

# HR Executive Webinar Series

The Right Fit: Hiring and Developing the Talent  
Necessary to Drive an Organization's Strategic Goals



David Alhadeff  
PricewaterhouseCoopers

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PwC

# Session objectives

- Gain some new insights around alternative business environments that will rely upon thoughtful and differentiated human capital strategies to create the optimal “fit”
- Expand your own personal repertoire of relationships between specific talent management initiatives and your organization’s business strategy
- Leverage some new ideas on reviewing and continually improving many of your own core human capital disciplines,

***... and gain a heightened appreciation for the opportunity and responsibility that each of you have for driving the talent strategy of the company***

## Discussion outline

- Talent in the post-crisis environment
- New Possibilities: 2020 - Where three “worlds” collide
- Hiring and developing Talent to drive business performance

## Section 1

# Talent in the post-crisis environment

# Important questions in the post-crisis environment

Do we know what organizational capabilities and competencies we now need to win in the marketplace?

How effective, relevant and able is my HR function in meeting the people management challenges ahead?

How do I measure the success of our TM Strategy and talent management programs?

Why do we continue to lose our top talent to the competition? How can I drive loyalty so that we win the future war for talent?

How can I be sure that the short term cost cutting of people investment will not lead to a talent shortfall as the upturn arrives/continues?

How do we know if the workforce is engaged?

Are we getting the right candidates in the door at the right cost? What are my talent needs for the next decade?

Are we truly rewarding our highest performers? What can I do to meet the growing pressure to change reward arrangements?



How well are we building a cadre of leaders ready to lead the organization into the future?

Are we helping our people gain the knowledge and skills needed to execute our strategy?

How do we build a flexible & responsive organization to more quickly respond to market opportunities?

Do people understand what it takes to advance their career?

# Why is talent management important?

Only 15% of executives are satisfied with their companies' early identification of Leadership Potential, and 11% are satisfied with the assessment of readiness for promotional placement (Survey Findings from the Conference Board 2006 Talent Management Strategies Conference).

By 2016, there is expected to be a shortfall of 3 million workers between the projected workforce and the number of jobs to keep the economy moving ([www.talentmgt.com](http://www.talentmgt.com), January 2007).

Seven out of 20 CEO's and COO's spend 30 – 50% of their time on talent management, and a further seven spend 20% of their time. (Economist Intelligence Unit Study, 2006).

75% of HR and Recruiting Executives indicate that retaining top talent is an issue they are most concerned about, with 55% of the executives indicating that impending labor shortages is a top concern for the next year. 88% of the executives cited recruiting and attracting top talent as top initiatives for 2007 (IDC 2006 Talent Survey: Candidate Shortages)

## “From Crisis to Cautious Optimism”

- In the wake of the crisis, 79% of CEOs want to change their strategy for managing talent. The scale of these intended changes suggests that, for whatever reason, existing practices did not support the business when the crisis hit.
- They also want to introduce personal accountability and reward structures to support sensible risk taking – 50% will make extensive changes
- CEOs also feel they need to change leadership and succession strategies as a result of the crisis – 68% intend to make a moderate or significant investment in this area

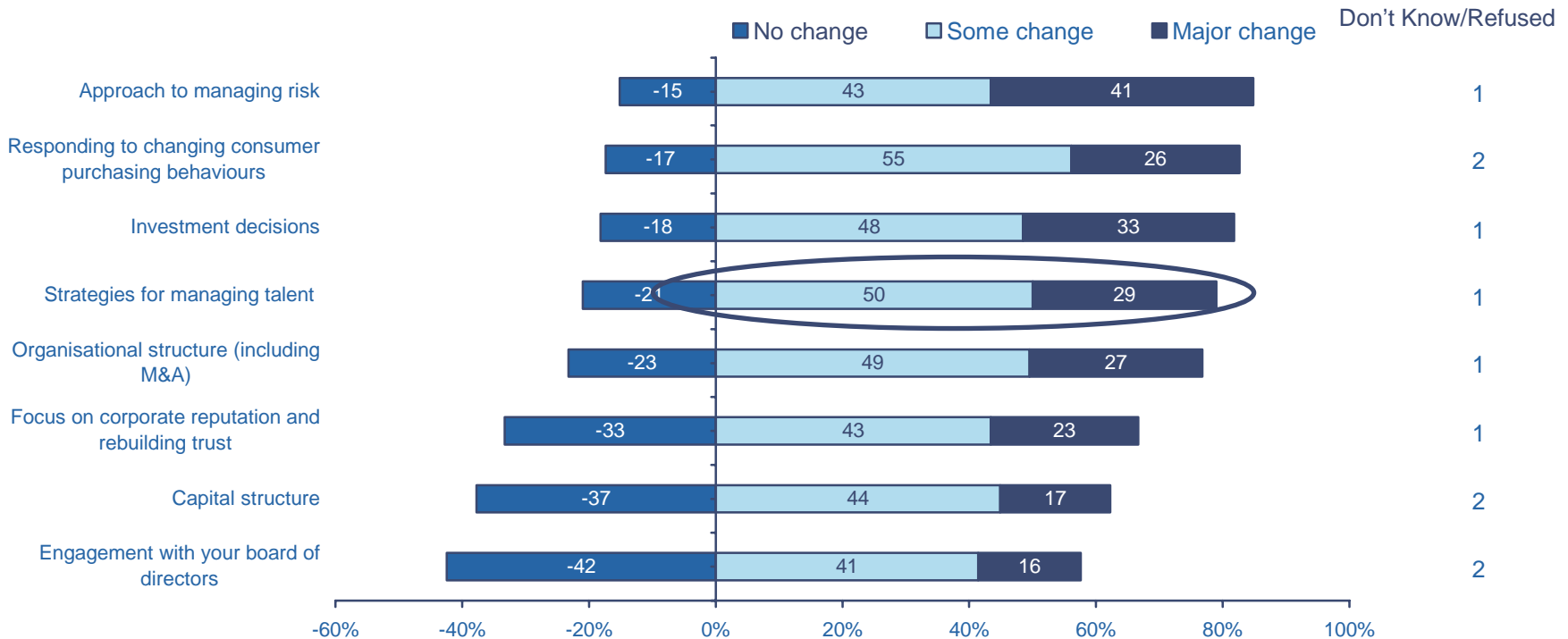
### What this means

Existing operating models won't deliver growth – significant changes will be required to meet the challenges of the new environment.

