

“Talent Management – A Critical Way to Integrate and Embed Diversity” by Lynne Morton

What is Diversity today? Is it a leadership mandate? Is it marketing strategy? Is it a headcount issue? More than likely, it is still a program resident within HR -- an initiative to build organizational culture but also to fend off potential legal problems and ensure compliance to already legislated requirements. Has Diversity in corporate American made so little progress?

Recent headlines tell us that many of the same Diversity problems still exist – companies are missing opportunities to move people of color into top-level positions; organizations are finding that while they can recruit women, they cannot retain them; companies do not yet have customer service reps who can speak with and gain the trust of their Hispanic and Asian customers; and organizations are not finding ways to combine the skills/talents of their maturing workers with those of their Gen X and Gen Y populations.

We’ve talked for years about moving Diversity onto the strategic agenda, and every year there is more data available to support the tremendous impact that diversity can have on the bottom line. Just this January (2004), a Catalyst study showed that companies with more women managers achieved the greatest financial performance, providing the highest value to their shareholders. And there are many other studies with equally compelling information now available.

It’s not the business case that needs to be proven. It’s the HR approaches that need to be reframed. That’s where Talent Management, a relatively new and extremely strategic HR approach, can help. Talent Management, as shown in a recent Conference Board study, holds the key to integrated thinking. Organizations that utilize Talent Management can make tremendous headway in achieving the ultimate Diversity objective: embedding Diversity into the way the organization behaves.

Background on Talent Management

Talent Management is about behavior – the thoughts and actions that, consistently, over time, become organizational culture. Talent Management is more than something “to do,” it is something “to be,” a way of working and achieving both near and long-term success.

According to *Integrated and Integrative Talent Management: A Strategic HR Framework* (The Conference Board, 2004), talent management is an evolving and complex field. It is a holistic approach, comprised of the inter-relationships or, as the TCB study shows, the integrated framework, created from eight categories of initiatives. These are:

1. Recruitment
2. Retention
3. Professional Development
4. Leadership/High Potential Development
5. Performance Management
6. Feedback/Measurement
7. Workforce Planning
8. Culture

It is in the last area – Culture – where initiatives relative to Diversity lie, along with corporate values, flexible workplace and internal communications. However, it’s not the particular

initiatives that are of importance; it’s how they fit together to create a whole that is greater than the sum of its parts.

Defining Talent and Talent Mindset

Let’s start with the basics -- it is critical that we have a full understanding of Talent -- and Talent Mindset. Some organizations believe they work in talent management, but they really are focusing on the top of the house – leadership and high potential employees.

On the other hand, those organizations that have rigorous Talent Management approaches apply a much richer definition of Talent: “Individuals who have the capability to make a significant difference to the current and future performance of the company.” This definition takes both a near and long-term view. It is not title or position-related. In fact, it has no constraints at all.

A Talent Mindset is the belief that talent is critical to the organization, now and in the future. It is the belief that talent differentiates organizational culture and breeds competitive advantage, with benefits for both the individual and for the organization. Furthermore, the Talent Mindset is not an HR way of thinking. It is embedded in the entire organization – led by the CEO, modeled by management, supported by a range of initiatives developed by HR and implemented by HR and line managers.

Having a Talent Mindset = being a Diverse organization.

Therefore, those organizations that apply the rich definition of Talent and that have what was called a “Talent Mindset” are, by their very nature, embedding Diversity into their organizations. “Talent” is race, gender, age (etc.) independent. “Talent” can come from anywhere, is deemed important based on its relation to the organizational strategic objectives, and can be developed. The link to Diversity is compelling. It is not “who you are” but “what you offer” (or can offer), that is important. It is also the belief that you have the potential to offer more -- and the organization has the commitment to develop that potential with you.

This is not to say that Talent Management is a naïve way of thinking, unaware of differences in people. Just the opposite. It is so integrative a way of thinking that it starts by valuing everyone and then creates highly integrated systems and processes that break down the barriers between people and opportunities – because it also acknowledges that people are different and barriers do exist.

