant talent management issues.
- Provide the best historical and current tools, methods, and diagnostics necessary for human resources professionals and operating managers to implement talent management programs.
- Present the thoughts, research, and approaches of respected and prestigious leaders in the talent management field.
- Offer unique, innovative, and comprehensive approaches.
- Build on the strong foundation of past editions.

Each edition of the book has its own novel structure. The first edition focused on the evolution of historical and new talent management techniques and methodologies as they applied to the business and social context of the era. It also set forth a framework for talent management diagnostics. Most importantly, it structured prior and current approaches into a cohesive set of guiding principles that helped readers select a talent management methodology appropriate to their organization's specific requirements.

The second edition's objective was to provide human resources professionals with improved and new approaches that could help them better address a dramatically changing set of human capital issues. These included:

- Adapting to a volatile business, social, and regulatory environment.
- Addressing the retirement of the baby boomers, the greatest talent management issue of the twenty-first century.
- Responding to a multicultural, multigenerational workforce.
- Gaining competitive advantage from the globalization of human capital.

The third edition of *The Talent Management Handbook* is differentiated from prior editions. It is based on a new approach to talent management, and it has new or revised chapters reorganized into new sections. It will guide human resources professionals in ways to use talent management programs to help their organizations achieve sustainable competitive advantage by addressing a new set of key human capital issues:

- Employing novel ways to win the battle to acquire high-quality talent that includes data analytics, sourcing, recruitment, attracting/branding, focused selection, and onboarding.
- Using "big data" to make better and faster talent management decisions that lead to sustainable business success.
- Developing and implementing talent management programs that help a workforce transform itself in response to rapidly changing business scenarios.
- Enhancing the qualifications of human resources professionals involved in one or more aspects of talent management.
- Creating and maintaining a culture of innovation, engagement, leadership, and performance.

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Part I

Using Talent Management to Build a High-Performance Workplace

Chapter 1

Using Talent Management to Build a High-Performance Workforce

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Successful organizations systematically design, integrate, and proactively implement programs that build and sustain a high-performance workforce. These programs focus on acquiring, cultivating, positioning, and rewarding employees who can best achieve their goals while remaining true to stated values. When their approach to building a high-performing workforce is fully integrated and codified, it is labeled "talent management." Although there are a variety of approaches to talent management, our recent experience and research indicate that the type of integrated and codified approach typically used by high-performing organizations consists of three iterative components: a *blueprint*, a set of *building blocks*, and a *system* that effectively integrates the human resource programs cited above. In this chapter, we discuss each of the components.

Blueprint

A blueprint is a set of principles that guides the organization's strategic and tactical talent management processes. It consists of a creed and a talent management strategy.

Creed

A talent management *creed* is composed of a widely publicized set of core principles, values, and mutual expectations that guide the behavior of an institution and its people. Collectively, these stated doctrines depict the type of culture an organization strives to create to achieve its unique portrait of success. The principles of the creed are embedded in both its talent management strategy and in its talent management processes by incorporating its doctrines into selection criteria, competency definitions, performance criteria, and internal selection, compensation, and development processes. An excellent example of a creed is the Johnson & Johnson credo. Johnson & Johnson is consistently among the top groups on Fortune's Most Admired Companies list. Johnson & Johnson states, "Our Credo is more than just a moral compass. We believe it's a recipe for business success." Another highly successful company with an explicit creed is Microsoft. Microsoft's standards of business conduct are an extension of the company's values and reflect its continued commitment to ethical business practices and complying with the law. It is expected that employees are well informed and exercise good judgment when making business decisions, and the standards are designed to help them make the right decisions for themselves and Microsoft.

Most recently, creeds have been enhanced to include social responsibility, sustainability, ethical behavior, innovation, and creativity. Starbuck's creed includes reference to social and ethical responsibility. It states, "The following six Guiding Principles will help employees measure the appropriateness of their decisions: Provide a great work environment and treat each other with respect and dignity, Embrace diversity as an essential component in the way we do business; Apply the highest standards of excellence to the purchasing, roasting and fresh delivery of our coffee; Develop enthusiastically satisfied customers all of the time; Contribute positively to our communities and our environment; Recognize that profitability is essential to our future success."

An organizational creed can also include provision for an "employee brand" or "employee experience." In Chapter 3 of this book, William Schiemann uses the term *employer brand* to refer to the "broadest reputation" of an organization expressed as an employer *talent value proposition (TVP).* It covers the primary attributes that will distinguish the employer to both potential hires and current contributors. That is, what does the contributor expect from the organization (e.g., great benefits, creative environment, autonomous work environment) and what, in turn, does the employer expect from the contributor (e.g., creative ideas, adherence to values, long but flexible hours)?

Jacob Morgan in Chapter 55 of this book defines the "employee experience" as an important force that will shape an organization's approach to talent management. He sees it as an environment that is created when an organization focuses on making itself a place where people want to show up instead of a place where people need to show up. This shift from "need" to "want" is a fundamental change that organizations around the world face. Organizations using these approaches typically make them a centerpiece of their talent acquisition and engagement programs.

Talent Strategy

A talent strategy makes explicit the type of investments an organization makes today in the people whom it believes will best help it achieve competitive excellence in the future.

A talent management strategy views a workforce as a portfolio of human resource assets that are differentiated based on an assessment of each person's current and potential contribution to organization success. The types of people who will receive different types of investment are rooted in the organization's talent creed. For the purpose of this chapter, we have classified the workforce into the following groups:

- *Superkeepers:* Those employees who greatly exceed expectations now and who are projected to continue to do so in the future (3 percent).
- *Keepers:* Those employees who exceed expectations now and who are projected to continue todo so in the future (20 percent).
- *Solid citizens:* Those employees who meet expectations (75 percent).
- *Misfits:* Those employees who are below expectations (2 percent). Employees are placed in this category when they are either weak performers or lack the competencies for doing their job.

In this classification system superkeepers and keepers are the primary role models that shape the high-performance culture.

We have found that, regardless of the content of an organization's creed, the talent strategies of most high-performing organizations contain the following three directives:

- Cultivate the superkeeper.
- Retain key position backups.
- Appropriately allocate training, rewards, education, assignments, and development (TREADs).

Cultivate the Superkeeper

This strategic directive involves the identification, selection, development, and retention of superkeepers. Their loss or absence severely inhibits organization growth because of their disproportionately powerful impact on current and future organization performance. Bill Gates once said, "Take our 20 best people away from us and I can tell you that Microsoft would be an unimportant company."

Retain Key Position Backups

The second directive involves the identification and development of high-quality replacements for a limited number of positions designated as key to current and future organization success. The gaps in replacement activity for incumbents in key positions are highly disruptive, costly, and distracting to an organization. To achieve organizational excellence, key positions should be staffed by employees, and have replacements who have, historically exceeded organization performance expectations, show a commitment to develop others, and are role models for the organization's creed. These employees are the superkeepers and keepers.

One of the most important talent management decisions the organization will make is the designation of key positions. In our experience, every organization likes to think of all its positions as key. We estimate that, when honestly considered, no more than 20 percent of an organization's jobs should be designated as key.

There are a number of useful criteria for determining whether a position is *key*. Following is a short list of some of them:

- *Immediacy:* The short-term loss of the incumbent would seriously affect profit, revenue growth, operations, work processes, products, services, employee morale, stakeholder satisfaction, competitive advantage, or the prestige of the organization.
- *Uniqueness:* The position requires a competency or set of competencies that is, or will be, unique to the organization or its industry.
- *Demand:* The job market for incumbents holding the position is tight now or will be tight in the future.
- *Strategic impact:* The loss of a qualified incumbent for even a modest amount of time would affect the future success of the organization.
- *Basic:* The organization could not survive without the incumbent.

Allocate TREADs Appropriately

TREADs refer to investments made by an organization today in the form of training, rewards, education, assignments, and development activities. The return on most of these investments, however, will not be realized until the future. To properly invest its TREADs, an organization uses the classification of employees based on his or her actual or potential for adding value to the organization. Table 1.1 provides a strategic perspective on TREADs allocation by employee classification.

	Compensation	Training/Development	Career Paths	Visibility
Superkeeper	Accelerate much faster than pay markets	Major investments	Very rapid	Very high recognition
Keeper	Accelerate faster than pay markets	Substantial investments	Rapid	High recognition
Solid citizen	Accelerate moderately until competitive level is reached	Investments only to enhance competencies for current/future business situations	Moderate to none	Recognition
Misfit	No increase	Only to improve fit now or for next job if there is a reasonable probability of success	None	

Table 1.1 TREADs Allocation by Employee Classification

Building Blocks

Once an organization formally commits to building a high-performance workforce, it will need to translate its talent creed and strategy into assessment tools that classify its people into one of these four categories: Superkeeper, Keeper, Solid Citizen and Misfit.