Source: PwC 13th Annual CEO Survey, January 2010

# CEOs are making changes to their operating models

Ref: Q7. *In the wake of the economic crisis, to what extent do you anticipate changes to any of the following areas of your company's strategy, organisation or operating model?*



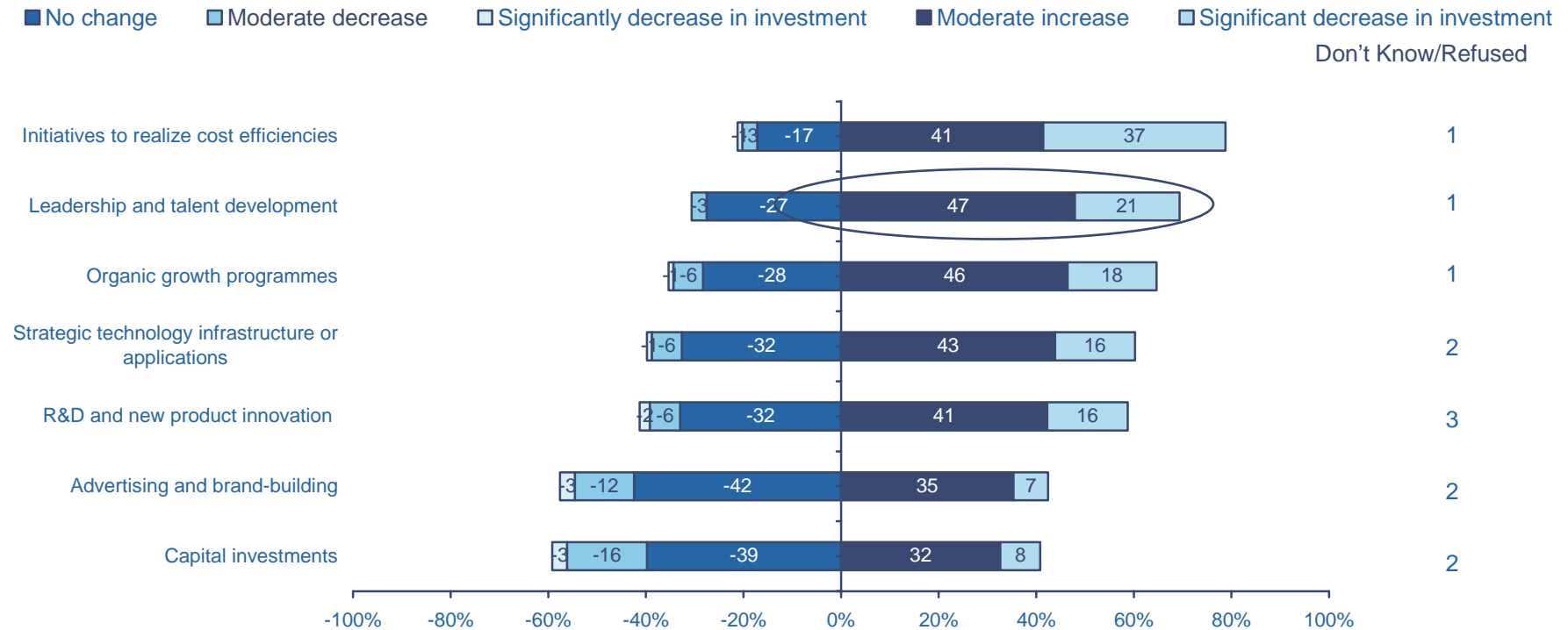
Base: All respondents (1,198)

Source: PwC 13th Annual CEO Survey, January 2010

## How are the CEOs positioning for the post-crisis environment

Leadership and talent development is a priority for CEOs, particularly of “adapters”, with 68% increasing their investment over the next 3 years

Ref: Q8. *How do you plan to change your long-term investment decisions in the following areas over the next 3 years as result of the economic crisis?*



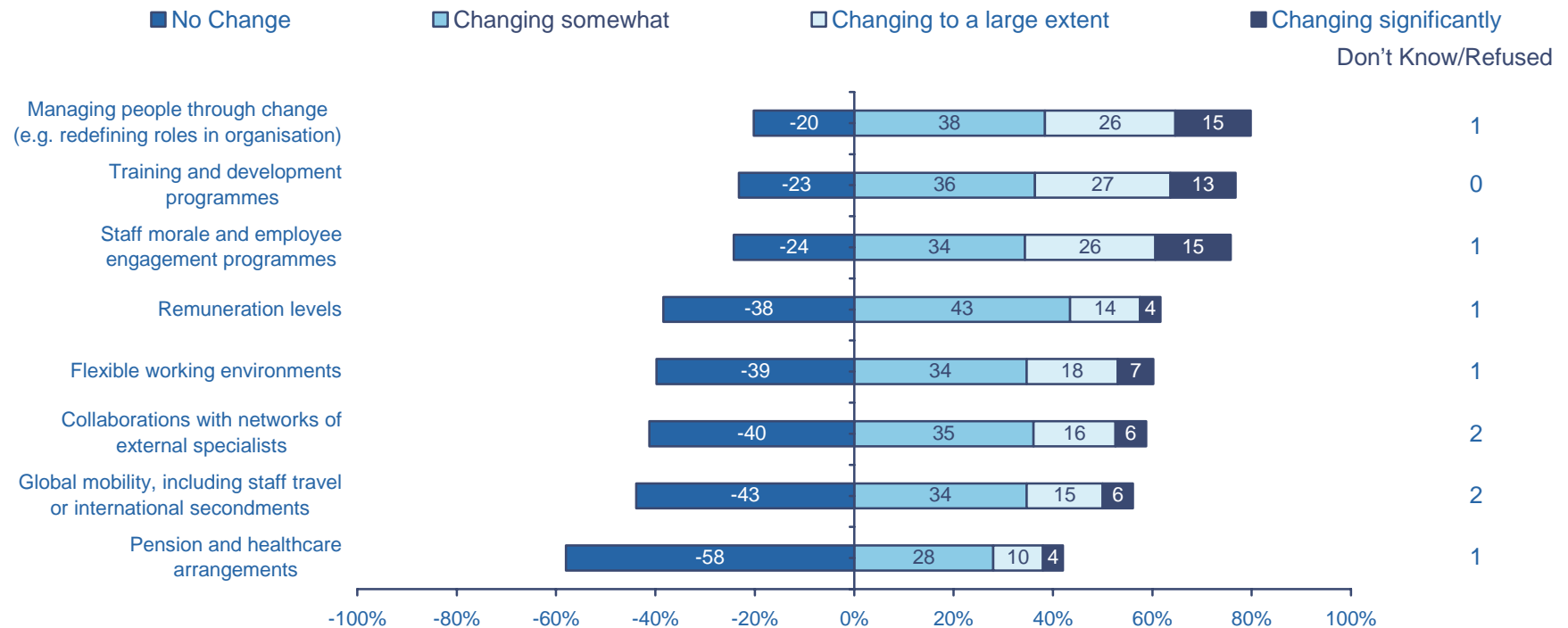
Base: All respondents (1,198)

Source: PwC 13th Annual CEO Survey, January 2010

## How are CEOs positioning for the post-crisis environment

# CEOs plan to make changes to their people strategies as a consequence of the economic crisis

Ref: Q15. *Regarding your people strategy, to what extent will you change your approaches to the following areas, as a consequence of the economic crisis?*



Base: All respondents (1,198)

