

How Healthy are your Talent Practices?

We avoid assessing our talent practices for the same reasons that we avoid scheduling an annual physical exam.

In both cases, it's in your best interest to make sure that little aches don't become big pains.

by Marc Efron
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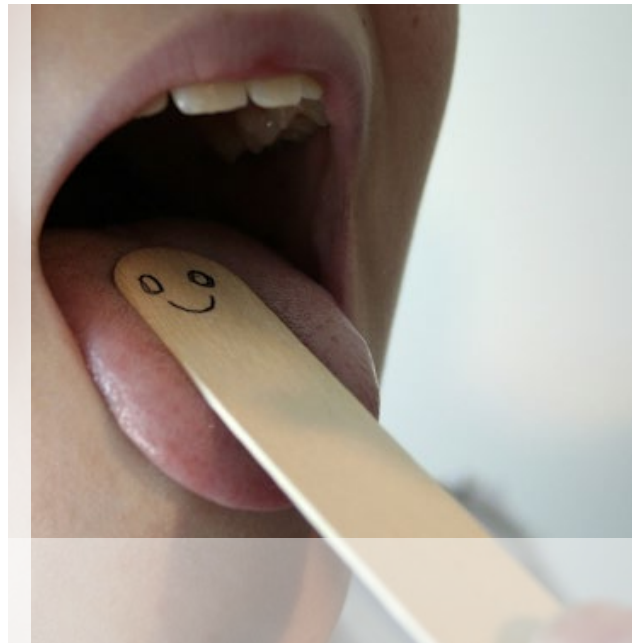
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by Marc Effron, Talent Strategy Group

Periodically checking the health of your talent practices falls into the same category as scheduling your annual physical exam. You have the best of intentions but perhaps a few concerns about what might be found. So you delay scheduling an exam hoping that those nagging little pains will cure themselves. Predictably, some actually worsen to the point where your loved ones say, “You might want to get that checked out.”

The health of your talent practices follows a similar arc. The rough spots don’t smooth themselves out over time. Small problems become larger. Your customers – both HR and line – notice.

We believe that a regular, objective assessment of a company’s talent building capability is essential for good corporate health. That assessment doesn’t need to be a painful, multi-month, multi-consultant endeavor. We describe in this article a simple and straightforward process you can use to diagnose the health of your talent practices. We know it works because it’s the exact process we use to conduct talent audits with our clients.



THE AUDIT

A talent practices audit assesses your company’s ability to grow the quality and depth of talent necessary to meet your business strategy. **Its findings summarize the answers to three basic questions:**

1. Does your company have a structured and disciplined process to produce talent?
2. Are your company’s talent processes grounded in science, simple, easy-to-use and transparent, and is there clear accountability for results?
3. Do your HR leaders have the talent building capabilities necessary to execute your talent strategy?

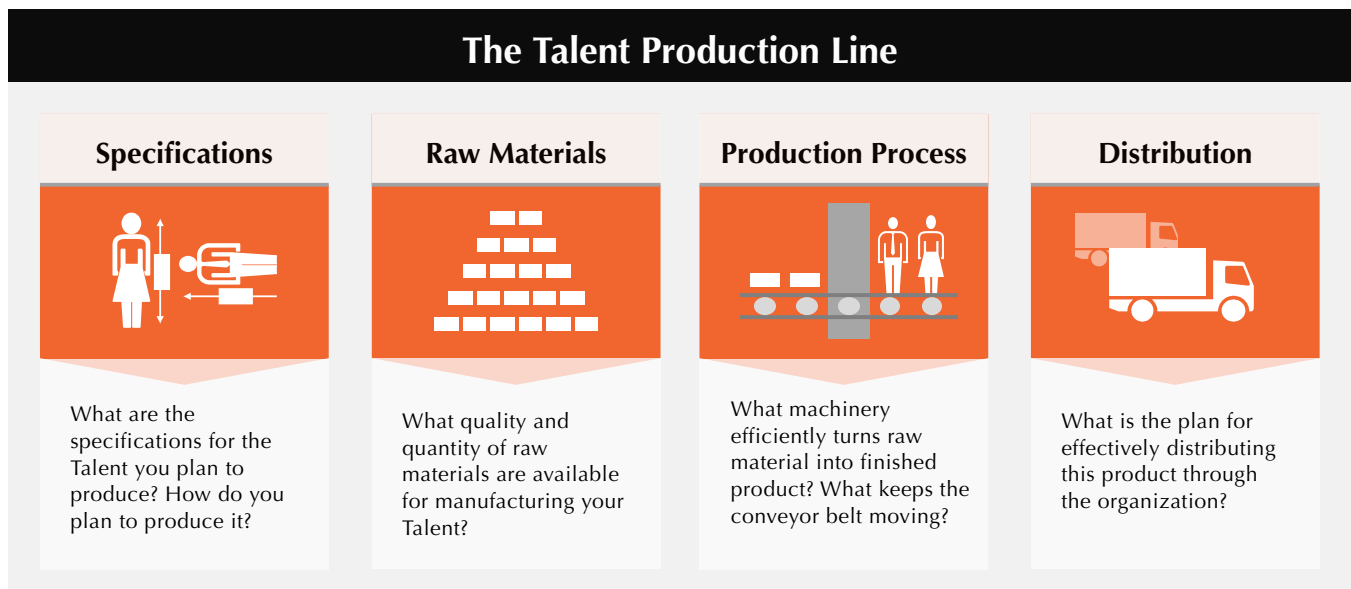
Here’s how to assess and report on each question.