Our research, conducted since the second edition of *The Talent Management Handbook* was published, continues to show that the infrastructure of human resources programs and systems of most organizations remains an incoherent mosaic of unconnected, incomplete, missing, and inconsistent talent management strategies, assessment tools, and programs. This means that performance appraisals, assessments of potential, competency evaluations, career planning, and human resources planning (the core elements of talent management) are not integrated and are largely irreconcilable. Additionally, the return on the cost of implementing these elements as separate and distinct is low, the time expenditure is high, credibility is low, and employee dissatisfaction is pervasive.

Successful organizations use a talent management approach that links the three assessment tools, or building blocks, listed below. The assessments serve as the basis for making investment decisions consistent with classification of talent defined in the strategy outlined above.

Competency Assessment

Competencies are one of the building blocks in a talent management model. They are any behavior, skill, knowledge, or other type of stated expectation that is crucial to the success of each employee and to the success of the entire organization. Competencies used for employee assessment must always include the organization's creed.

Laci Loew in Chapter 6 identifies four types of competencies. They are:

- Organizational competencies (also called core or core value competencies) are identified during the strategic planning process and usually stay fairly static. These competencies should be closely tied to the creed.
- Functional competencies cascade from core competencies and describe specific skills and standards of performance needed by an individual working in a particular industry and are associated with specific work functions or business units.
- Job competencies (also called occupational competencies) cascade from core and functional competencies and are anchored directly to the specific behaviors, skills, and knowledge required for exceptional performance in a specific job.
- Leadership competencies describe the factors that lead to success for all supervisors, managers and leaders, senior staff, executives, and others who occupy management and leadership roles. They define what a strong leader "looks" like in line with the organization's culture and are used to guide the development of organizational leadership development programs and evaluate managers' and leaders' readiness to take on leadership roles.

Our research has determined that most organizations typically use up to 10 competencies in their talent management process.

Table 1.2 illustrates a list of 10 representative core competencies and their definitions. The list has undergone little change since the second edition of this book.

Core Competency	Attributes
Action orientation	Targets and achieves results, overcomes obstacles, accepts responsibility, establishes standards and responsibilities, creates a results-oriented environment, and follows through on actions.
Communications	Communicates well, both orally and in writing. Effectively conveys and shares information and ideas with others. Listens carefully and understands various viewpoints. Presents ideas clearly and concisely and understands relevant detail in presented information.
Creativity/innovation	Generates novel ideas and develops or improves existing and new systems that challenge the status quo, takes risks, and encourages innovation.
Critical judgment	Possesses the ability to define issues and focus on achieving workable solutions. Consistently does the right thing by performing with reliability.
Customer orientation	Listens to customers, builds customer confidence, increases customer satisfaction, ensures that commitments are met, sets appropriate customer expectations, and responds to customer needs.
Emotional intelligence	Possesses the capability for recognizing, regulating, and constructively handling one's own emotions and the emotions of others.
Interpersonal skill	Effectively and productively engages with others and establishes trust, credibility, and confidence with others.
Leadership	Motivates, empowers, inspires, collaborates with, and encourages others. Develops a culture in which employees feel ownership in what they do and continually improve the business. Builds consensus when appropriate. Focuses team members on common goals.
Teamwork	Knows when and how to attract, develop, reward, and utilize teams to optimize results. Acts to build trust, inspire enthusiasm, encourage others, and help resolve conflicts and develop consensus in creating high-performance teams.
Technical/functional expertise	Demonstrates strong technical/functional proficiencies and knowledge in areas of expertise. Shows knowledge of company business and proficiency in the strategic and financial processes, including profit and loss (P&L) planning processes and their implications for the company.

Table 1.2 Representative Core Competencies

Employees who demonstrate strength in these competencies are the role models for the high-performance culture and need to be positioned in key roles.

Performance Appraisal

A *performance appraisal* is a measurement of actual results achieved within those areas for which the employee is held accountable and/or the competencies deemed critical to job and organization success. There are only a relatively small number of ways organizations measure employee performance. Dick Grote, Chapter 8, describes a cogent view of performance appraisal. His model envisions performance appraisals consisting of organization competencies, job family competencies, key job responsibilities, and goals and major projects.

Martin Wolf, Chapter 9, in the second edition of this handbook classifies performance appraisal systems as being based on one or more of the following:

- *Trait based*: Assumes that certain traits drive performance; measures personal characteristics of the position incumbent.
- *Behavior based*: Assumes that certain behaviors drive performance.
- *Knowledge/skill based*: Assumes that certain knowledge/skills drive performance; measures what the position incumbent knows/applies.
- *Results based*: Assumes that achievement of objectives equals performance; measures what the position incumbent achieves.

Further coverage of performance appraisal approaches can be found in Chapters 7 through 10.

Potential Forecast. A *potential forecast* is a prediction of how many levels (organization/job) an employee can progress within an organization based on his or her past or current performance appraisals, training and development needs, career preferences, and actual and projected competency levels and positions that represent realistic future job opportunities. Like any forecast, an individual's potential is subject to periodic evaluation. It is heavily influenced by the quality of the input provided by different assessors and by a variety of situational factors associated with job conditions at different times. Potential forecasts are dynamic and could change with the nature of assessments and assessors over time.

Murray Dalziel, Chapter 11, feels that collectively three critical attributes can be used to assess potential no matter what assessment process or rating system is used:

- *Change lens*: The change lens looks at employees from the viewpoint of how they set an agenda for change. The key issue for evaluating potential is whether the person sees himself or herself as a change agent. We can adjust this lens to look at some subdimensions. Where do they see the source of change? Are they incremental, or do they look at a more radical view of what has to be changed? Is it in an area that exceeds standards? Does it set a new standard? An alternative driver that some people use is to turn thinking around and see the world in fresh ways. This is more than great analytic ability, although the more complex the change that is envisaged the more analytic abilities will be needed. The emphasis should be on looking at how the person brings disconnected points into a new focus.
- *Conviction lens*: With the conviction lens the focus is on how the employees convinces others of their convictions. In a changing environment, taking others with you as a leader has to start with a strong platform. Strong beliefs provide a source of clarity. That clarity of direction enables leaders at all levels to communicate. Therefore, to focus this particular lens, we ask, "What is their ability

to communicate their conviction?" In addition, we need to ask, "Do people find his or her conviction credible?" Leaders are never disconnected from their followers. The leadership task is often to shape or reshape the views of followers. Are leaders able to understand others? Can they shape positions so that people will follow them and trust that they represent them? So this is broader and more inclusive than persuading people on a particular issue or being able to make compelling presentations.

- *Commitment lens*: In the commitment lens we look at whether there is evidence that leaders have the capability to commit, often referred to as follow-through. The follow through shows the ability to translate change agendas and convictions into action. The recognition by others that this is what they do is a positive indicator that others will follow.

Measurement Scales for Performance and Potential

Our large-scale study of organizations involved in some type of successful talent management process showed that the vast majority uses a simple five-point scale to measure performance and potential. Table 1.3 describes these scales. It also includes a scale for replacement status.

Multirater Assessments

The best talent management programs utilize input from different raters on an ongoing basis. Critical assessments come from the "vertical and horizontal organization," since most decisions on succession planning, career planning, and job assignments require the approval and ownership of progressively higher levels of management as well as different functions. Performance appraisals usually are confirmed by approvals from two organization levels. This multirater approach should be utilized in other types of assessment and extended to more assessors. The addition of multiple assessors and assessment tools necessitates a reconciliation process to ensure a consistent and mutually agreeable basis upon which TREADs investments can be made.

Final assessment and decisions regarding upward mobility or job reassignment must minimally include input from the following:

- *Employee*: Employees are co-owners of their own appraisals. Appraisals are the basis of coaching, training, education, career planning, compensation, and succession planning and development decisions. Reconciliation of an employee's appraisals (competencies, performance, potential, succession, and career planning) with that of other stakeholders is en essential part of improvement, preparation, and engagement. Three types of appraisers listed below will help make all types of appraisal more meaningful.
- *Boss*: The primary assessor who, in most cases, is most familiar with the employee.
- *Boss's boss*: The key link in the vertical succession and career plan.
- *Boss's peer group*: Source of potential new assignments in the same or other functions.