Source: PwC 13th Annual CEO Survey, January 2010

## Section 2

New possibilities: 2020 – Where three “worlds” collide

# 2020: The Future of Work

## The three “worlds”

### Managing tomorrow's people\*

The future of work to 2020



### Managing tomorrow's people

Millennials at work – perspectives from a new generation



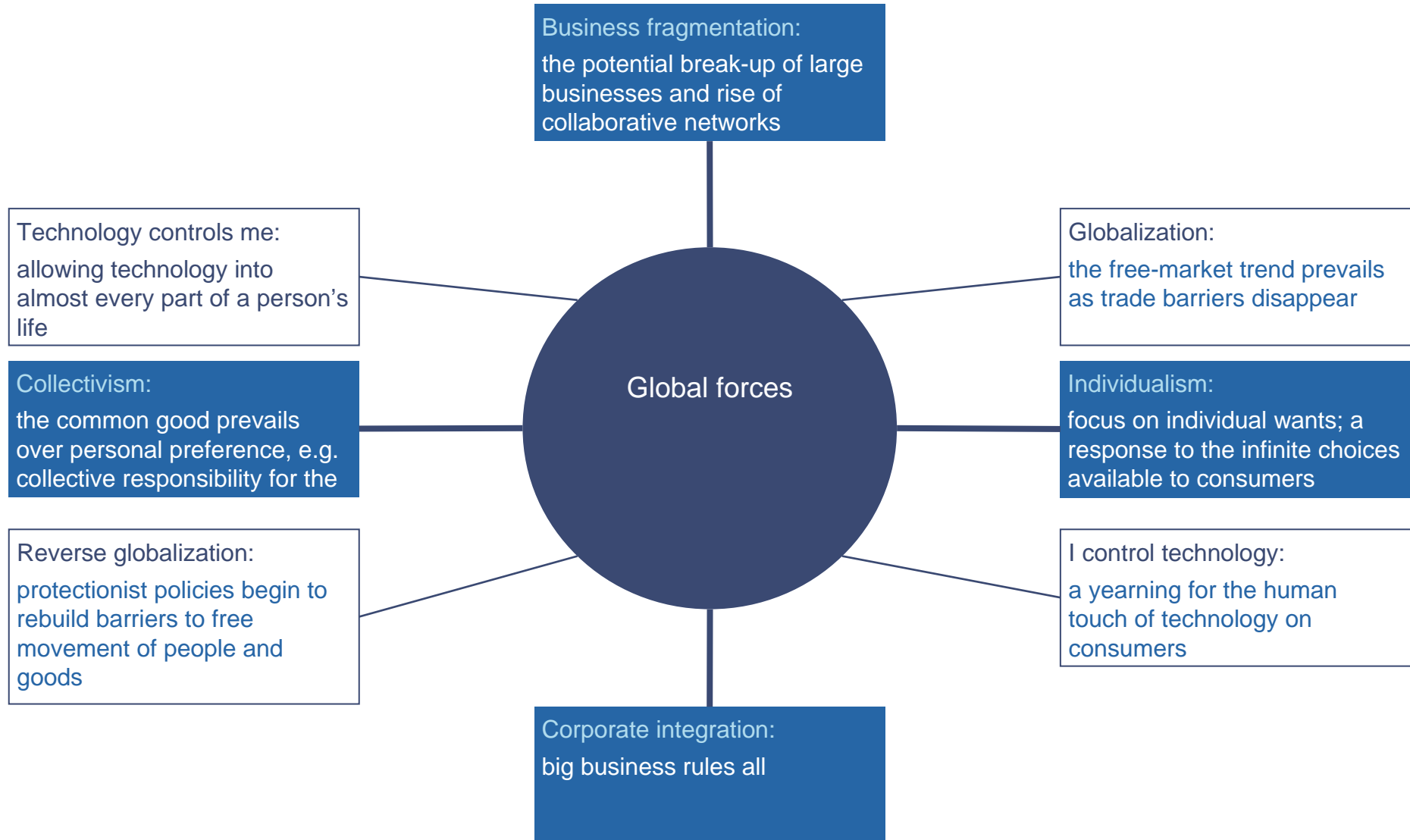
### Managing tomorrow's people

How the downturn will change the future of work

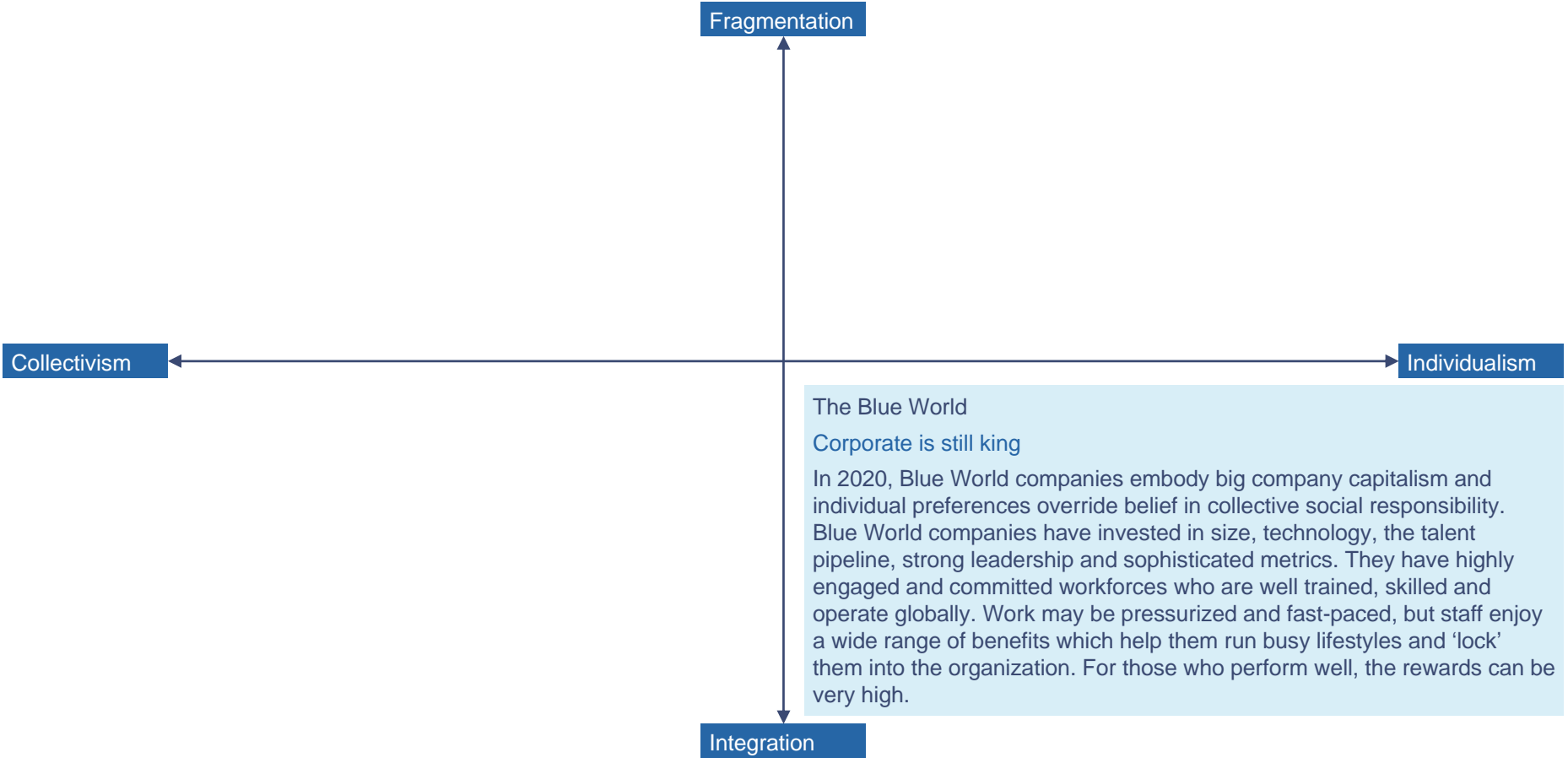


- PwC sponsored research by the Said Business School in Oxford and the James Martin Institute for Science, Innovation and Society sparked by rising profile of people agenda
- Identified three possible ‘worlds’ (plausible futures)
- Surveyed more than 3,000 graduates (millennials) from the US, China and the UK

# Scenario planning: Global forces



# 2020 where the three worlds co-exist



# Managing tomorrow's people 2020

## The blue world

### **Corporate is still king**

In 2020, Blue World companies embody big company capitalism and individual preferences override belief in collective social responsibility. Blue World companies have invested in size, technology, the talent pipeline, strong leadership and sophisticated metrics. They have highly engaged and committed workforces who are well trained, skilled and operate globally. Work may be pressurized and fast-paced, but staff enjoy a wide range of benefits which help them run busy lifestyles and 'lock' them into the organization. For those who perform well, the rewards can be very high.