AUDIT QUESTION 1

Does your company have a structured and disciplined process to produce talent?

We believe that talent can and should be produced with the same rigor, care and discipline with which one produces any other product or service. We call this approach the Talent Production Line (Figure 1) and it’s described in detail in [“Creating Your Talent Production Line.”](#) A production line approach

Figure 1: The Talent Production Line



doesn't imply that you should treat people like widgets but rather that you should care about the output of your talent production process as much as you care about the output of any other critical company process.

CONDUCT THE AUDIT

The audit process assesses your company's ability to consistently produce the type of talent that's most valued by your organization. It should include asking your HR leadership team and line executives the following questions:

SPECIFICATIONS: Are there clear specifications that describe the talent your company is trying to build? If you're trying to produce more general managers, are you clear what differentiates great general managers from merely good ones? Specifications should be clear, differentiating and succinct. Only HR loves lengthy competency models, not the business.

This step includes the very important action of translating business strategy into specific talent requirements. We don't include a separate step to

map business strategy to talent strategy. We find that assessing if there are clear specifications and how they were developed is a great test of that alignment.

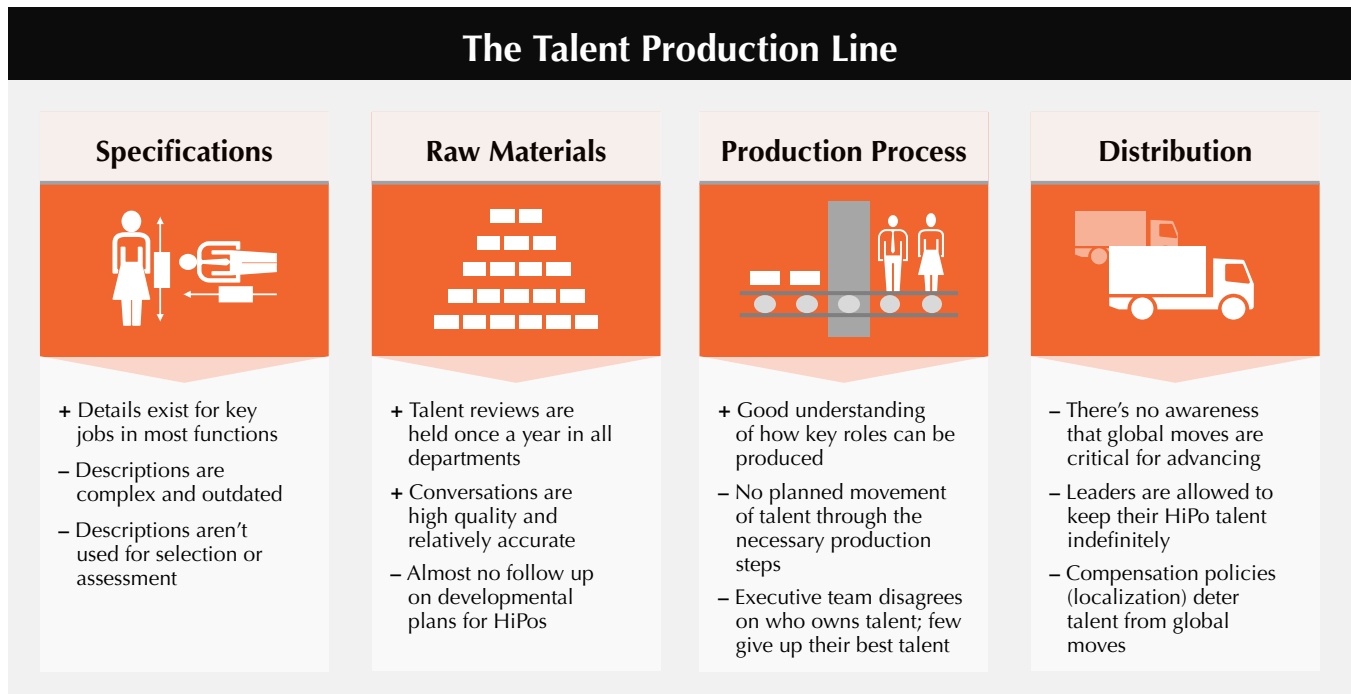
RAW MATERIALS: Does your company have a predictive process to assess the quality and depth of its talent against the specifications? Many organizations would say that they have a talent review process. That's not sufficient. Your standard is whether that talent review process both occurs and is relatively accurate in predicting how far and how fast leaders will progress.