Performance	Potential	Replacement Status
A performance appraisal is a *measurement* of actual results achieved within those areas for which the employee is held accountable. These areas are jointly defined by each supervisor and subordinate. In appraising performance, supervisors are urged to evaluate results/accomplishments in terms of mutual expectations. The definitions below should be assigned based on a summary of employee achievements.	A potential appraisal is a *prediction* of how well an employee will do in future positions. This prediction can be made only by projecting past/present data on performance appraisals, training and development needs, individual career preferences, and competencies into future job prospects. Based on this projection a classification should be applied based on the evaluation system below.	Replacement status defines the extent to which the *replacement* for an incumbent is prepared to assume the incumbent's position. Career preferences must be taken into account.
Outstanding: Accomplishes much more than the position asks for, actually expands the scope of job. You, as manager, are pressed to keep up with all his/her activities. Can be identified with several specific major accomplishments. Makes significant contribution to divisional goals.	**Unlimited:** Can move at least three levels beyond present position either within present unit or in some other unit. Could attain a position in top management.	**Now:** Can do the job now.
Exceeds Expectations: Exceeds the basic requirements of the job description and can be identified with specific outstanding accomplishments. Develops means to make his or her area of responsibility a better contributor to the unit's goals.	**Promotable:** Can move one or two levels beyond present position either within present unit or in some other unit.	**1 Year:** Has most qualifications, but will require a limited amount of additional experience before assuming position. Can assume position within 1 year.
Meets Expectations: Accomplishes all that is required in the job description, i.e., doing the job he or she hired to do. Works according to plan.	**Lateral or Rotational Movers:** Can handle positions of comparable responsibility, as well as special projects or expansion of present job. Can move laterally.	**1+ Year:** Generally needs additional experience and/or training. More than one year away from move
Below Expectations: Not meeting basic requirements of the job.	**Marginal:** Unclear at this level whether lateral or no potential is proper rating.	**Holding:** Can do job strictly as a holding action, but does not have the capability or experience to perform now other than as a temporary stand-in.
Terminate: Situation requires immediate review and action. Well below expectations.	**No Potential:** Cannot expand present job upwards or laterally.	Not applicable.
Not Known: New to job, cannot evaluate now. Should not remain without rating for more than six months.	**Not Known:** This should not be used in describing potential since it is assumed that some type of basic career forecast can be made even in the case of a new hire or in the case of a new job.	Not applicable.

Table 1.3 Talent Management General Definitions

System

Once an organization has established its own unique set of talent management building blocks it must then deploy an integrative system to implement its talent management strategy. A talent management system consists of two components:

- Four core human resources programs.
- A process for integrating the four core programs into a unified plan for implementing a talent management strategy.

Four Core Programs

The four core programs discussed below incorporate the three building blocks (competency assessment, performance appraisal, and potential forecast). These programs become the vehicles that implement the talent management strategy which is necessary to build a high-performance workforce.

- *Positioning:* Programs that manage all internal employee mobility actions. It includes replacement planning, career planning, and all internal assignments.
- *Enhancement:* Programs that utilize employee building block assessments to facilitate employee coaching, training, education, and development actions.
- *Mobility:* Programs originating from the positioning plan. They involve the identification, attraction, recruitment, and on-boarding of new employees who meet the requirements of the talent strategy.
- *Compensation:* Programs that cover all pay actions necessary to attract, retain, incentivize, and reward people based on their classification within the stated talent management strategy.

The Integrating Process

In order for a talent management system to work effectively, the four core programs must be integrated into a unified plan for implementing a talent management strategy. The integrated plan is the last component of the talent management approach necessary for building a high-performance workforce. It enables us to define and implement specific actions that address significant issues tied directly to the talent management blueprint and strategy including:

1. Does the organization have its targeted percentage of superkeepers (2 percent) and keepers (20 percent)?
2. Are employee performance appraisal ratings consistent with objective methods for determining organizational performance?
3. Do the ratings on the value-oriented competencies match the results of surveys that measure the strength of the organization's creed, employer brand, and engagement level?
4. Does the organization have at least one backup for each key position who is at keeper (exceeds job expectations) level or above?

5. Is the organization addressing the issue of surpluses (positions with more than one replacement for an incumbent)? While ostensibly a positive result of the talent management process, it can be a potential source of turnover and morale problems if a nonpromotable incumbent blocks replacements and/or there is no realistic way most of the promotable replacements can advance.
6. Is the organization addressing the issue of voids (positions without a qualified backup)? Once voids are identified and confirmed, the organization must be prepared to recruit externally.
7. What is the plan for dealing with nonpromotable incumbents standing in the path of one or more high-potential or promotable employees (blockages)? Blockages are potential contributors to turnover in strategic talent groups.
8. What is the plan for dealing with problem employees? Those not meeting job expectations (measured achievement or competency proficiency). Should they be given the opportunity to improve, receive remedial action, or be terminated?
9. Are TREADs (training, rewards, education, assignments, and development) being allocated based on employee classification superkeepers, keepers, key position backups, and solid citizens?
10. Is the overall bench strength sufficient to meet organization needs?

Integrative Approach

Table 1.4 is a bench strength summary. It is an example of an integrative approach that centers on positioning and related actions that can be taken to address talent management issues. It merges:

- *Succession planning:* In the broadest sense, the process that seeks to identify replacement candidates for current incumbents, and potential future job openings, and to assess the time frames in which they can move to these positions.
- *Career planning*: This process identifies potential next steps in an employee's career and his or her readiness for movement to new positions. Career planning merges the organization's assessment of employee growth readiness (succession plan), employee's career preferences, and the likelihood that positions in a career path will become available.
- *Key position backup designation:* The insurance policies that ensure organization continuity. Every key position should have at least one backup at the keeper (exceed job expectations) level.
- *Potential turnover identification:* The organization needs to be aware of the potential for increased turnover resulting from surpluses and blockages. Surpluses are positions with more than one replacement for an incumbent. While ostensibly a positive result of the talent management process, it can be a potential source of turnover and morale problems if the replacements are blocked by a nonpromotable incumbent and/or there is no realistic way most of the replacements can advance. Blockages are nonpromotable incumbents standing in the path of one or more high-potential or promotable employees.

- *Opportunities for talent acquisition:* Voids are positions without a qualified backup. Once voids are identified, it is appropriate to initiate plans to recruit externally.
- *Upgrading or termination of problem employees:* Those not meeting job expectations (measured achievement or competency proficiency) should be given the opportunity to improve, receive remedial action, or be terminated.

Position	Potential	Performance	Next Position	Status	Replacement(s)	Status
Bednarik, Charlene Executive VP (Female) **Keeper**	P	EE	President and CEO	Now	Logan, Bill	12-24 Mos.
Mantle, Morris Executive VP **Superkeeper**	U	OUT	VP and CFO	Now	LeClerc, Juan	12-24 Mos.
Maris, David VP and CFO **Key Position**	NP	ME			Blocking Mantle, M. Jones, G. Surplus	Now Now
Williams, Otis (Minority) VP, HR	P	EE	EVP Quality	Now	Martinez, P. Gonzalez, P. Surplus	Now 12-24 Mos.
Hingis, Martin VP, VP-R&D) **Key Position**	NP	BE (performance problem)			Void	

Potential: P (Promotable—1–2 levels); U (unlimited potential); LR (lateral rotational); NP (no potential).
Performance: Outstanding (greatly exceeds expectations); EE (exceeds expectations); ME (meets expectations); BE (below expectations).
The Bench Strength Summary captures the key elements for aligning people with organization needs. Five action items with recommendations are identified:
Void: Positions with no replacements. (1) Expand current talent pool. (2) Begin external recruitment process. (3) For key positions accelerate the process.
Surpluses: Positions with more than one replacement. (1) Redirect career paths. (2)Move high potentials quickly to other positions. (3)Job rotation inside unit. (4) Task force assignments.
Blocking: Nonpromotable managers with promotable subordinates. (1) Move incumbent or backup within one year. (2) Job rotation outside unit. (3) Special projects.
Performance Problems: Employees not meeting expectations. (1) One more accomplishment review. (2) Focus on results and competency improvement. (3)Terminate (consult HR department).
Superkeeper: Accelerated career path and compensation growth, high development investment; formalize coach, mentor and sponsor arrangement.

Table 1.4 Bench Strength Summary

Summary

In this chapter, we present a talent management approach based on the practices of successful organizations. These organizations systematically design, integrate, and proactively implement programs that build and sustain a high-performance workforce. These programs focus on acquiring, cultivating, positioning, and rewarding employees who can best achieve their goals while remaining true to stated values. When their approach to building a high-performing workforce is fully integrated and codified, it is labeled talent management. Although there are a variety of approaches to talent management, our recent experience and research indicate that the type of integrated and codified approach typically used by high-performing organizations consists of three iterative components: a blueprint, a set of building blocks, and a system that effectively integrates the human resource programs cited above.