# Corporate is king: The blue world

## Where big company capitalism reigns supreme

### **Characteristics:**

- ✓ Size matters.
- Corporations divide the haves and have nots.
- ✓ Welcome to the technology age.
- Corporations drive lifestyle choice.

### **Managing people:**

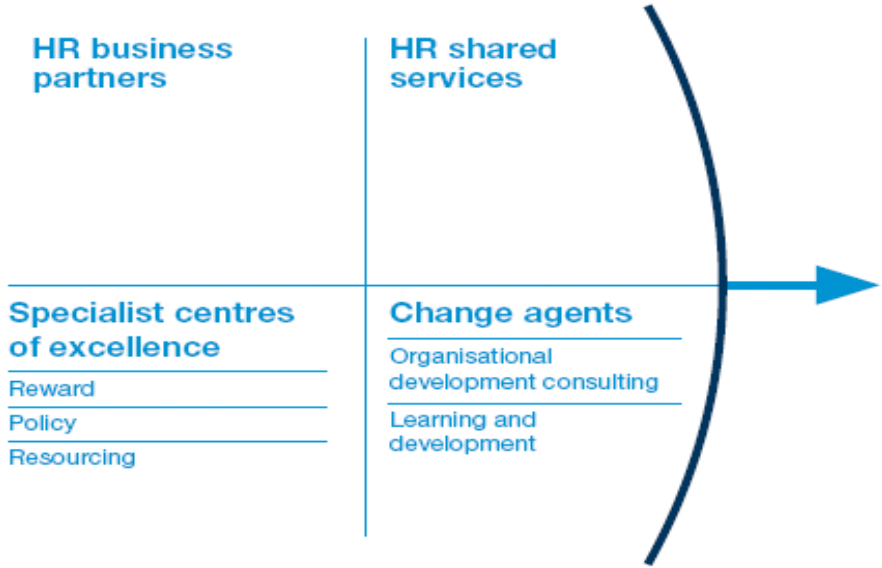
- ✓ Companies become key provider of services to employees.
- ✓ Continued focus on talent and use of personal agents.
- Compulsory corporate culture development programs.
- ✓ Daily access to analysis of people data.
- Technology blurs the line between inside and outside work.

# The blue world

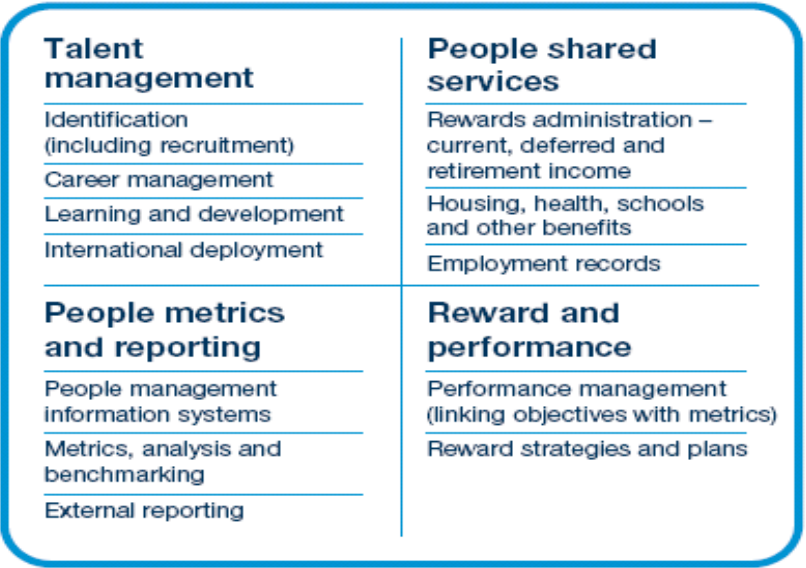
## People management model

- ✓ Chief People Officer (CPO) leads the people strategy on the board
- Complex staff segmentation strategies
- ✓ Explicit connection between people and performance
- ✓ People risk agenda is taken seriously

Human resources: the current model



People and performance: the 2020 model



# 2020 where the three worlds co-exist



# Managing tomorrow's people 2020

## The orange world

### **Tribes thrive**

In the Orange World businesses are fragmented, 'companies' are usually small, lean and nimble, relying on an extensive network of suppliers. They have multiple clients and contracts and access a globally diverse workforce of 'team workers' on a supply and demand basis. Communication networks are enabled by continual technological advancement and innovation. Loose collaborative 'cloud' networks come and go project by project. Employees in the Orange World are technology savvy and networked to communities of other employees with similar skills.

# Small is beautiful: The orange world

Where big is bad, for business, for people and for the environment

## **Characteristics:**

- A free economy.
- ✓ Networks are key.
- ✓ Complex supply chain.
- Millennials drive technology use.
- ✓ Labor market enters the guild era.

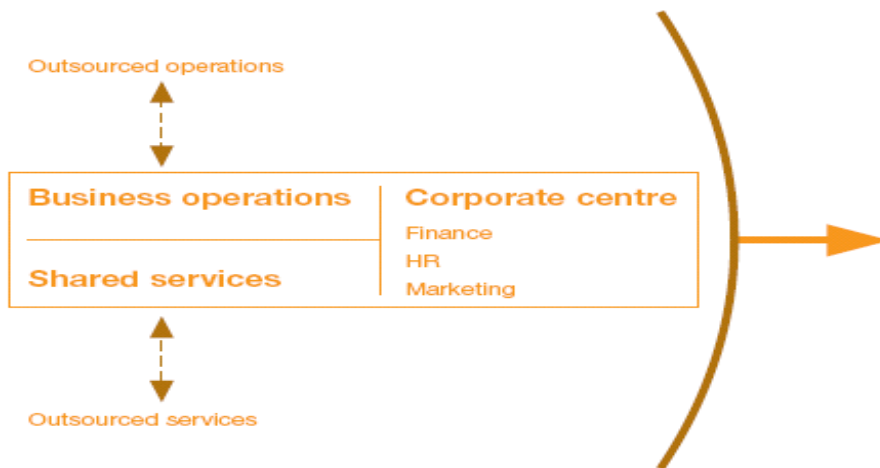
## **Managing people:**

- ✓ Companies seek to promote and sustain people networks.
- ✓ Guilds take on many of the responsibilities previously assumed by employers.
- Flexible employment contracts.
- Workers categorized and rewarded for having specialist expertise.
- ✓ Recruitment has become a sourcing function.