To assess accuracy, ask "How accurate, in general, are our predictions about the speed of leader movement and success?" We suggest that 50% accuracy is the lower threshold for accuracy and 75% is the realistic maximum.

PRODUCTION PROCESS: The production process is where talent development actually occurs. Use three questions to test its health:

1. **Do you know how to produce the talent that you have specified?** To our general manager

Figure 2: Summary Assessment



example above, do you know the combination of experiences, exposure and education that's required to produce a great general manager (GM)? This doesn't mean that you are actually producing the talent, but that you understand how you *would* produce it.

2. **Do you have the "machinery" in place to produce talent?** In other words, if you know that moving junior GMs from a small country to a medium-size country, then to a headquarters assignment and a large country is the best way to produce great GMs, do you actually have those experiences available?
3. **Are you moving people through the production process in a disciplined way?** Even if you know how to produce talent and have the required machinery, that doesn't mean that anything is actually moving down that production line. Are people being moved through experiences, et al, at the optimal production pace?

DISTRIBUTION: Can you get your organization's talent to where they're most needed? Two things typically stand in the way of effective distribution. One is that your leaders may not want to be distributed to the places you want them to go. The other is that you may have leaders who hold onto talent that could serve a higher purpose in another role.

SUMMARIZE YOUR FINDINGS: We like to summarize the answers to those questions using the talent production line model with a plus/minus chart (see Figure 2). We assume you'll have extensive notes to support your conclusions, but this summary should provide enough insights to start framing an action plan.

This audit step should help clarify where strengths and gaps exist in your talent production capability. What's missing is an understanding of the root causes that are creating those gaps. Audit Questions 2 and 3 provide those insights.

AUDIT QUESTION 2

Are your company’s talent processes grounded in science, simple and easy-to-use, transparent and is there clear accountability for results?

Readers who are familiar with *One Page Talent Management*¹ (OPTM) will recognize the framework above as the heart of our talent management approach. We believe that, when coupled with the right strategy, talent practices that rate high on these attributes will produce better business results than those that do not. In this audit step you will critically examine each talent process through this lens.

CONDUCT THE AUDIT

For each process included in your audit, ask the following questions:

1. Is this process science-based? There is significant academic research that should inform how you design and operate almost every talent process. Have you constructed this process based on the strongest relevant science? Please note, when you assess this step it’s essential that you differentiate between

academic science and consulting firm research. Academic science is proven to be true; consulting firm research is not. Read “[Start with the Science, Please!](#)” to better understand the difference.