Chapter 2

From Blueprint to Action: Signals and Guidance for Successful Talent Management Programs

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Introduction

The creation of a talent management plan is an exciting and challenging time. You've done your talent management homework well. You've crafted a terrific talent management blueprint for high performance, rooted in the organization's business strategies. Your talent creed is articulated and well translated into a smart talent strategy. Further, the strategy encompasses all the essential talent management building blocks. You are energized to finally put the plan into motion.

The up-front work of a quality talent management framework pays off. Yet there are instances where our plans fall short of expectations as we either moved too fast and skipped over a critical issue or moved too slow and didn't achieve the scale and impact that was possible.

With a finished talent management blueprint in hand, one final pause before implementation is advisable. Look at four important signals to determine if you're ready to spring into action and at what pace. The four signals are:

1. Are we clear on outcomes?
2. Are we ready?
3. Can we do it?
4. How should we do it?

The object of this chapter is to share what we have learned about the four signals and how they have helped guide us in our talent management work. We believe that these signals have informed us on the current realities of the organization and greatly impacted our effectiveness. As with traffic lights, these signals can guide you to one of three positions that describes your degree of readiness for implementing your talent management plan. See Table 2.1 to determine your organization's readiness to proceed.

Red: **Stop for more advanced work before beginning**	**Yellow:** **Proceed cautiously and be prepared to adjust**	**Green:** **Full implementation; prepare to accelerate**
You're potentially ignoring or skipping something important that will mean a high risk of failure or faulty implementation. The program proposed may lack real impact (kicking up lots of dust with little sustaining value), or irrelevant or low value to organization and talent. Effort may cause reputational damage to you and your efforts.	You can move to activation with caution, being mindful of traps that are real or threatening. Some aspects of plan need to be addressed / improved or something fuzzy or unknown needs to be defined. Current plan needs to be broken down and sequenced (not everything at once). Could also signal the need to address program resistors and build champions.	Fully meets strategy requirements with absence of red/yellow signals. When green, consider how to take full advantage of the optimal setting for your talent solution, often including how quickly you can get product into market—identifying the first steps including enablers, resourcing, pilot plans, etc. and so on.

Table 2.1 Talent Plans Implementation Signals

In the following sections, we have developed a series of high-level questions the answers to which should indicate what signals your organization may be sending and how to step back where needed or accelerate your efforts for impact. Our objective is to provide both quick checks and more comprehensive diagnostics and guidance where it may be helpful. The important thing is to choose what you need now versus dragging through all the details or superficially skipping something important. Also, this is a chapter to return to from time to time as something not relevant at the start may become relevant later.

Signal One: Are We Clear on Outcomes?

During the transition from high-level strategic blueprint to program development and activation, it is more important than ever to ensure that you, your team, and your critical stakeholders are clear on the specific planned outcomes. Buoyed by commitments like "build leaders faster," "drive global mindset," or "grow agile leaders," it can be tempting to pull out any and all training, programming, initiatives, and talent management systems that have been successful at an organization or at a specific time. Don't. Instead, push for alignment and clarity around the targeted and prioritized requirements for your organization's talent agenda. Further, ensure that you and your stakeholders can articulate how these elements of the talent agenda drive business outcomes that matter. Before proceeding with any programming, it's important to ask, "Does everyone know what success looks like for the business and for our talent? Are we clear on the trade-offs, roles, requirements, and challenges involved in achieving that success?"

In Table 2.2, we offer some guidance on reading clarity signals and advice on how to accelerate this important step in the process as you consider leadership development, succession planning, coaching, training, assessment, career planning, or performance management efforts. While not exhaustive, we hope that these considerations offer a quick diagnostic for the practitioner. This section may be particularly helpful as you weigh your organization's talent management strategies and explore any changes to your existing approach.

***Clarity* Signal: Stop**	***Clarity* Signal: Caution**	***Clarity* Signal: Accelerate**
• Unable to articulate the unique and incremental purpose of a program or how it meets a specific business need. • Progress or impact measures have not yet been explored. Rather, this is simply offered as "best practice." • Surface-level agreement is in place, but line and HR leaders are imprecise in explaining how it will drive a business outcome.	• General support in place with key stakeholders; may appear that initial funding provisions, willingness to pilot in small part of the business to prove outcomes, are achievable. • Offering/program, while strong, isn't effectively integrated with existing options. Or worse, it may confuse stakeholders because it competes with programs in place. • Measurement for success has been articulated in terms of activity vs. impact.	• Leaders and key stakeholders are clear on and highly supportive of the desired outcomes of the effort and why this program is appropriate. • Executive sponsorship for the programs is strong. You have "spokespeople" or ambassadors across leadership and the broader HR function. • Clear metrics are agreed upon and in place to measure process success *and* impact. • There is recognition of the must-deliver pieces, while also alignment that as the work goes live, some parts may evolve. • Success metrics matter in a broader business context. • Those responsible for execution are clear on the desired outcome (what) and its importance (why).

Table 2.2 Clarity Signals

As you can see, the bar for "accelerate" is a high one. If you find you're not at the accelerate stage yet, we recommend a brief pause to establish necessary clarity. Table 2.3 shows a five-step process we find helpful. As a practitioner, you can use some or all of these steps to diagnose where you may have gaps in outcome clarity.

Start with the talent strategy (blueprint).	Play the skeptic and pull the program out.	Add back elements of the program one at a time.	Pressure test with leaders.	Build "so that" case.
Chances are your talent strategy articulates high-level metrics for success. Carefully consider which of these metrics your proposed program will impact and how they will drive business success.	For the diagnostic value, explore what would happen without the program. If you just didn't do it, what would be at risk? Note failure points or outcome gaps. They'll offer important insights.	If your program benefits aren't clear, complexity could be the culprit. After you've "eliminated" the program in your diagnosis, try adding back pieces of it. This will help you evaluate where you had excess elements.	Actively engage your leaders in dialogue. Ask, "How will the organization be different with this program in place?" "How will key talent be different?" "What business metrics will move if we do this well?"	After aligning with leaders, the next opportunity is to develop clear language and metrics for the "why." This should be plain-spoken, specific, and objective. It should address a targeted issue and, it should be well communicated.

Table 2.3 Five Steps to Clarity

Signal Two: Are We Ready?

The second signal explores organizational readiness. Often, changes in programs, initiatives, or talent systems are made by relatively small groups of leaders and HR professionals—yet they can have enterprise-wide impact. Therefore, it's vital to spend time early on to explore change management requirements and ensure that they are built into the overall work plan (more on that when we discuss Signal Three).

Effective change management and communication planning can hasten organizational readiness and proactively address possible failure points. It is easy to assume that you have sufficient commitment when senior leadership team members are committed, but most large-scale programs require several leaders at multiple levels in the organization to believe in the program's value and relevance. This work comprises classic elements of both change management and organizational development. While we don't offer a comprehensive approach, we would like to touch upon a few areas we find most crucial to understand.

1. *Sufficient and sustained leadership support:* Do you have the right level of support with needed leaders? And, most importantly, do you have *sustained support*? We posit that most companies have an organizational discard pile where initiatives without sustained support are quietly forgotten after the fanfare of the launch has passed. We also believe that in some cases, skeptics wait for this and see new programs as shifting fads that can be "waited out."

2. *Employee interests:* It's important to articulate the programs, as applicable, in ways that engage individual employees. That does not mean simply "selling" what's in it for them, although that is an important element. Instead, it also involves genuinely listening to concerns and addressing those transparently and respectfully.
3. *Learning from the past:* Where applicable, take time in your organizational readiness diagnosis to understand where similar programs have failed, faced resistance, or fallen short of their promise. Carefully explore what you learn and build those lessons into your planning.

Table 2.4 contains our quick signals to evaluate readiness. In addition to these, we strongly recommend a more comprehensive change management assessment.

***Readiness* Signal: Stop**	***Readiness* Signal: Caution**	***Readiness* Signal: Accelerate**
• Unclear on prioritization against other critical organizational needs. • Leaders communicate support, but demonstrated commitment is varied. • Clear "not now" cues, despite merits of the program (this could be due to M&A activity, limited resourcing, etc.). • Questions or unaddressed items regarding cultural fit of the program.	• History of missteps in similar program launches that have not been addressed. • Leaders aligned on outcomes but have questions on the proposed program as the best way to meet organization's need. • Incomplete change management assessment.	• Leadership has provided full backing, including assignment of executive sponsorship, plans for ongoing visibility and involvement, and an interest in measurement of outcomes as an integrated business metric. • Employees are eager to learn more and are seeking resources to leverage the program. • Business unit leaders are seeking to "go first," where pilots may be a roll-out strategy. • Business unit leaders are willing to partner on the activation plan and even dedicate resources to speed implementation. • The execution team and necessary stakeholders are clear on the change management plan, having conducted an honest assessment of what's needed to launch and embed the program. • Clear cultural fit within your organization.