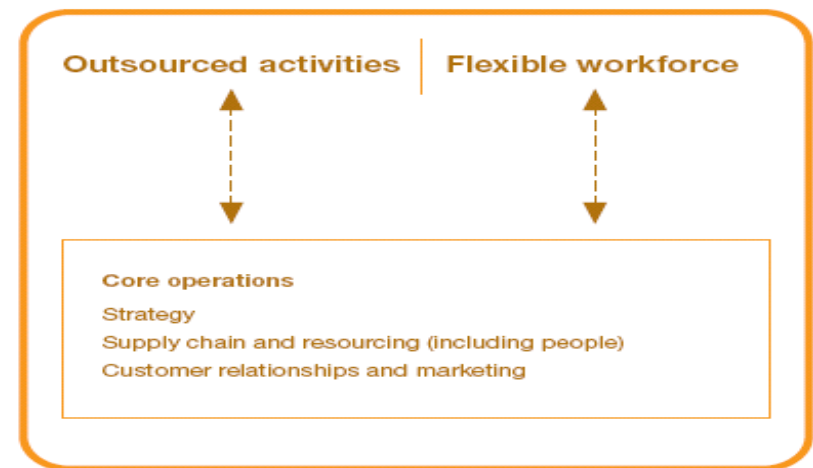
# The orange world: People management model

- People strategy is replaced with sourcing strategy
- ✓ Organizations heavily reliant on their external networks and guilds
- People belong to skill or employee network rather than employer
- ✓ Strong emphasis on technology to support the supply chain
- Responsibility for skills development shifts to individuals
- ✓ Specialization highly prized

Current model



Operational model in 2020



# 2020 where the three worlds co-exist



# Managing tomorrow's people 2020

## The green world

### **Sustainable business is good business**

Companies have a powerful social conscience intrinsic to the brand and 'green' sense of responsibility. The focus is on sustainable and ethical business practice and a strong drive to minimize and mitigate risky business practices.

The responsibility ethos is enforced by governments and regulators and is more prevalent in certain industries such as energy, automotive and financial services. Green World employees engage with the company brand because it reflects their own values. They are recognized for good corporate behavior, not just business results.

# Companies care: The green world

## Where consumers and employees force change

### **Characteristics:**

- ✓ Consumers drive corporate behavior
- Supply chain control
- ✓ Company success characterized on their 'greenness'
- Big corporate fines

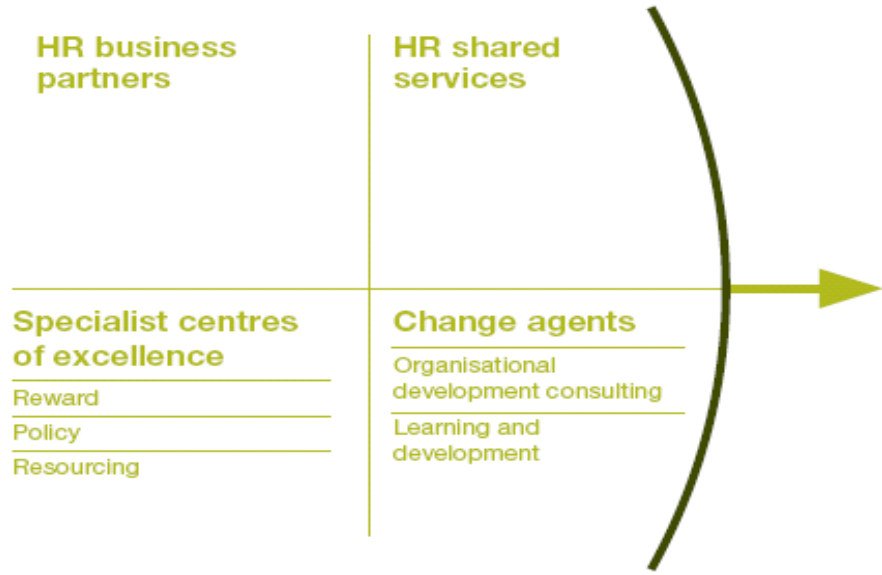
### **Managing people:**

- ✓ HR renamed 'People and Society'
- ✓ Graduates look for strong environmental and social credentials
- ✓ Employees expected to uphold corporate values
- ✓ Technology replaces the need to travel with work and companies provide transport to reduce need for car use
- Virtual social networks with colleagues and clients

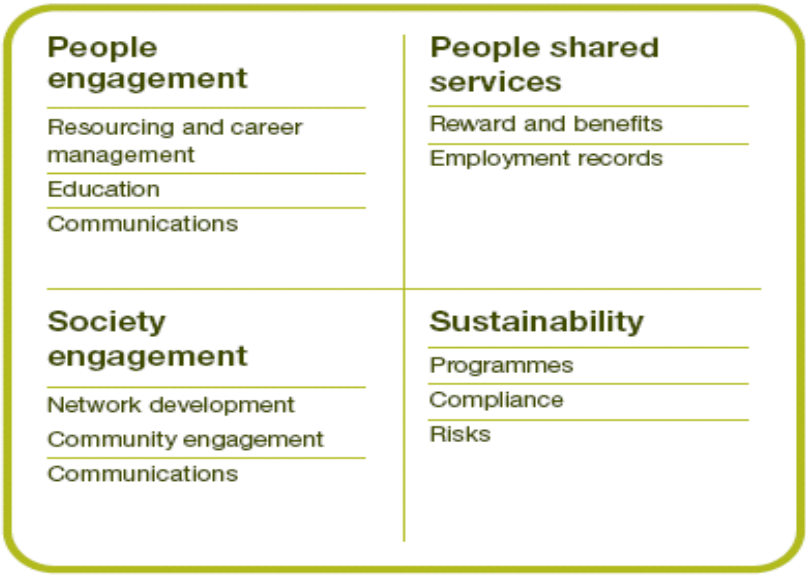
# The green world: People management model

- CEO drives the people strategy – people have a direct link to organization’s success or failure
- Employment law drives responsible employer behavior
- Quality assurance and vigilance to minimize risk is paramount
- Incentives are not just reward-related and employees are more engaged – ‘job for life’