What is Talent Management?

The Conference Board study looked at the eight categories of initiatives to see how they fit together and to see which ones are at the core of Talent Management. It is important to first note that the study showed that the initiatives DO fit together, that Talent Management exists in the business world and isn’t just a theory. Nearly two-thirds of the approximately 90 companies in the study said that their initiatives do fit together.

The initiatives that were “most” integrated were:

- ◆ Leadership/High Potential Development
- ◆ Recruitment
- ◆ Culture
- ◆ Performance Management

These were the ones that formed the core, or the picture, of Integrated Talent Management. These were flagged as “Core” because they are the ones that have been in place for the longest and also correlate to those deemed most important and at which organizations involved in Talent Management feel themselves to be most mature. (Admittedly, though, doing something for a long period of time – being “mature” at it – does not necessarily mean that you are good at it.)

Having been able to define what Talent Management is, the next important question to answer to answer was “How do these fit together to create Integrated Talent Management?” Here, too, the responses were fascinating and have much bearing on Diversity. Nearly 50% of survey respondents said that Talent Management is integrated through either processes or management and more than a third said that Talent Management is integrated through business strategy or through a talent management strategy. Those numbers are significant because they represent a major shift from an area that is HR’s responsibility, to one that is aligned with strategy and with all managers. Therefore, for companies seeking to make gains in Diversity, thinking in terms of Talent Management will allow them to involve many more leaders and managers, in a manner that shares accountability. The figures in the chart below make this case.

Accountability for talent management

| | <i>Integration</i> | <i>Results</i> |
|-------------------------------|--------------------|----------------|
| Entire leadership team | 30% | 52% |
| Human resources | 66 | 45 |
| Line/business unit management | 5 | 3 |

(Source: Integrated and Integrative Talent Management, The Conference Board 2004)

Furthermore, as the chart above shows, accountability for Talent Management was viewed in terms of both implementation (or integration) and results. While HR remains the champion of Talent Management, the responsibility for results is much more a shared one, especially with the entire leadership team. This is a model for Diversity. Diversity does still need a champion, but should ultimately become a shared responsibility, with many managers held accountable for it.

Corporate Examples: How Talent Management Really Helps Diversity

Two very different organizations have explained how their use of Integrated Talent Management has helped them achieve the ideal state of Diversity.

The first is a small consulting firm with 150 employees. This firm embodies the Talent Mindset and fully integrates all its processes. They note that their cultural style is extremely collaborative, that opportunities are perceived by all as available or attainable, and that their employees were born in 28 countries. They attribute the success and uniqueness of their culture to their Talent Mindset and integrated approaches. They are a truly diverse organization, without actually even having a defined Diversity initiative. They do offer harassment awareness training, but find no need to structure specific recruitment or retention initiatives. Diversity has become part of their culture, thanks to their Talent Mindset.

The second example is a global manufacturing company, with 65,000 employees. This organization has extensive programs and processes to support Talent Management. However, they admit that Diversity itself didn’t generate the results they’d hoped for, especially in terms of

recruitment. When they shifted their thinking to Talent Management, though, letting Talent Management set the needs, they started to think much more broadly and achieved their reframed objectives. The objective became Talent Management – with Workforce Diversity being an enabler of that. As a result of aligning Diversity goals and objectives to those related to Talent, they, too could make progress and find Diversity becoming part of their culture and the way they work.

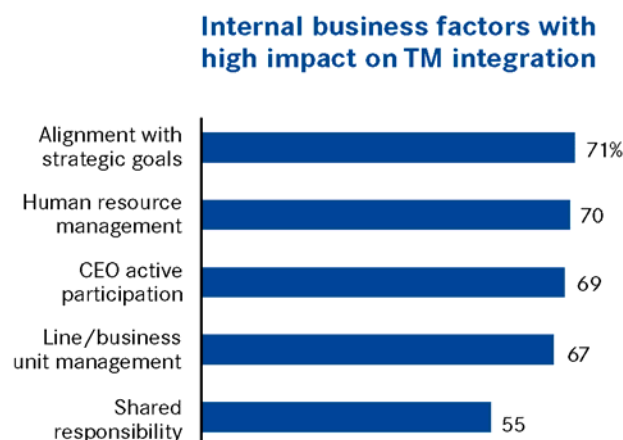
These two examples show us that by reframing thinking – by leading with Talent goals and by operating with a Talent Mindset, Diversity objectives can be attained.