Table 2.4 Readiness Signals

Signal Three: Can We Do It?

Resource constraints, competing priorities, time pressures, global complexity, dynamic competitive landscapes, and changing talent requirements all pose significant challenges to the talent management professional. Centers of excellence are often smaller than they were in the past, and HR business partners' employee ratios continue to increase. Managers' roles are more complex, frequently with larger spans of control.

Signal three, "Can we do it?" explores organizational capacity. Do you have the required time, money, and staff to execute? While an obvious consideration, this is an incredibly important step. Making the assumption that you have sufficient capacity, only to find out you don't, puts program outcomes at risk—as well as your team's reputation. Similarly precarious, securing dollars and resources that are not critical to the program's success can add complexity and waste scarce resources. There are three questions a practitioner should ask to diagnose, "Can we do it?" With each, the more specific and clear you are early on, the faster you will travel as you head into the execution of the work.

1. *"What's the work?"* Develop detailed project plans that highlight work streams, time requirements, expenditures, specific skill requirements, and timing milestones. These are the activities and efforts required to achieve the desired outcomes discussed in signal one.
2. *"What work will go away or change?"* Consider which existing programs can be eliminated, scaled back, or simplified. Also explore where your staff's time should be realigned or current programs be repurposed.
3. *"What would additional resources provide?"* A risk during a program start-up is to allocate lots of capable people's time to work on it. The instinct to increase staffing is a common one, but it can be detrimental to the program's speed and cost effectiveness. Before you add resourcing, consult the work plan carefully, build clear role charters, and evaluate the best resourcing type (consultant, shifted internal resource, community of practice, etc.). With that clear understanding in mind, add resources judiciously and thoughtfully. For example, consider augmenting limited internal staff with the right external vendor or consultant for expertise as a trusted partner.

As we offer for the other activation signals, the Table 2.5 provides a handful of capacity considerations to enable managers to evaluate, "Can we do it?"

***Capacity* Signal: Stop**	***Capacity* Signal: Caution/Slow Down**	***Capacity* Signal: Ready, Go!**
• Work plan isn't yet clear. • There is a broad sense that more resources are required, but without a specific plan in place. • Material gaps in current resourcing and clear requirements (dollars, staff, skills, time to execute). • Significant change is required, but change management has not been considered.	• Work plan is drafted at high level but needs to be vetted with stakeholders. • Resourcing requirements have been established, but not yet aligned with decision makers. • Skill, change management or other gaps in the current resource plan have been flagged, but are not yet resolved.	• Those accountable for execution are clear on their role in the program and its impact on their other priorities. • Leadership has specific understanding of any incremental resource needs and has agreed to provide (dollars, consulting partnership, etc.). • The execution team has the appropriate skills needed and/or there is a skill-build plan in place. • The scope and deliverables are clear to the execution team and key stakeholders. • The execution team members each understand their specific role and how to collaborate with other members of the team. • Where tradeoffs are necessary to resource the program, these have been shared with leadership and other key stakeholders. • A solid change management plan is in place.

Table 2.5 Capacity Signals

Signal Four: How Should We Do It?

As with choosing clothes, the smart selection of talent program or practice is a question of fit. By "fit" we mean the right choice needed to achieve the desired outcome given the realities of your business and talent requirements, resources, and readiness. The *Talent Management Handbook* emphasizes that a talent management strategy involves allocation choices centered on TREAD—*training, rewards, education, assignment, and development activities.* Each choice needs to be objectively considered for best fit. Many talent initiatives flounder because the talent leader ignored the question of fit and succumbed to the fancy of fads and fashion. In other words, the choice of activating a new training program or compensation scheme was driven more by the latest "best practice" talent trend and less on what works best for the organization.

Further, we've met more than a few fellow talent practitioners who tend to emphasize a narrow set of programs and practices, time and time again, regardless of different circumstances. We humbly submit that senior HR leaders tend to be more comfortable with programs familiar to their career HR experiences, such as the former staffing and recruitment leader who now consistently passes over internal employees in favor of external hires, or the learning executive who turns to training as a first response to solve talent challenges.

So, begin the "best fit" question by reflecting on your professional strengths, preferences, and potential "blind spots." Then consider the inherit advantages and disadvantages of each TREAD choice and how it meets the requirements coming from your talent management strategy and system requirements. For example, look at some of the common considerations associated with two common TREAD choices, assignments versus training and development:

- *Assignments:* Recognized as the most powerful way to develop competencies, a key development action is to provide pivotal experiences, assess and build capability, and ensure strong engagement. However, organizations have a limited number of highly developmental assignments and need to judiciously orchestrate movement while balancing the need for current organization performance with the disruption of high-performing talent movement. Sometimes the best roles need to be freed up by moving "solid citizen performers" with little upside potential. Relocation to a new assignment often involves high cost as well as employee resistance to transfer geographies.
- *Training and education:* With an ever-expanding set of choices driven by technology and the "do-it-yourself" ethic of the new workforce, training and education choices are popular levers. Cost, speed to implement, and real impact will vary, and it is important to be honest about the expected outcomes of any training program with the investment given. For example, we rolled out a high-touch, leaders-teaching-leaders program with great initial impact and success. Unfortunately, the time to scale and geography to cover made it very hard to translate that early success into longer-term, enterprise impact. Also, while progress

is encouraging, much of the online, digital learning methods to excel at scale, speed, and low cost at times meant a trade-off for true learner engagement and sustainable competency building. Signals to stop, slow down or continue are described in Table 2.6.

***Best Fit* Signal: Stop**	***Best Fit* Signal: Caution/Slow Down**	***Best Fit* Signal: Ready, Go!**
• Unclear description of requirements needed to choose TREAD option in delivering strategy. • Very few or too many TREAD choices are incorporated into the talent strategy and system, risking under-delivering, sub-optimizing or confusing implementation. • Implementation choices are made based on the latest trendy talent solutions (or overly promoted by an internal sponsor) and NOT aligned with internal requirements. • Implementation choices are biased by practitioner comfort and preference and NOT aligned with the current strategic needs.	• Some clear and some unclear description of requirements needed to choose TREAD option in delivering strategy. • Some aspects of the talent strategy and systems are lacking in effective choices and need additional consideration. • Some implementation choices take too little or too much risk based on talent practitioner bias or overly influential stakeholder/sponsor.	• All elements of the talent management strategy and systems have been identified with well considered TREAD choices. • "Best Fit" choices have a track record of past success, align well with green signals 1, 2, 3. • Programs and practices chosen provide the appropriate "reach" to the needed employee groups and can provide impact in a timely fashion. • Early success in program and practice implementation builds confidence in accelerating effort and widening target audience.

Table 2.6 Best Fit Signals

Activation: Sequence and Scale

After carefully working through the signals provided, you are likely now ready to move. In some cases, the design signals mentioned provided cautionary guidance and encouragement to pause. As you approach activation, with your careful planning work complete, it is important now to ask yourself: "how fast?" and "how far?" Selecting the wrong pace, casting too narrow or too wide a net, or missing key building blocks pose risks to your program's effectiveness. Therefore, your key activation considerations include sequencing and scaling.

The reality is that in most cases, a talent management professional isn't working on any one program in a vacuum. For example, a new coaching program has implications for leadership development broadly and also may impact the organization's approach to assessment of potential, succession planning, and performance management, among others. Therefore, as you consider a new program and its rollout, take time to determine the right sequencing in your talent management systems. There are several sequencing implications to consider:

- *Maturity:* Some talent management programs require a strong foundation of the basics. For example, before building a program that holds managers accountable to accurately assess potential, it is critical for managers to have the awareness and competence needed to do so. This may mean that your ultimate program objectives need to be built into a multipart plan that first addresses the foundational requirements.

- *Interdependencies:* Most situations are not start-ups and as program changes or introductions are made in one area of your talent management practice, they impact other programs. For example, changes in your performance management approach might impact how you train managers to provide feedback. Changes in experience maps for functional competencies can change hiring profiles and recruitment processes needs.
- *Timing:* Wherever possible, thoughtfully integrate your programs into the organization's business process calendar. For example, a newly designed talent review process may be most effective if it occurs after the business strategy discussions and before budgeting.