Human resources: the current model



People and society: the 2020 model

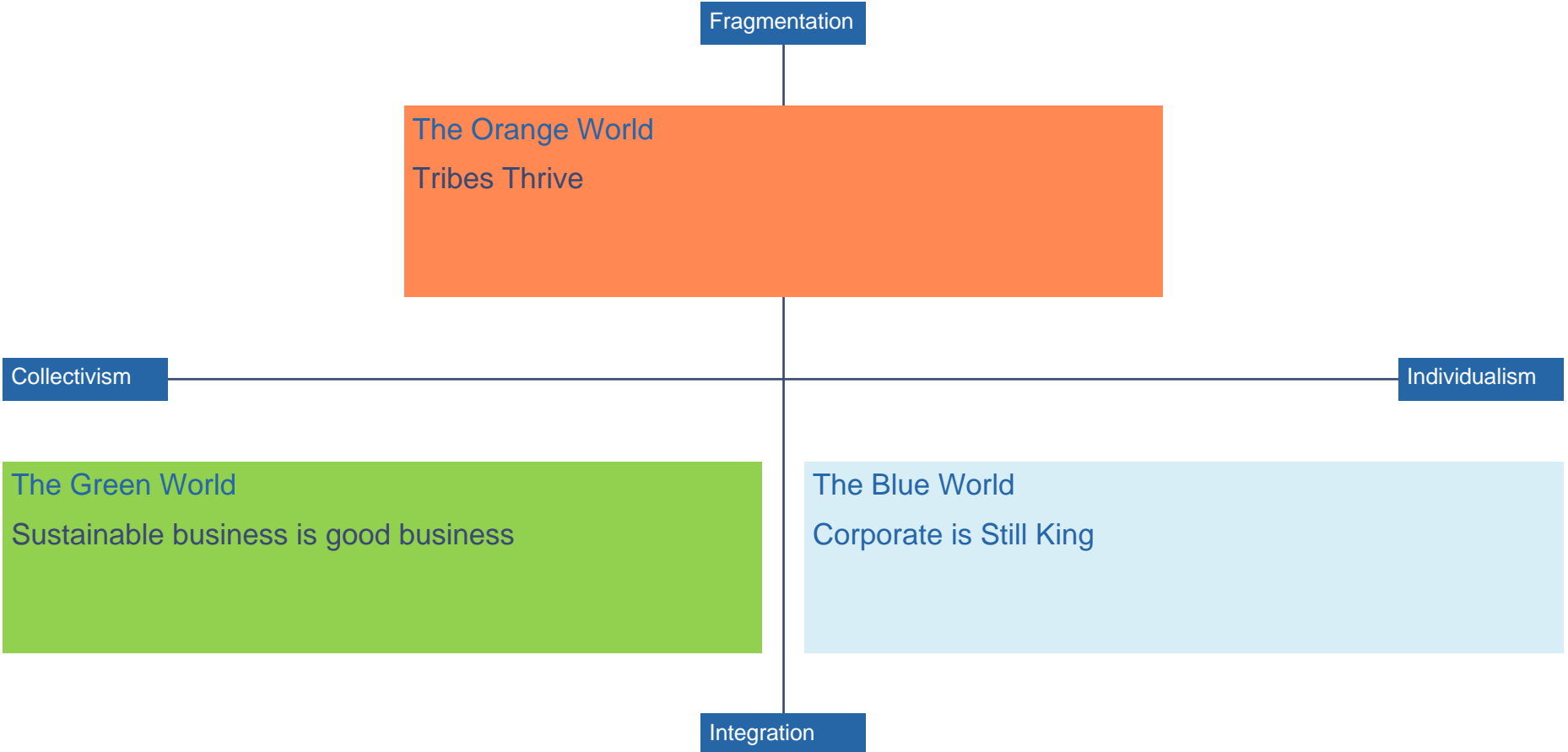


# How does your organization fit in the worlds of 2020

- What do our worlds of the future mean for your business? Do you relate to them?
- Think about how your business might be positioned in our scenarios and consider what implications this will have upon your current people strategy.

1/3 of millennials chose training and development as their first choice benefit. This is three times' higher than cash bonus

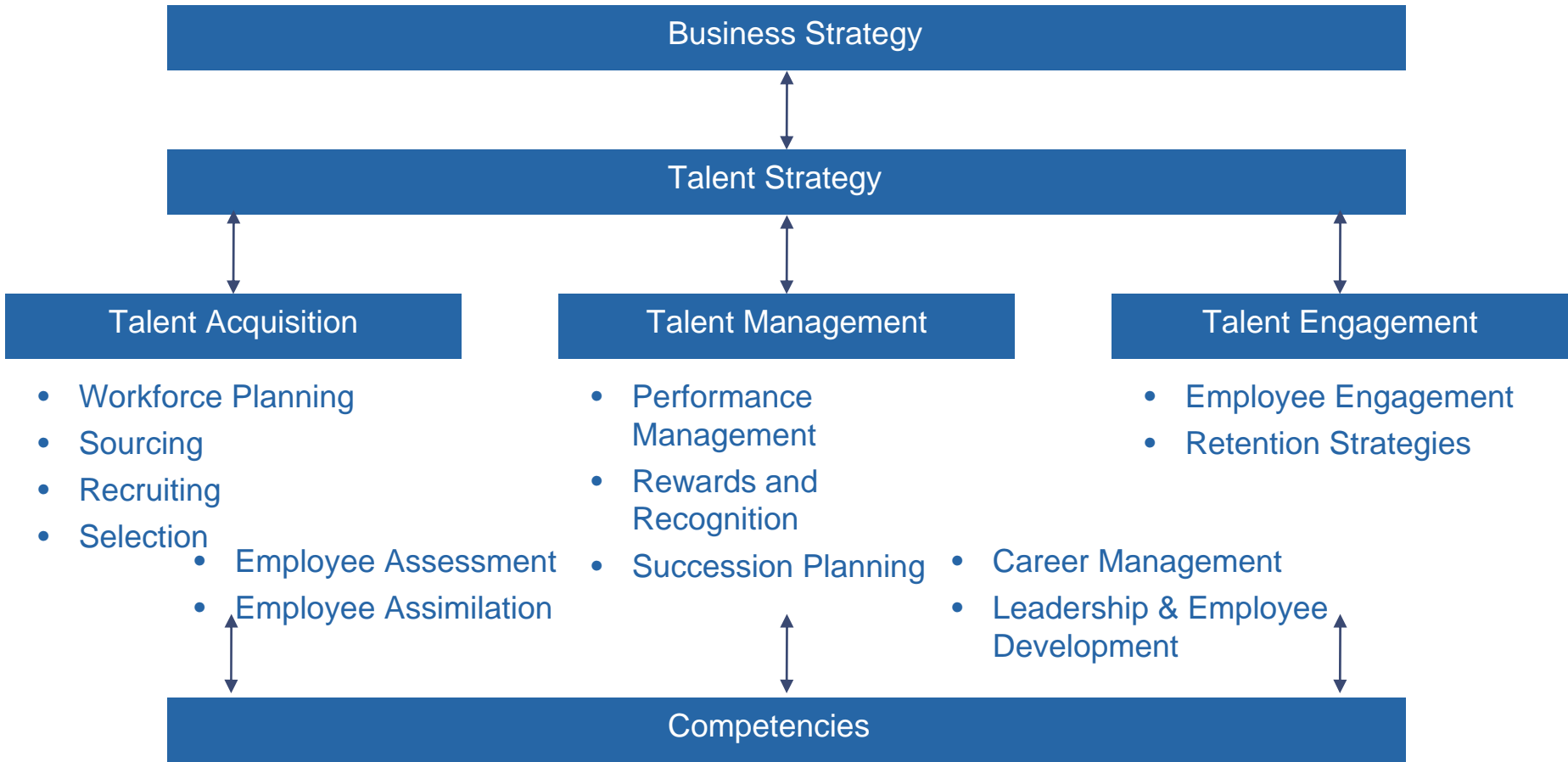
# 2020: Where three worlds might co-exist



## Section 3

Hiring and developing talent to drive business performance

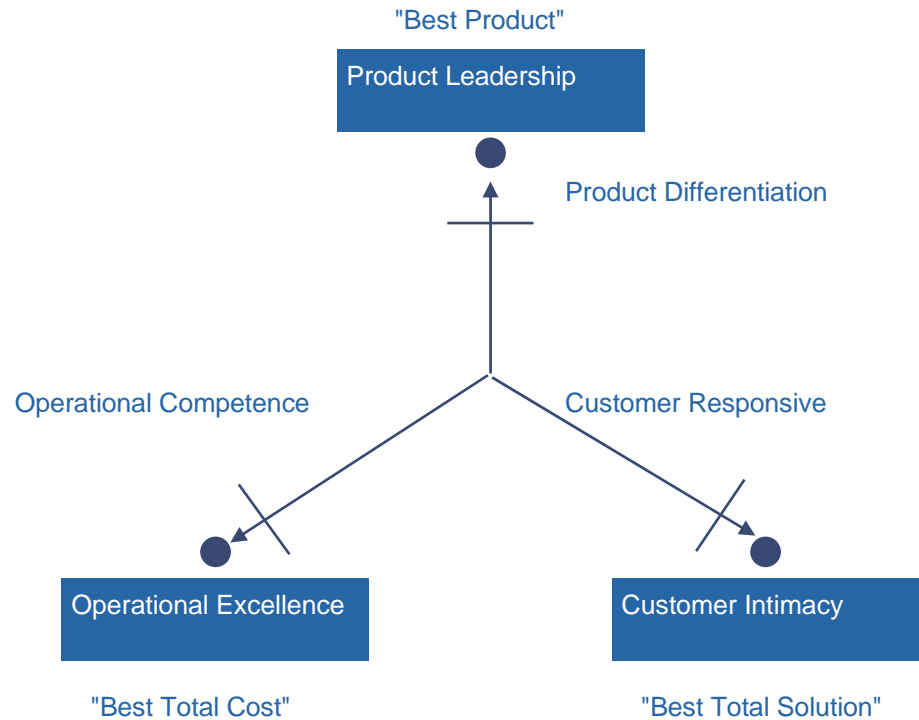
# Using talent management strategy to drive business performance