Other Benefits for Diversity

Diversity is not only still struggling to get on the corporate agenda, but it is also still struggling to get some mind share from leadership. Talent Management has already achieved that. That’s another reason to link Diversity to Talent Management – to get on the CEO agenda.

Talent is top of mind for leaders today, in the public and private sectors alike. Virtually all studies of top management cite talent-related issues as critical to the business. The Conference Board study was no different. In fact, the Society for Organizational Learning recently defined a current leadership challenge as “adapting the organization and leadership to the diversity, pace, uncertainty and speed of the external environment...” Key elements cited include; “multi-cultural sensitivity, appreciation, diversity and adaptability, related to the increased global nature of work and companies.”

The Conference Board study showed that CEOs are actively engaged in talent-related initiatives. In many cases, even Boards of Directors are involved. Whereas Diversity has still struggled with getting general managers involved, aligning Diversity with Talent Management opens the door for much more involvement. Additionally, that involvement will take the shape of more than just participation in programs – it will take the shape of ownership and accountability. Because that is what’s happening in the world of Talent Management.



(Source: Integrated and Integrative Talent Management, The Conference Board, 2004)

Diversity has already been striving to become integrated – across its initiatives and across the organization. It just has yet to do so the way that Talent Management does. Since Diversity includes recruitment and retention, as well as professional development, many of its initiatives relate well to the eight categories of initiatives that fall within Talent Management. Additionally, leadership/high potential development should take Diversity into consideration, as should Workforce Planning. The suggestion that Diversity and Talent Management has much in common is hardly news, or even a stretch.

However, the difference between the two is subtle yet critical. Diversity often remains in the category of an initiative or a program. Talent Management is already moving beyond that. Therefore, acknowledging the important relationship between Diversity and Talent Management is not meant to eliminate Diversity or to subsume it into Talent Management. It still deserves and needs a champion and often requires special attention even with a Recruitment or Retention effort. What this new view suggests, though, is that Diversity should look at the way Talent Management both integrates itself across the organization and integrates its various categories. That is what makes it both integrated and integrative. That is why Talent Management may hold the key to Diversity success.

Diversity leaders would do well to start thinking more like Talent Managers, integrating initiatives and meeting with their Talent Management partners. For Diversity to finally and fully achieve its objectives, it needs a range of champions, but not just HR or Diversity Directors. It needs the full support of the organization, which Talent Management is already getting. There is a great deal to be learned from how Talent Management is doing that, and a lot of potential benefit from making sure that Diversity is closely aligned to this rapidly emerging and significant new area. Many of those organizations that employ Talent Management are already embedding the thinking and behavior that embodies Diversity throughout their organizations. Perhaps that’s where our next group of Best Practices will come!

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Lynne has been selected as a Learning Team leader at Linkage’s 5th annual [Summit on Leading Diversity](#) (April 26-29, 2004; Atlanta, GA). As the nation’s premiere diversity event, the *Summit on Leading Diversity* plays an integral role in creating and sustaining inclusive work environments that mirror the demographic makeup of this country. This event will showcase a collection of the most vital tools, strategies, and best-practices available in the diversity field. This event is tasked with the mission of mainstreaming diversity by taking the work out of the silos. The Summit positions practitioners as strategic influencers capable of transcending human resource management. Representing a one-of-a-kind community of practice, this year features inspirational and thought-provoking keynote addresses from Sugar Ray Leonard, Naomi Tutu, Ray Suarez, and Frank Wu, to name a few. For details on the 2004 Summit on Leading Diversity click here: http://www.linkageinc.com/conferences/hr/leading_diversity/default.shtml.

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