In large organizations, particularly those that are global, the question of program scaling is an important one. If an early program, targeted at a more specific part of the organization (e.g., high potential development programs, coaching for transitioning leaders, etc.) is successful, you may feel a pull to accelerate the scale of that program quickly. A few key considerations are important:

- *Purpose:* Here again the clarity of intent is critical. As you scale, consider the initial intended outcome of the program. Ensure that scaling advances this purpose.
- *Standards:* As you scale, the legitimate need for some level of customization or adaptation typically comes up. It is crucial then to establish where the program adheres to an enterprise-wide standard and where modifying is permitted. Declaration of, and alignment around, these standards will help to flexibly scale across the company while maintaining the quality of the program.
- *Support requirements:* As you scale, the work required to support the program also changes. It is likely no longer feasible to rely solely on the "hub and spoke" delivery model. Instead, viably scaling your program should include considerations around building organization champions or "power users" and communities of practice. We recall the effective use of disseminating highly trained Six Sigma master black belt leaders from a centralized group to division and field locations. Each Six Sigma leader then provided programs and projects that both held the intended standard from the center and also aligned with local needs and relevance.

A Final Word on Signals and Learning Loops

As stated in the introduction to this chapter, we firmly believe that moving from a strategic talent blueprint to activated programs requires a pause to consider the signals. Of course, moving from planning to action is an ongoing affair, and we would encourage signal reading throughout the talent management program cycle. In our work, we have often started well and had to adjust during the implementation phase to achieve sustained success. In other words, reading the signals at the onset is important and keeping one eye on the signals as you drive your programs and processes over time is equally valuable. With that in mind, our final encouragement is to not only pause at the beginning, but also to integrate ways of reading the signals in more of a classic learning loop approach:

1. Plan
2. Implement
3. Evaluate
4. Adjust

Steps three and four of this approach ask, "*What results are we seeing, and how are these results driving the business?" "What are we learning?" and "How do we adjust and apply this learning?"*

Conclusion

The excitement of completing a great talent management blueprint aligned with the needs of your business must be cautioned by the dangers of missing or misreading four important signals prior to implementation. The pause and diagnosis we encourage is intended to provide guidance on clarity of outcome, organizational readiness, organizational capacity, and "best fit" choices. We encourage you to take a pause and consider the five questions of the Signals and Guidance Application Worksheet provided in Table 2.7 to capture your current thinking and reaction from this chapter.

1. As I begin, what are the 2-3 most critical signals I need to pay attention to?	2. Where should I move fast, and how—right now?
3. Where should I slow down and what needs to be addressed before implementation?	4. What are the most critical executional considerations?
5. What is my learn and adjust plan?	

Table 2.7 Signals and Guidance Application Worksheet

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Chapter 3

Creating an Employer Brand That Attracts, Grows, and Retains the Right People

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Your brand is what other people say about you when you're not in the room.

Jeff Bezos, Founder and CEO, Amazon[1]

THINK ABOUT THESE WORKPLACE QUOTES EXPRESSED BY PEOPLE JUST LIKE YOUR potential hires and employees:

- "Most of my friends think Starbucks is a cool place to work."
- "Everyone is accountable at WD-40."
- "I came to Ritz-Carlton because they have a top-notch reputation for service and growth."
- "I stay at McDonald's because I work with a really great team."
- "At Southwest, beyond safety, we don't take ourselves too seriously."
- "The interesting thing for me was [Patagonia] really lives up to the hype … cleaner on the inside than it even talks about on the outside."[2]
- "The culture at [Facebook] is second to none and fosters an atmosphere that encourages collaboration and leadership at all levels."[3]
- "Adobe offers great work-life balance."[4]

These quotes and many others are the way potential and current employees think about working at an organization. And today, sites such as Glassdoor, Facebook, LinkedIn, and Twitter among others provide many reasons why someone would or would not want to work for an organization.

Organizations have personas that are translated into a brand that the labor market understands and reacts to. And, as in product or service branding, the brand conveys both a rational and an emotional appeal. Starbucks' "cool" is more about the emotional side, whereas the Ritz-Carlton service reputation reflects a rational connection to its mission.

Part I: The Potential and Challenges of Employer Branding

The concept of employer branding has been around for decades under various guises but has taken off since the great recession, as low unemployment and an expanding economy are creating talent shortages in particular locations, jobs, or industries. But even before and during the recession, smart firms were taking advantage of a compelling brand to attract the right talent to their organization.

Surveys by Universum of more than 2,000 senior executives, including CEOs, reveal that in 2014, 36 percent of global employers reported talent shortages, the highest percentage since 2007. In a more recent survey, 73 percent of CEOs reported being concerned about the availability of key skills. Further, when Mosely and his team asked respondents about future goals for employer branding, 40 percent said they wanted their brand to help secure long-term hiring needs, and 31 percent said their brand would become more important in the future for building a reputation.[5]

And if better branding allows firms to bring in better talent, is there a payoff? According to Gallup, "When companies select the top twenty percent most talented candidates for a role, they frequently realize a ten percent increase in productivity, a twenty percent increase in sales, a thirty percent increase in profitability, a ten percent decrease in turnover and a twenty-five percent decrease in unscheduled absences."[6]

Further, by bringing talented people into the organization and engaging them at all levels, Gallup has found that compared to other business units the most highly engaged business units are 21 percent more productive, experience 48 percent fewer safety incidents, are 22 percent more profitable, have 10 percent better customer ratings, and experience 37 percent less absenteeism.[7] So it's clear that simply attracting them is not enough; smart companies need to create engaging employee experiences.

The Metrus Group found similar results. For example, at Jack in the Box, winner of the 2016 HRM Impact Award,[8] restaurants with employees who are aligned with the brand priorities, engaged, and capable of delivering the brand promise produce 30 percent higher profit and far more satisfied guests (customers). Further, in my work at the Metrus Institute, we have found that you can increase alignment and engagement by the manner in which the talent brand is designed and embedded into the culture.

Employer Brand and Talent Value Proposition

If you were had searched for the terms employer (or employee) or talent value proposition (EVP or TVP) on a web engine 15 years ago, you would have found fewer than 50 references to the term; today, there are over 2.4 million and growing rapidly. I prefer the term talent value proposition (TVP) because much of our talent today comes from *contributors* beyond traditional employees—independent or outsourced workers such as contractors, part-timers, or seasonal workers. For example, when a contractor for my local cable company showed up to fix a problem, he did nothing but badmouth the cable company. He hated working with it for more reasons than I have space for, but the image of the brand he conveyed to me lasted a long time.

For purposes of this chapter, I use the term *employer brand* to refer to the broadest reputation an organization has as an employer and *talent value proposition (TVP)* as a working description of the expected exchange between an employer and its contributors—the primary attributes that will distinguish the employer for both potential hires and current contributors. That is, what does the contributor expect from the organization (for example, great benefits, creative environment, and autonomous work environment) and what, in turn, does the employer expect from the contributor (for example, creative ideas, adherence to values, long but flexible hours).

For years IBM has had a reputation for hiring smart, polished, long-tenured talent. While this is a great brand image, prospective hires and employees want to know the primary distinguishing attributes of working there, which might include innovating experiences, high performance expectations (and associated rewards), or strong mentoring for personal growth.

An employer brand usually consists of five to seven core distinguishing attributes that answer the question: Why do you deserve to attract and retain talent? Typically an organization such as IBM, Amazon, or Google has one overarching employer brand, but different business units, divisions, or functions can have different TVPs, as long as the role-specific TVPs are not misaligned with the overall brand promise.

While employers are increasingly recognizing that their employer brand is a powerful tool to attract, grow, and retain talent, branding is risky if it is not done well. For too many, employer branding is simply a marketing gimmick, aimed at getting those with the right credentials in the door. Companies that participate in "best or top company" surveys or competitions solely for the purpose of selling prospective talent on the value of their workplace and not actually improving the culture and workplace experience usually fail to keep good talent in the long run. Good branding requires strategic positioning, key stakeholder involvement, and perseverance to embed the brand into the culture.

Like many things in organizational life, finding the "right" talent begins with a good strategy. And by strategy, I don't mean a good tactical plan like the term has so often come to mean. A good strategy should tell us about unique competitive advantages that enable your organization to grow successfully, and the accompanying culture, talent, and other requirements needed to deliver on that strategy. A good employment strategy must be aligned with the broader organization and product strategies. For example, Qualcomm's strategy and brand rely on innovation, and so it must create a culture that enables creative people to thrive. When done well, the culture will be a competitive advantage that cannot be easily copied.

In creating the TVP, it is important to distinguish the current state from the aspiration. In working with organizations to build their TVPs, I frequently join teams that have not made this important distinction. For example an Asian Pacific bank had identified a fabulous list of employer brand attributes such as "highly flexible work environment, great job security, superb benefits, pay that rewards good performers, family friendly culture, open communication, and great teamwork." I was a bit skeptical since I had observed this organization before, and these descriptions didn't match my earlier observations. I decided to press them for more facts to support those contentions, and the bubble burst. In fact, they did not yet have family friendly leave or flexible time policies, bonuses were limited to 6 percent (while the average was 3–4 percent), they had a layoff eight months earlier, and managers were rigid in work rule enforcement.