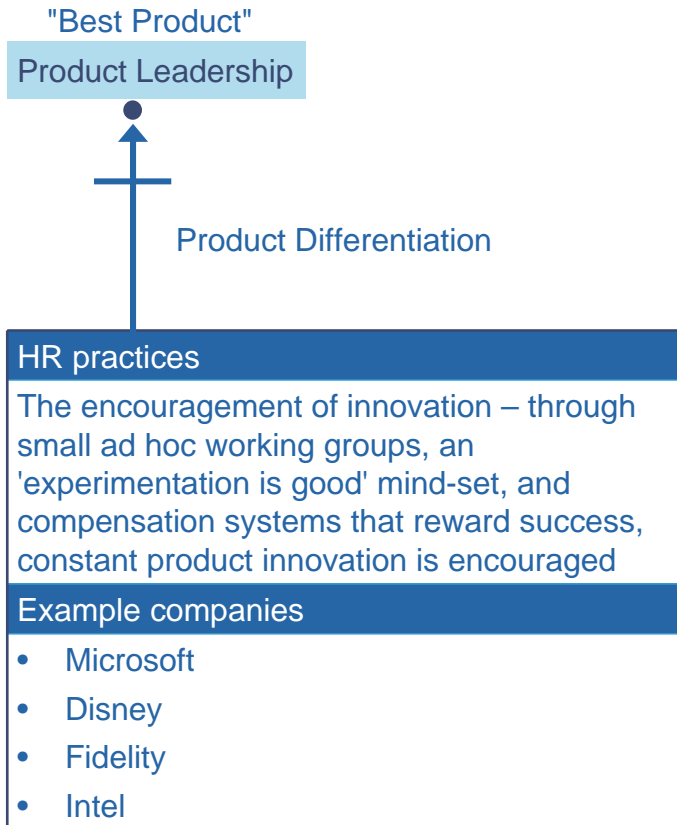
# Enterprise strategy

Understanding the overall Business Strategy is the first step to developing and aligning the Talent Management Strategy

The Discipline of Market Leaders  
Treacy and Wiersema



# Product leadership



## Key characteristics

### Offer Products that Push Performance Boundaries

- Innovate and develop products that push performance boundaries. Develop the capability of speed to market and be relentless in making your own products obsolete. Invent, develop, and market – fast

## Talent management practices

- ✓ Aggressively recruit at leading universities to hire the most talented individuals, competent in their disciplines, seeking a challenge
- Strive for a diverse workforce and staff in cross-functional teams
- ✓ Seek employees who are creative, technically competent and flexible to work in a constantly changing environment
- Create different opportunities and challenging team environments to stimulate career growth
- ✓ Leverage innovative compensation practices to reward success
- Organize work in sets of clear challenges with specific milestones to create cause for celebration along the way
- ✓ Training is based on rapid assessment of latest marketplace trends
- Build individual coaching into the employee development process

# Operational excellence



## HR practices

The efficient management of people – Employees are trained in the most efficient and lowest cost way of doing things

## Example companies

- Southwest Airlines
- Wal-Mart

## Key characteristics

### Customer Proposition is Simple: Low or Lowest Price and Hassle-free Service

- Focus on operational excellence to offer a combination of quality, price and ease of purchase that no one else in your market can match. Execute extraordinarily well, guarantee low prices and hassle free services, standardize and simplify

## Talent management practices

- Evaluate candidate potential with greater importance than previous accomplishments
- ✓ Quickly assimilate employees into the culture, training them to view excellent service as a routine, and staff in to teams to work together for continuous improvement
- Deploy an operating model based on procedural, rule, driven processes
- ✓ Reward behavior that is quick and accurate
- Measure and reward team performance through incentive pay
- ✓ Reward performance through peer recognition
- ✓ Create clear career paths and focus on succession planning to ensure that leaders are groomed within the organization
- ✓ Focus on skills based training and development activities
- Raise employee performance through training

# Customer intimacy



## HR practices

A corporate philosophy and resulting business practices that encourage deep customer insight and breakthrough thinking about how to materially improve the client's business are essential

## Example companies

- Home Depot
- Nordstrom's
- Starbucks

## Key characteristics

### Delivering What Specific Customers Want

- Cultivate close and long term customer relationships and intimate knowledge of customer requirements. Create a dependency of customized service and support, and focus on customer retention and satisfaction

### Talent management practices

- Recruit employees from current customer workforce, allowing customer input into assignments
- ✓ Select employees who are adaptable, multitalented, flexible and have strong interpersonal skills
- Organize entrepreneurial client teams w/broad set of skills & styles
- ✓ Reward employees based on customer feedback and achieving results
- Provide opportunities for direct customer input into rewards, assignments and promotions
- ✓ Incorporate continuous sharing of ideas and best practices into training, enable teams to continuously bring new insights to customers
- Ensure all employees are well trained on the products and services available to customers
- ✓ Expand training to include having customers assist in design/delivery

# Ensuring you have the right talent strategy means asking yourself the right questions

1. Have you aligned your talent priorities to your business objectives?  
As outdated objectives are replaced, companies must acknowledge that new knowledge, skills and abilities are needed to meet new objectives.
2. Have you validated your talent priorities?  
Once objectives are set, pivotal positions should be identified and the related jobs custom-designed.
3. Do you possess an accurate perspective about the competence of your current workforce against business objectives?  
A key issue in developing a pivotal talent is determining how many positions can be filled by current employees vs. external candidates.

# Ensuring you have the right talent strategy means asking yourself the right questions

4. How much do you really know about the fast-changing external talent marketplace? In today's market, companies should be regularly reassessing which pivotal positions are open and what talent is available in the marketplace.
5. Are your talent solutions tailored to the values and expectations of your pivotal talent?  
A workforce plan should identify the pivotal positions that need to be filled, evaluate the skills of the current workforce against these pivotal positions, pinpoint relevant talent gaps, and articulate the actions required to fill key positions.
6. How effective are you at delivering talent solutions, and knowing what return you are getting on your investment? The bedrock of a fact-based approach to talent is developing metrics around a core set of data that can be measured.

# How you can overcome downturn related talent challenges

1. Approach compensation as just one piece of the puzzle. Compensation -- while important -- is just the first step in attracting and retaining pivotal talent during tough times. First, pivotal employees likely demand similar salaries from competitors. Second, these professionals often take a more nuanced view of workplace satisfaction.
2. Reassess pivotal positions and external talent. In today's market, companies should be regularly re-assessing which pivotal positions are open and what talent is available in the marketplace. A competitor's headcount reduction or poor performance could lead to many high-quality candidates entering the job market.
3. Connect the dots between risk management and talent issues. The financial crisis has demonstrated anew how important it is, from a risk management perspective, to place the right professional in the right job. That's even truer today as companies scramble to manage the talent-related risks inherent in hiring new leaders, divesting of non-core businesses, recasting products and services, or adapting to potential new regulation.