- 2. Is this process easy for the customer to use?** Simplicity has no value on its own. It creates value when it reduces the effort required to engage in any particular activity. Have you made your talent processes “embarrassingly easy” for everyone to use? Would the average manager say that the value they receive from the process outweighs the effort required to use the process?
- 3. Is the process and its outcomes transparent to everyone involved?** We strongly believe in full transparency about both talent processes and their outcomes. Lack of transparency suggests that there is something to hide about either the validity or the fairness of an activity. Of course, as Marshall Goldsmith once said “transparency does not equal total disclosure.” This means that you don’t need to tell everyone everything the moment it is known, but you should tell most people most things reasonably soon after you know it.

¹ Effron, Marc, and Miriam Ort. *One Page Talent Management: Eliminating complexity, adding value*. Harvard Business Press, 2010.

Figure 3: Talent Processes

Talent Process	Science-Based	Simplicity	Transparency	Accountability
Performance Management	Red	Yellow	Green	Yellow
Talent Reviews / Succession Planning	Yellow	Red	Yellow	Yellow
High Potential Development	Yellow	Green	Yellow	Yellow

Figure 4: HR’s Talent-building Capabilities



4. Do managers have “consequential accountability” for talent building?

Accountability in talent management means that good things happen to managers who grow talent and that less-than-good things happen to managers who do not. If nothing good or bad happens to managers, they aren’t accountable for that process.

One additional question to ask in this audit stage is “Does your company have a talent philosophy developed by the executive team?” A talent philosophy is your executive team’s agreement about how to manage talent on the dimensions of performance, behaviors, accountability, differentiation and transparency. (For more information read “[What’s Your Talent Philosophy?](#)”). For most organizations the answer is a fast “No.” We would suggest that, independent of your other audit results, this should be your first priority for action.

Summarize Your Findings: We find that a simple stoplight chart that lists each of these headings and each of the audited processes provides a great audit summary (See Figure 3). This chart will quickly show you which processes and/or OPTM areas need immediate attention.

AUDIT QUESTION 3

Do your HR leaders have the talent building capabilities necessary to execute your talent strategy?

We believe that a human resource team’s talent management capabilities are a significantly undervalued driver of talent management success. Surprisingly, it’s rare that we see this element assessed in any company’s or consulting firm’s HR audit.

CONDUCT THE AUDIT

We use the 4+2 model to assess the capability of a company’s HR team to execute their talent strategy. The 4+2 Model ([read the article here](#)) describes the six capabilities that differentiate leaders that grow great talent. In your audit, you need to assess your HR team’s strength in each 4+2 capability.

The questions to ask your HR leadership team and key executives about HR are:

- 1. Are they “Business Junkies”?** Do they both deeply understand and truly enjoy the business that they serve?
- 2. Are they “Talent Authorities”?** Do they have deep knowledge about the talent for whom



they are responsible?

3. **Are they "Production Managers"?** Do they know how to build and operate the practices that produce great talent – performance management, talent reviews and experience-based development?
4. **Are they "HR Disciples"?** Are they knowledgeable enough in the various HR disciplines to design holistic, strategic HR solutions to business problems?
5. **Are they "Trusted Advisors"?** Are they members of their business executives' "inner sanctum"? Are they relied upon just as heavily as any other business leader for business (not just HR) advice?
6. **Are they "Courageous Advocates"?** Do they have a clear point of view about how talent should be managed and are they appropriately aggressive in advancing that point of view with the business?

SUMMARIZE YOUR FINDINGS: Use a simple scale that sharply differentiates skills levels on these capabilities. For each of the six questions, assess whether your HR team is:

- **World class** (there is no HR team that is better than yours in this area in any industry, around the world)
- **Extremely strong** (it is likely that the vast

majority of HR teams globally are weaker in this area than your HR team)

- **Average** (your HR team is as capable in this area as HR teams in other high-performing companies)
- **Below average** (your HR team is generally less capable in this area when compared to HR teams in other high performing companies).

Staying objective: It's the rare professional who can deeply and objectively assess what they've created themselves. For this reason, if you've developed your company's talent processes, consider creating a cross functional HR team that doesn't include you to conduct the audit.

IN SUMMARY

When we audit a client we go into much greater depth in each area and provide specific recommendations for action. However, just by answering these three questions, you can create a thorough and objective assessment of your company's talent building capability.

As with your annual physical, a talent audit doesn't take much time and it offers you critical insights. You may find yourself reassured about some areas and spurred to action in others. Either outcome is far better than allowing those little departmental aches to become large corporate pains.

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