What the bank had done was describe its *desired* (maybe even utopian) state. It had optimistic managers who wanted to see this environment emerge, but if not couched in a change framework, credibility was at risk. The strategy focused on financial leverage and deals, where tellers and loan officers were looked upon more for efficiency and accuracy than customer service, and measurement systems chalked up speed and productivity numbers rather than employee development or any of the attributes described in the vision.

I carefully brought the group back from utopia to reality with several fundamental strategic questions that would help us identify the true "musts" in the employer brand that would then require a targeted change effort:

- What did the business need to be successful in the future?
- What people requirements would make or break that strategy?
- What types of jobs were the most critical to success?
- What type of people did the bank need to attract?
- What aspects of the culture were attracting and retaining core talent?

These questions touched off fruitful discussions that allowed group members to identify critical human capital factors that would be aligned with the overall business strategy—not ones that could fit any utopian environment. For example, a clear pain point was talent retention, causing executive frustration with the ability to find the "right" talent quickly when needed. This organization was operating in a very low unemployment environment, and many types of talent were in short supply. Even tellers could walk across the street to the bank's number one competitor at a moment's notice. Good traders were almost impossible to find, and marketing and risk officers took months to replace.

We began with the choke points. The organization had launched a major customer service campaign—"We are the bank for personal relationships"—that required stability of customer-facing positions such as tellers and loan officers. Furthermore, other positions—billing, collections, and credit—required frequent contact with customers to deliver superlative service. The bank risked not fulfilling customer expectations with a major organizational branding campaign that could backfire if the "right people" were not in place. So a key implication for the TVP was finding people who were likely to stay and who enjoyed service. Offering benefits tied to tenure made more sense for them, and increasing work-hour flexibility enabled more employees to balance family or education needs with work at the bank.

It is this kind of analysis and understanding that should be the foundation for building a good employer brand strategy—one that not only addresses corporate reputation and product image, but also one that spotlights the organization as a place to work.

Brand as a Talent Magnet

Other things being equal, the greater the awareness of your organization, the more candidates you will have exploring your firm as a potential employer. Look at Google that has received huge press coverage for its progressive employee policies. Several years ago, Google was receiving some 10,000 résumés a day—yes, a day! Not that you want 10,000 résumés a day—another challenge—but it certainly allows Google to be selective in whom it hires. Awareness creates choice.

Strong employer branding essentially puts control of the number and type of job candidates into the hands of the employer. Google is in the driver's seat in deciding whom it will hire because the brand is so strong. It doesn't matter if Google needs to hire 100 or 1,000—it has ample choice.

Targeted Branding: Focusing the Talent Magnet

The challenge that Google faces, however, is screening thousands of applicants, many of whom will not fit the Google culture or the competencies needed. One downside of creating a famous brand is that it may increase the costs of hiring those who are the *best* matches. We all have experienced the incredible disruption of a bad hire on morale, teamwork, customer satisfaction, quality, and performance. Knowing the enormous consequences to both the individual and the organization of a bad short-term fit, it behooves both parties to test fit beforehand as much as possible.

How can an organization limit the number of inappropriate candidates—attracting those who will most likely fit the organization and discouraging those who will not? Many great tools are available today to reach, screen, and select the right talent. Options such as LinkedIn, Facebook, and Twitter provide information on potential candidates enabling review of career histories and some assessment of *competency* matches.[9] Companies such as SmashFly are bringing technology to bear to increase awareness, integrate information from many sources such as LinkedIn, Twitter, or Facebook, and accelerate the matching process.

And while various tools can help accelerate the match of brand and employee interests and competencies, it is also important to assess likely fit with the culture. Do potential hires have the potential to be *aligned* with and *engaged* in the culture? Because of the detailed amount of information now available to employers, there are increasing ethical and legal risks of reaching beyond work-relevant information that could be viewed as discriminatory or biased.

One way to address the issue of assessing fit is using realistic job previews. Realistic job previews have long been understood in organizational psychology as an effective technique for candidate self-screening and are being used in an increasing number of firms. Some firms are using simulations to do this in a more automated fashion, while others focus on honest cultural sharing.

Another approach is straightforward, effective communication. Henry Givray, the chairman and former CEO of SmithBucklin, says, “We have benefited by being transparent about who we are as a company, the difference we are making every day for our client organizations, and what our employees can expect to gain from working at SmithBucklin. As a result, we have both increased our retention rates and been more efficient in identifying high-quality candidates who find our company to be an energizing, rewarding workplace. We also recognize and, more importantly, embrace that our company isn’t for everyone.” Tamar Elkeles, former vice president at a California technology firm, says “that rather than promoting how innovative it is and attracting every bright engineer, it goes out of its way to signal that smart engineers who want a stable, structured environment would probably be unhappy there.” Ritz-Carlton, the upscale hotelier, actively discouraged employees who do not like serving others. “We are ladies and gentlemen serving ladies and gentlemen,” as conveyed in the corporate motto.

Another approach is employing tours of duty.[10] While beyond the scope of this chapter, our research and that of others suggests that a large number of employees are attracted to tours of duty—a trial or development time period, often over many months or several years—after which the employee or employer can opt in or out.

Maintaining the Magnet

Even if you find the “right” talent, can you keep it?

The problem of keeping the magnet activated has a lot to do with what your new talent sees when it comes through the door. Will they see the same organization they saw in the brochures, webpage, or articles? Will the culture sing a similar tune to that of the recruiters or those with whom they interviewed? Keeping an electromagnet charged requires constant application of energy, or the magnetic property is lost. So too, it is necessary to pay ongoing attention to your brand: alignment of the espoused and real organization is paramount. Even if communications messaging is consistent, if the brand image does not accurately represent how the boss acts, peers work, or top management communicates, and then the employer brand blows up. Nothing is worse for an employee than to show up on day one and find that the portrayed organization is a ruse. People joining a company that presents false premises rarely stay long if they have options, and if they do not, they stay but never stop complaining about the inconsistencies whether out loud or by the proverbial water cooler, now called Glass Door, Facebook, or Twitter.

Part II: Building a Great Employer Brand

The second part of this chapter highlights a process (see Figure 3.1) for developing an effective employer brand and talent value proposition (TVP). There are five key phases:

I. Defining the brand promise.
II. Operationalizing the TVP.
III. Developing good measures of the TVP.
IV. Aligning across the talent life-cycle.
V. Embedding the brand promise into the organization.

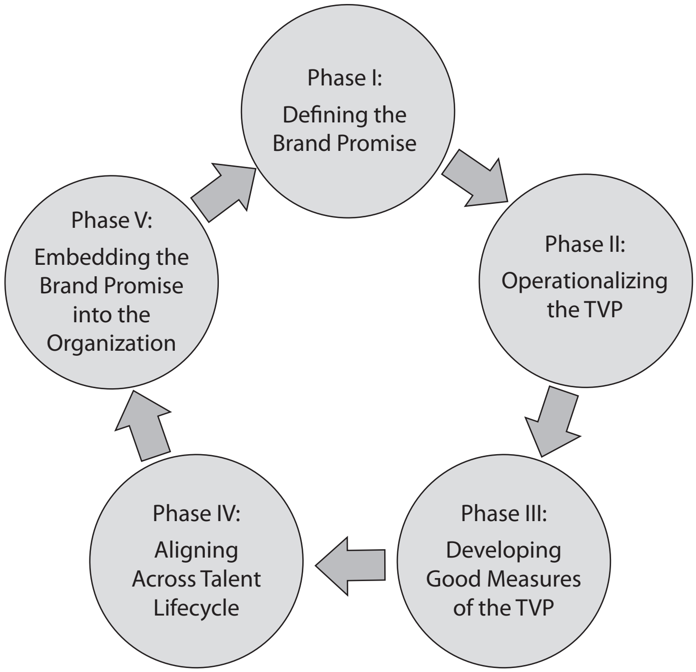

Figure 3.1 Five Phases to Building an Employer Brand

The development of a strong employer brand begins with Phase I, moving through each of the other phases and returning to Phase I over time for reevaluation of strategy and brand as markets (customer and labor) change. The frequency of reexamination depends a lot on how quickly customers, competitors, and labor markets change.

Let's take a look at each of these phases:

I. Defining the Brand Promise

Marketing experts tell us that a brand promise conveys a set of expectations to a market. This reinforces the purchases made by current customers and makes the organization or its products more appealing to targeted prospective customers. For example, in the 1990s, Jack in the Box, a large quick-serve restaurant group, chose to focus its brand on young males, a key market for this company.[11] It built irreverent ads with a character called Jack, who was, to many loyal customers, an icon with whom they could identify—advertising genius! In their markets, Jack became a symbol of irreverence to the status quo. The ads brought in the right target customers, but also attracted employees who valued that image. They wanted to work at a place that their friends thought was "cool" and a bit irreverent.

