

THE TALENT ERA



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May 2016

Part 1 of 4

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INTRODUCTION

The last workforce change of a magnitude equal to the one we are currently experiencing was the 2–3 century transition from the agrarian society to the Industrial Society. The capabilities needed in the Industrial Era were related to mass production. The current transformation of work is demanding a different set of capabilities – the capacity to use knowledge to create new knowledge and new uses of existing knowledge. As was also the case for the Industrial Era new expectations for the environment and the ways people work within it are creating challenges for organizations.

There is an amusing irony to this transformation. In the Industrial Era Karl Marx fought hard for workers insisting that they should not be mere factors of production (just hands) being used to create wealth for the industrialists. He believed the day would come when workers would control the means of production. He was right; the workers of today do control the means of production, in fact today, people *are* the means of production.

The challenge organizations face today is finding and keeping the workers with the talent AND the desire and ability to use it in ways specific to organizational needs.



Background

Today's disruptive change is impacting the way organizations must operate in order to be successful.

- The global economy has changed supply and demand for goods, services and talent. Competition is now at local, regional, national and international levels regardless of size or type of organization which has led to greater complexity and uncertainty requiring different organizational capabilities. It has also created economic, political and social interdependence which is demanding new and different levels of accountability.
- Technological¹ change is changing the nature of work and jobs. In 2011 seventy percent (70%) of new jobs required a post-secondary education credential; it was up to 77%² by 2013 with the consequence of skill shortages coupled with high unemployment rates – jobs without people and people without jobs. Some estimates indicate that only 20% of the 21st century workforce have the skills required for more than half of jobs.

Knowledge workers comprise about 42% of the workforce and the demand for these workers continues to grow.

¹ Superconductivity, the Internet, ultra-wideband wireless communication

² Canada's Demographic & Advanced Skills Crisis. ACCC – Submission to House of Commons Standing Committee on Finance Pre-Budget Consultations. 2011.

- Access to the education necessary to work in the new economy is not available in rural areas and in the developing world. Migration of people from rural to metropolitan areas and from the southern to northern hemisphere is contributing to unemployment rates, a growing gap between the wealthy and poor and is contributing to economic, political and social upheaval.
- As of last year (2015) more than 60% of the world population lives in countries with fertility rates that are below replacement level.
- By 2030 Canada's seniors aged 65 and older will comprise about 24% of the population – only 16% will be under 15 years of age, leaving just 60% at working age (15 – 65) – a drop in the working age population of just under 10% in 17 years¹.

Implications

Naturally, the major global societal changes are impacting organizations. Access to information, new knowledge and technologies have intensified and increased competition. Success and continued survival in this environment requires a clear purpose and focus, the capacity to respond rapidly to changing circumstances and to continuously improve every aspect of operational activity. The right people are the essential element in achieving success.

Expectations & Accountability

Shareholders, depending on the type of organization can be:

- taxpayers providing the funding for various types of infrastructure
- individuals who donate funds directly to not-for-profit organizations and social causes
- members of cooperatives
- individuals who buy shares in publicly held companies
- people who start, finance and build (individually or in partnership with others) a company.

Shareholders have a set of expectations for what the organizations they support are going to deliver and how those organizations will achieve the expected results.

External stakeholder groups, ranging from local community members to groups with a global reach, also have expectations about how organizations can and will function. Those expectations affect decisions organizations make. As a result, organizations must have the capacity to identify and effectively adapt to the changing social, economic and environmental values.

The increased demand for a higher level of accountability across multiple external dimensions of operational, financial, environmental, legislative and social factors includes a similar demand for internal accountability.

Along with their priorities for productivity, efficiency, profitability, growth and stability, organizations must articulate aspirations, purpose, the principles that guide operational activities and the value contributed by the goods and services those activities produce.

Organizations must create an environment and the opportunity for employees to contribute in a meaningful way.



TALENT

Talent is “a unit of value” and “a characteristic feature”. The synonyms for talent include “aptitude, ability, expertise, capacity, strength, skill, artistry and brilliance”.³

People who have the capabilities essential to achievement of a specific organization’s strategic plan are its Key Talent. A Key Talent Program is a management approach that begins with the strategic plan and the capabilities the organization must have in order to achieve that plan. It is designed to ensure that the people who are essential to business success are attracted, hired, developed and retained.

Competition for Key Talent

Key Talent, is already in high demand due to the increased levels of knowledge and skill needed for today’s work. As the aging workforce in the developed nations retires, taking the depth and breadth of their knowledge – for example the capacity to apply that knowledge to identify and resolve complex problems, their coaching, mentoring, leadership and managerial skills - into retirement with them, the competition for those capabilities will increase.

