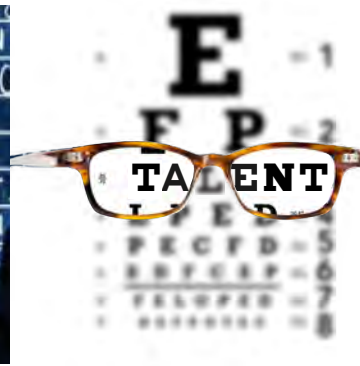


The 5 Talent Management Trends for 2017



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by Marc Efron, The Talent Strategy Group

The new year brings new goals, new challenges and new trends in the still-evolving field of talent management. We describe below 5 Talent Management Trends for 2017 based on insights from HR leaders globally, our NTMN research, experiences at our clients and discussions at the [Talent Management Institute](#). In no particular order, we believe that the key macro trends in talent management are:



#1. The Ratings Obsession Ends; The Performance Management Obsession Continues

If HR leaders and consultants put as much energy into fixing performance management as they do writing and complaining about it, we'd be far further along this journey. The past few years have seen a near obsession with this topic, marked by “[pro](#)” and “[con](#)” articles in Harvard Business Review and [plentiful opinions](#) on the topic presented as fact. The low point has been the endless debate over a minor element of managing performance—ratings. The debate ([they're fine](#) vs. [they're horrible](#)) will end as the evidence mounts from objective sources like [CEB](#) and the [Center for Effective Organizations](#) that companies get better outcomes with ratings.

The larger sense of urgency around performance management redesign/improvement will continue, driven by HR and leaders' noise about the process. That noise seems to be driven by both lack of agreement about the purpose of PM (Improve performance? Evaluate? Develop?), well-intentioned attempts to make it easier and Quixotic attempts to make people enjoy goal-setting, coaching and reviewing.

While the energy around PM may drive simplification of the process, we're not optimistic that it will help most companies realize [PM's true potential](#). The power of PM comes from brilliant [goal setting](#), not flawless reviews, so until companies put effort and accountability into that area the quest for truly effective PM will not be realized. We're seeing some effort but little accountability.



2. Potential is the New Performance

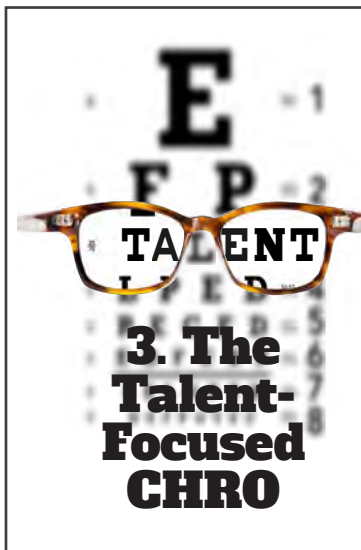
#2. Potential is the New Performance

The performance obsession will be overshadowed by a focus on predicting potential as senior teams increasingly differentiate their talent investments and demand more accurate insights to guide them. The challenge for HR professionals and consultants is that only two things are scientifically proven to predict potential in every situation – [intelligence](#) and [select elements of personality](#).

So, when consulting firms suggest they’ve found the secret ingredient to predicting upward potential, they’re either relabeling those two constructs or stretching the truth.

The [two most popular potential models](#) highlight the challenge of accurately assessing potential. [Korn Ferry](#) and [CEB](#) each offer a potential model and diagnostic tools that they claim is “the” accurate model. There are meaningful differences between the two, so either one of them is right and one is wrong, or both are not right.

Two encouraging sub-trends should help here. Data analytics is still glorified turnover analysis in most companies but capabilities are rapidly evolving. Within 5 years we should have better firm-level predictors of potential. Similarly, we’re seeing (a little) more work on understanding how the other half of the potential equation – [the company situation – factors into accurately predicting an individual’s potential](#).



3. The Talent-Focused CHRO

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The capability to improve talent depth and quality is among the [top 3 factors CEOs are requesting in new CHROs](#) (and the reasons select CHROs are being replaced). The trend to reorganize HR to have leaner COEs, high level HRBPs and service center-based transactional work means that – except for executive compensation and the occasional lawsuit – CHROs will spend disproportionate amounts of time involved in talent management.

In transformed organizations, the line will increasingly blur between the traditional CHRO role and the VP Talent Management role. As long as responsibilities are sorted out between the two roles we believe this is a positive trend which ensures even greater focus on this key area.



4. Transparency gets Traction

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Companies will be dragged kicking and screaming into greater transparency in 2017, partially by younger generations demanding it and increasingly because transparent companies show no ill effects from their openness. In addition, our proprietary data from the executive teams at 50 companies shows that executives (not necessarily HR) support a [talent philosophy](#) of near total transparency in communicating performance and potential. That same data shows that today most companies are moderately transparent at best.

When [Bridgewater Associates videos every meeting](#) and makes them available to any employee and [Buffer publishes their budget and everyone's salaries](#), employees will be highly skeptical of companies that say they're not ready to be transparent. If you don't believe in transparency, we'd ask what is the [ideal length of time to lie to your employees](#) about their performance and potential?



5. Talent Teams Turnover

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The first wave of talent management hiring happened between 2005 – 2015 as companies staffed this new slice of HR as best they could from a collection of HR generalists, OD/OE types, learning folks and leadership development leaders. Over that period, we saw talent management evolve into a more strategic, data-driven and process-oriented field – an evolution that clarified the [capabilities that differentiate great talent management leaders](#).

We're now seeing that initial array of talent being sorted out, with talent-oriented generalists and business-loving OE types [getting the VP Talent roles](#) and learning, OD and leadership development people sub-specialized underneath them. The key variable in our data that we believe explains this trend is that [learning folks self-disclose as being least interested in their company's success](#) and most interested in helping individuals succeed. With the profession now 10+ years old, there are deeply experienced talent professionals available and companies are replacing “humanistic” talent leaders with more “capitalistic” ones.

UPDATE YOUR STATUS

TALENT

Ace
Artist
Authority
Buff
Connoisseur
Doyen
Graduate
Guru
Hot Shot
Old Hand
Old Pro
Professional
Shark
Virtuoso
Whiz

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