A talent value proposition should meet three key criteria:

- *Essential:* To support the organization and brand strategy.
- *Attractive:* To the targeted labor market.
- *Realistic:* Regarding the current way business is done or will be attainable in the near future.

Employer Brand Attribute	Essential?	Attractive?	Realistic?
Service excellence	Crucial	Mixed importance	Close to reality
Ethical and above scrutiny	Crucial	Crucial feature	Close to reality
Flexible work environment	Important	Crucial Feature	Long stretch
Learning environment	Important	Crucial feature	Short stretch
Open communications/ transparency	Important	Crucial feature	Long stretch
Financial and analytical acumen	Crucial	Low importance	Close to reality

Table 3.1 EAR Brand Attributes for a Service Organization

The combination of *essential*, *attractive*, and *realistic (EAR)* criteria (see Table 3.1) is crucial in thinking about any employer brand strategy and its complementary communications.

Essential characteristics are important to the vision, mission, values, and business strategy—thus are central to the TVP. What are the key promises being made to customers or other stakeholders? Is the organization known for certain market values such as innovation, service, affordability, or technology? Reviewing the vision, mission, strategic goals, corporate reputation, and brand promises will help determine which internal attributes are important. For example, at Qualcomm or Apple, innovation is a central promise to shareholders and customers, and therefore must be a key part of the internal values. Potential job candidates will not consider coming to the company if they don't feel that they will have access to leading-edge tools and a culture that supports innovative ideas. When the approach is not *essential*, it is hard to get top managers to support it. If they don't see the criticality of becoming "service focused" or "flexible," then there is little compelling evidence to secure resources or the willingness of top management to support those brand attributes.

When the attributes are not *realistic*, they may attract employees who will quickly find them to be fraudulent, leading to disillusionment and early departures. When we conduct focus groups with employees in firms in which the attributes communicated are not realistic, we often see the tactics backfire, with current employees becoming distrustful of management. For instance, one employee at a technology firm said, "We've been talking about cross-functional teamwork for years, but there is no support for it, so nothing changes."

To assess realism, it is imperative to listen to different stakeholders—recruiters, former employees, new hires, current employees, partners, suppliers, and customers—who identify the current strengths and weaknesses of your talent brand. Table 3.2 provides an example of the current strengths and weaknesses of the brand for the bank I mention earlier. Note this is not management's view, but a view that came from at least five different sources, thereby reducing one-view biases.

Strengths	Weaknesses
• Stability/low risk	• Low flexibility
• Reputation and prestige	• Very bureaucratic
• Benefit and health-care needs	• Slow decision making
• Good training and development programs	• Technology "follower"
• Good work-life balance	• Absolute pay and pay growth low

Table 3.2 Potential Strengths and Weaknesses of the Employer Brand Today

While some changes to the employee experience will increase retention and engagement, will they increase *attractiveness* to potential new employees or contributors? Assessing how appealing various attributes are to potential contributors is important. What an organization wants and what the market expects may be two different things. For example, results of recent interviews we conducted with millennials suggest that they are looking for more than money. They often seek alternative work hours or modes of working, and they want to develop portable skills they can take with them on their life journey.[12] They also seek work and organizations that have a purpose and desire to find fulfillment not solely in one sector of their lives such as work or family alone.[13] But research at the Metrus Institute tells us that these attributes are not isolated to millennials. Many gen Xers and baby boomers seek these as well.

Another perspective on *attractiveness* can be ascertained by identifying *threats* and *opportunities* to the talent market. Table 3.3 provides examples of several threats and opportunities identified by our aforementioned banking team. These are less about the organization and more about what is happening "out there." If the example bank is able to create and implement more flexible working conditions, it could be an opportunity, and if not, it may threaten its ability to attract talent. Another threat is business acumen, which is generally low in the prospective employee market. Given its importance, the bank will most likely need to hire those with at least the mindset and ability to learn the skills.

Opportunities	Threats
• Some candidates want stable, long-term positions	• Culture not as appealing to millennials (flexible working conditions, slow paced, low technology, bureaucratic; growth is slow)
• Increasing availability of part-timers	• Talent war with more poaching of people in pivotal roles
• Company awareness (consumer brand) well known	• Limited business acumen skills in the market

Table 3.3 Potential Opportunities and Threats to the Employer Brand

Competitive Analysis—Putting Brand Attributes to the Test

A good assessment of the targeted labor market and what competitors are offering provides additional ingredients to assist in determining what employer brand features might differentiate your firm in the market. Some may exist within the firm already, while others may need to be developed in order for you to stay abreast of the market. Table 3.4 shows a comparison of such attributes for the bank and for two competitors in the same labor market.

Employer Brand Attributes	Our Firm	Competitor A	Competitor B	Relevant Labor Market
Service excellence	H	M	M	L
Ethics	H	H	H	M
Stability	H	H	M	M
Flexibility	L	M	H	M
Growth and learning opportunity	M	L	M	M

Table 3.4 Competitive Employer Brand Analysis (H = high; M = medium; L = low)

In this competitive analysis, it is clear that the bank has competitive differentiation in service excellence and flexibility—service much higher than the market and flexibility much lower. The service excellence attribute will buy it little in that the prospective hires do not necessarily value that highly. In contrast, the flexibility attribute will hurt it because the dominant labor market—newly entering millennials and gen Xers looking for alternative work schedules—values it highly, and competitors are offering more flexibility than this bank.

Growth and learning provides an interesting opportunity for the bank, however. No competitor is offering strong growth and learning opportunities; if the bank could increase this to a high, it would have a unique position for the near term. Also, in today's labor market, this would be a very attractive feature to entering millennials, who value growth and learning a great deal. And the improvements to flexibility would be attractive to both millennials as well as to mature boomers who would perhaps like opportunities to move into more flexible roles (for example, part-time or leaves) from their full-time position.

II. Operationalizing Your TVP and Employer Brand

The next challenge for the employer brand team is operationalizing the TVP. A key step is developing clear operational definitions for each proposed brand attribute as displayed in Table 3.5 for the attribute of Flexibility. I can't stress enough how many efforts have nosedived at this stage because of lack of clarity, allowing different stakeholders to interpret what is meant by flexibility in their own way, which is often different from one stakeholder to another.

The next key is contrasting the "is now" with the "could be" (see Table 3.5). The leadership team members must now make some key choices on which brand attributes they are willing to support. This is the alignment moment of truth, because the leadership team is committing to realigning the organization to ensure that the "brand in design" is also the "brand in practice." From this point forth, the "could be" becomes the "should be" guiding beacon for the remaining branding alignment stages.

Few stakeholders are going to buy into the brand attributes—especially those requiring change—without a clear rationale. Here the design team members can provide summaries of the analyses that led them to recommend each attribute.

The last two columns of Table 3.5 are critical because a lack of agreement by senior management often results in poor implementation. The data collected from the discovery stage should identify the key barriers to change, and often some of the resources required to support a particular attribute. As in the example here, executive mindset was identified as the biggest barrier to developing a flexible work culture, and without discussion and commitment by top leaders to change, nothing will happen. Similarly, to reach the level of service excellence being recommended as a key differentiator, training is identified as a key resource requirement.

The result of this stage is a clear commitment to the core TVP attributes that the organization must align with in order to provide a clear brand that is aligned with both the customer and labor markets.

Target Employer Brand Attributes	Operational Definition	Is Now	Could Be	Rationale	Barriers to Change	Resources Required
Flexibility	The willingness and ability of our organization to adapt to a variety of employee needs	Policies and procedures do not allow for much latitude	Work climate that meets customer expectations but allows maximum workforce flexibility to balance work and family needs	Low flexibility reduces hiring acceptance rates, is one cause of turnover, and reduces millennial satisfaction	• Executive mindset; flexibility will not decrease productivity • Absenteeism, sick leave, and productivity policies/ measures	• Executive/ mgr'l education • Executive communi-cations • Revised policies • Educate workforce on goals/proper use of flex

Table 3.5 Operationalizing the Employer Brand

III. Measure Your Employer Brand

If you can't measure your employer brand, you can't manage it. Without measures, it is impossible to ascertain whether the talent branding effort is being implemented and paying off. Measures come into play in several ways. While a full treatment of measurement is beyond the scope of this chapter, here are a few suggestions on what and how to measure:

- *Attraction measures:* Volume or flow of applications, referrals, and possibly structured surveys to recruiters on key attributes—especially ones that you are trying to change.