# How you can overcome downturn related talent challenges

4. Challenge valued employees at every turn. In order to retain pivotal talent, companies should strategically expose them to different areas of the organization, promote when ready, and provide cross-cultural and foreign assignment opportunities.
5. Develop stronger talent leadership. A new breed of HR leader has emerged, one that can upgrade basic employee programs and technologies, even as (s)he articulates the goal of aligning talent priorities with business objectives. An economic downturn could be an ideal time for companies to redefine what they want out of their talent leadership.

# Making it happen

1. Support within the organization for excellence and value.
2. Willingness to accept the uncertainty and related risks that come with the current economic environment.
3. Ability to articulate the benefits of achieving business goals.
4. Priority on success of organization and teaming, not individual achievement and performance.
5. Flexibility to adjust; to adopt a dynamic process.



## Keys to overcoming potential barriers:

- Leadership and commitment to sustain continuous improvement
- Fostering a corporate culture of collaboration
- Acceptance and support of change across all levels of the organization

# Talent management maturity model: Measuring your progress

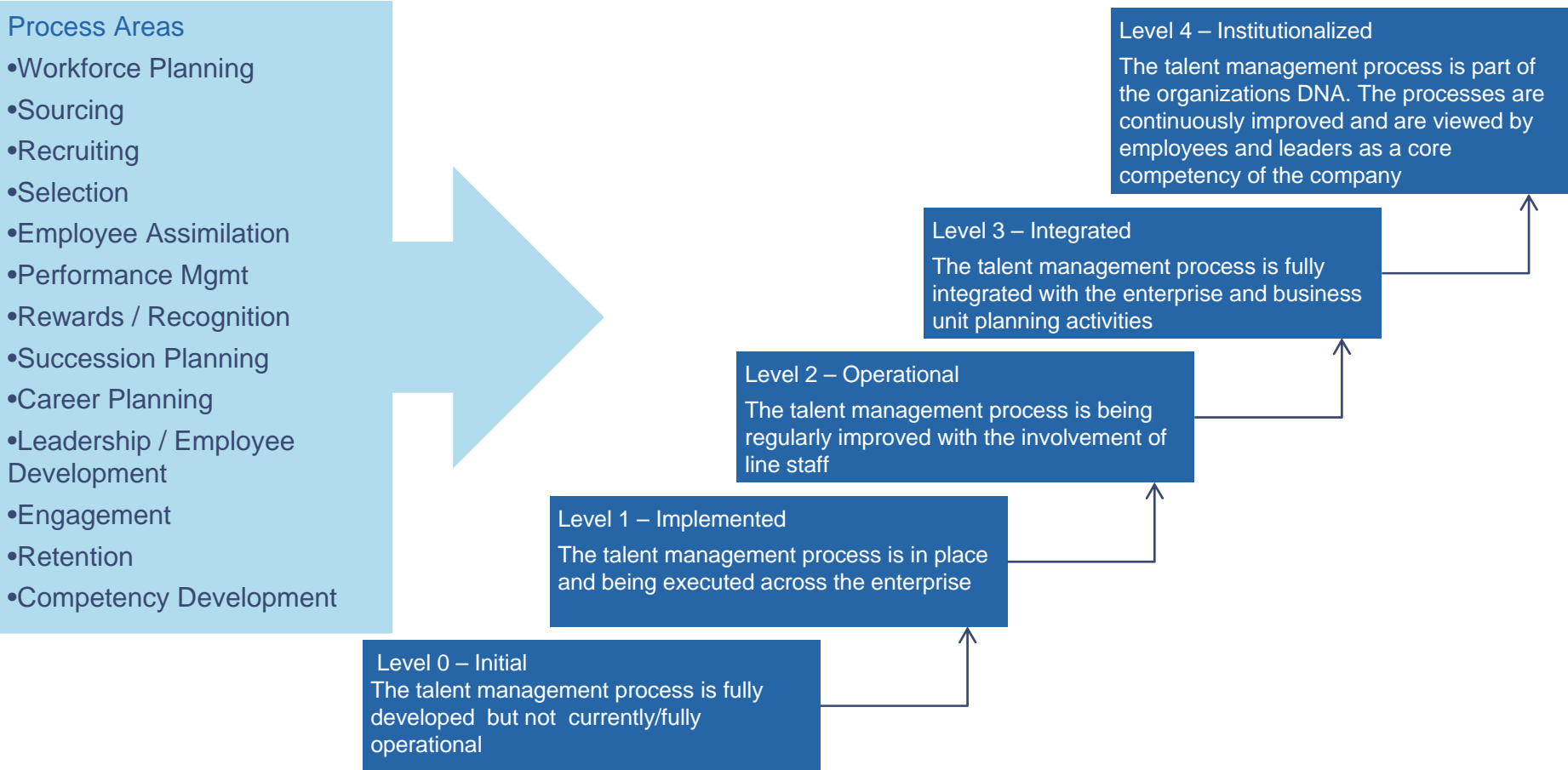
## Components

- Talent Acquisition
  - Workforce planning
  - Sourcing
  - Recruiting
  - Selection
- Talent Development
  - Assimilation
  - Performance Management
  - Rewards and Recognition
  - Succession Planning
  - Career Planning
  - Employee & Leadership Development
- Talent Engagement
  - Employee Engagement
  - Retention

## Maturity Levels

- Implemented
- Operational
- Integrated
- Institutionalized

# Talent management maturity model



# Maturity level - Examples

Process	Maturity Level			
	Level 1 – Implemented	Level 2 – Operational	Level 3 – Integrated	Level 4 - Institutionalized
<b>Performance Mgmt</b>	Employees receive formal feedback on their performance and development opportunities	The performance management process is automated and employees receive feedback at least twice a year regarding their performance and developmental opportunities	Business Unit and Individual goals are converted directly from the enterprise goals for the planning period There is rigor in the differentiation of performance and no more than 20% of employees receive the highest available rating	All employees recognize the organization as a performance driven company  Completion of the process is considered a given for employees at all levels  Commitment to the process starts with CEO and is driven throughout the organization
<b>Rewards / Recognition</b>	Pay and performance are tightly linked and the organization distinguishes between top and average employees	The rewards system is automated and linked to performance management Employees are recognized frequently for their efforts that exceed expectations	Enterprise and business unit planning includes a dedicated focus on employee recognition and alignment of pay & performance	The senior executives demonstrate support for a rewards based culture and host the organizations recognition based events
<b>Succession Planning</b>	Backfills have been identified for key leadership positions	A clearly defined succession planning process is in place with formal reviews conducted an annual basis. Addressing succession "gaps" is viewed as a business priority	Multiple backfills are trained and developed for key positions and the succession plans are in place for all non-entry level positions in the organization. Enterprise and business level planning includes a focus on succession plans and leadership	Senior executives routinely review organizational succession plans 2-3 levels down in their organization  Organizational design and senior "hire" decisions are made with a focus on succession planning

# Session objectives

- ✓ **Stay on top of the new and evolving** business environments that will rely upon thoughtful and differentiated human capital strategies to create the optimal “fit”
- ✓ **Continually expand your repertoire** of talent management initiatives that can support your organization’s business strategy
- ✓ **Incorporate new, tested practices** for enhancing the quality and impact of your own core human capital disciplines,

*... and always recognize the critical importance of your role in driving the talent strategy of the company*

# Questions

# Contact information

David Alhadeff

Managing Director, Advisory Services

Human Capital Practice

+1 (847) 226-9026

[David.b.alhadeff@us.pwc.com](mailto:David.b.alhadeff@us.pwc.com)

[pwc.com/us/peopleandchange](http://pwc.com/us/peopleandchange)

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