Competition for talent and especially talent with leading edge and in-demand skills is also affecting compensation and total rewards.

³ Merriam Webster

Development of People

For several decades, business organizations have been and continue to increase their participation in education and training internally and in partnership with learning institutions. Their involvement in ongoing learning, education and training of people has become necessary to meet the capability needs of their businesses.

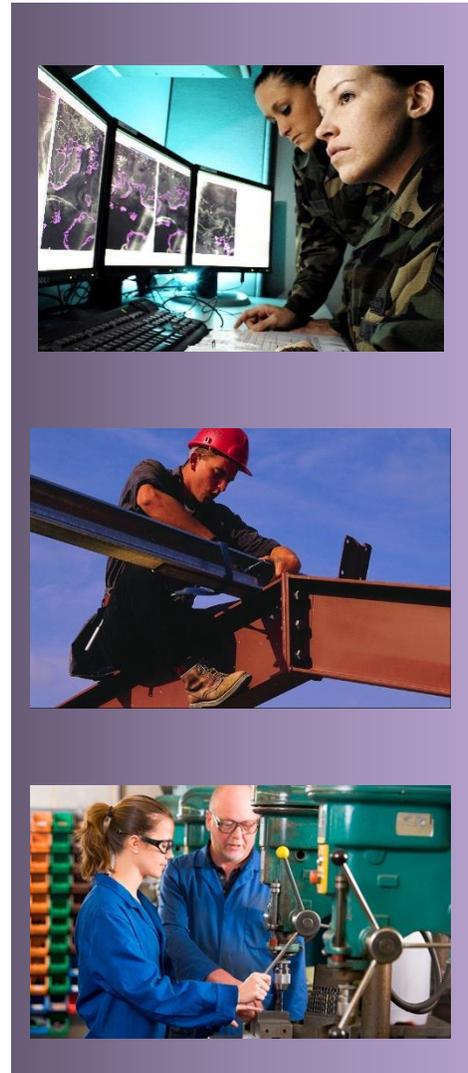
Rapid expansion of information, data and knowledge has made cooperative and collaborative education and training essential.

The necessity for cooperative and collaborative work environments has resulted in fundamental changes to the hierarchical, authoritarian cultures of the Industrial Era. Those changes have in turn led to the need for different forms of organizational management

Work environments characterized by volatility, ambiguity, complexity and uncertainty - disruptive change - requires an additional set of capabilities.

People and organizations must be *reliable*: steadfast in their purpose, focused on results and determined to achieve those results; *agile*: have the capacity to respond effectively to changing environment, and *resilient*: have the restorative capacity necessary to recover from hardships and constant challenge.

These additional capabilities must also be developed and embedded in organizational culture in order for people and the organization to be successful.



Key Talent Program

A Key Talent program involves a proactive approach to having a reliable supply of the right talent and having the right people in the right job at the right time and the right cost.

It moves beyond supply-demand approach to the attraction and retention of people.

While the specific capabilities of Key Talent differ between industries and organizations the essential attribute of Key Talent is that their capabilities and use of those capabilities significantly impacts the wealth and strategic success of the organization.

KEY TALENT PROGRAM

Key Talent Programs begin with the capabilities the business must have to deliver its goods and services. They strengthen the management processes that support the attraction, productivity and retention of talent and in particular the organization's key talent. Key Talent programs are based on the premise that intellectual capital – what people know and in particular those with the capability essential to the production of organizational goods and services – is the most important organizational asset.

All jobs an organization has are important to the organization; if they are not important, they should not exist within it. The importance of jobs in achieving strategic results does differ, however. Every organization has jobs that are key to achieving strategic results and others that enable or support those jobs and/or necessary operational processes.

For example, Buyers in retail sales are key talent because their decisions ultimately determine sales results – poor buying decisions can have tremendous positive and/or negative impact on revenue, profit and organizational wealth⁴. The front line sales role is a supporting role in that it can have a positive and/or negative impact on results up to a point – if the product is great, people will buy it despite a poor sales representative. If the product is poor, even the best sales person is going to be challenged to sell it at any price.

People who design the retail environment and determine placement of goods have marginal impacts on wealth creation – no matter how exceptional the layout and placement of goods – those goods are still the goods for sale and presentation will not increase the value of the goods. They can destroy revenue/profit and organizational wealth by doing a poor job – poor presentation can negatively impact the perceived value of goods. Process roles of that nature are enablers of success.

Identification of key, supporting and enabling roles, the capabilities required for effective completion of them, along with the supporting metrics is the foundation of a key talent program.

Part 2 of this Talent Era White Paper series will be focussed on that aspect of Talent Management.

⁴ The term wealth is being used in a broad sense in the Talent Era White papers and includes monetary and non-monetary forms of wealth.

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