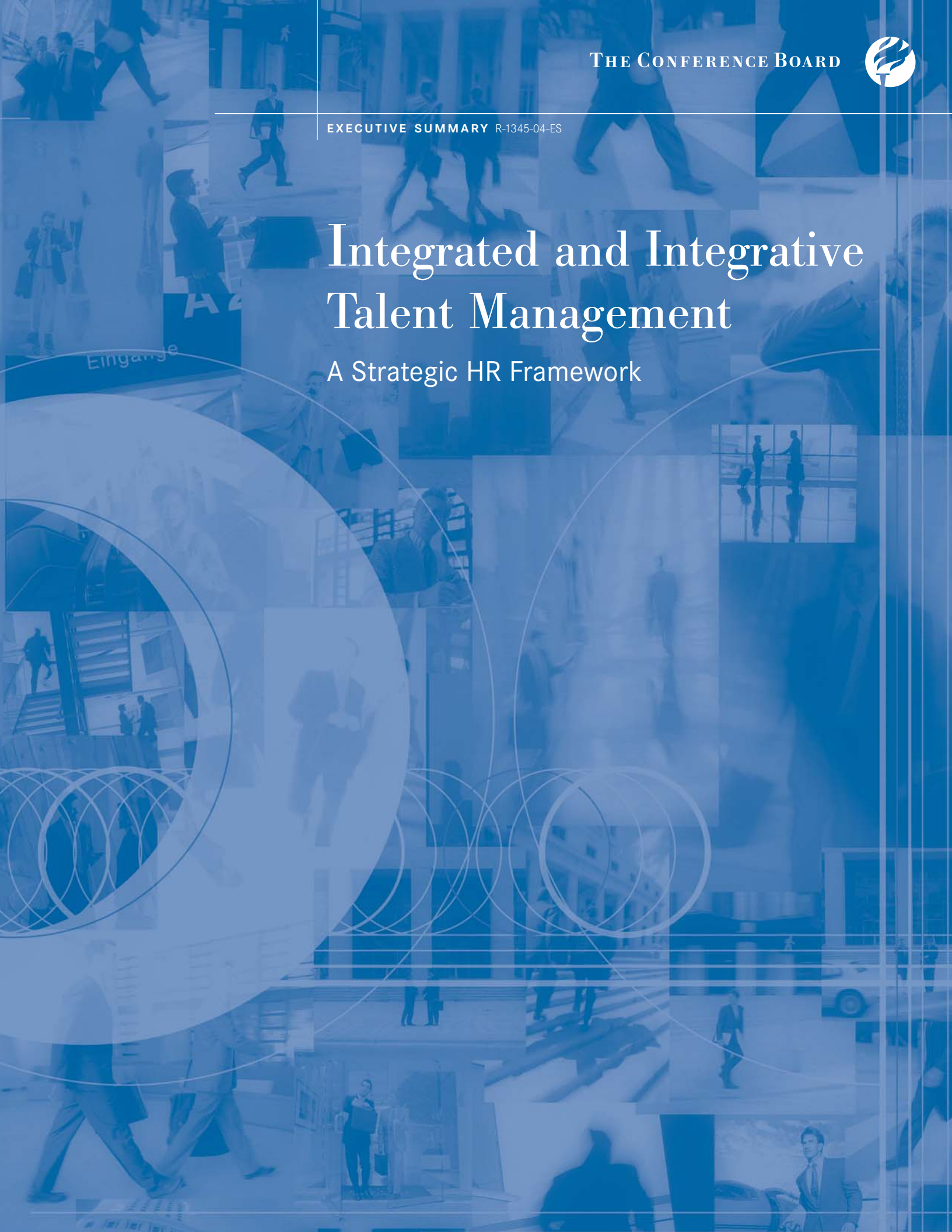




EXECUTIVE SUMMARY R-1345-04-ES

Integrated and Integrative Talent Management

A Strategic HR Framework



THIS EXECUTIVE SUMMARY is based on The Conference Board's *Integrated and Integrative Talent Management: A Strategic HR Framework* Research Report. Unlike other studies that have looked at specific aspects of talent management, such as leadership development, succession planning, or recruitment/retention practices, this report explores a richer view of the initiatives that fall under talent management.

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Based on interviews and survey responses from more than 75 executives, this report looks at those initiatives from the standpoint of their integration and the findings shed new light on ways that companies can manage their talent needs and potential. The combination of qualitative and quantitative data help shape a better understanding of the rich mosaic that composes integrated talent management.

Full Research Report contents. . .

Integrated and Integrative Talent Management: A Strategic HR Framework by Lynne Morton

Key Findings

Framing the Issue

The "Picture" of Integrated Talent Management

Achieving TM Integration: Common and Distinct Approaches

The Maturity Model of Integrated Talent Management

Strategic Considerations for Action

Case Studies

Hewlett-Packard Company

Delta Air Lines

Medtronic, Inc.

PepsiCo, Inc.

Synovus Financial Corp.

The Goldman Sachs Group, Inc.

Johnson & Johnson

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Integrated and Integrative Talent Management

A Strategic HR Framework

“Talent management” (TM) is a phrase that is becoming more popular and prevalent in organizations. Its meaning, however, is still somewhat fuzzy. TM is acknowledged as more than just recruitment and retention. Some organizations think of leadership or high potential work as talent management. But talent management feels like it should be more than just a series of initiatives. It is also how they fit together.

Framing the Issue

The complexity of talent management requires establishing some baseline definitions:

Talent Individuals who have the capability to make a significant difference to the current and future performance of the company.

Integration How discrete TM initiatives fit together to create a more powerful approach (as opposed to how individual initiatives are dispersed throughout an organization).

With these definitions, we were able to explore the complexity of talent management and determine ways that TM efforts can be most effective. We also separated talent management into eight categories of initiatives comprising several individual programs.

This distinction allows a holistic view—one that is long term and continuous—that more fully addresses the aspects of TM that are most important to business leaders. Other Conference Board research shows that there are

Components of talent management

<i>Recruitment</i>	<i>Retention</i>	<i>Professional development</i>	<i>Leadership/ High potential development</i>	<i>Performance management</i>	<i>Feedback/ measurement</i>	<i>Workforce planning</i>	<i>Culture</i>
College recruitment	Specific efforts	Professional development systems	Stretch and short-term/ special assignments	Competency profiles	Exit interviews	Forecasting of talent needs and demand	Corporate values
Experienced hires	Total rewards	Assessment centers	High potential development	Performance management systems	Regular employee surveys	Talent skills development	Flexible workplace
On-boarding		Learning and training	Executive coaching	Reward/ recognition programs	Balanced Scorecard™		Diversity programs
			Cross-functional and international opportunities				Internal communications

many business leaders, including CEOs, who are looking toward the future and see its meaning in their talent.¹

This study aims to add to the body of knowledge on talent management by seeking the answers to the following critical questions:

- What does TM integration look like?
- How are companies doing it?
- What comprises a “mature” integrated TM organization?

Wider Involvement in Integration

Respondents overwhelmingly indicate (72 percent) that their boards of directors take a direct interest in talent management integration. They also responded that senior management is very involved in the entire process—from accountability for integration to the result stage. The positive responses in both areas attest to the perceived importance of TM integration.

In addition, the entire leadership team’s involvement is increasing. Although HR still shoulders the lion’s share of integration accountability (66 percent), 52 percent of respondents report that the entire leadership team is held accountable for TM results.

Accountability for talent management

	Integration	Results
Entire leadership team	30%	52%
Human resources	66	45
Line/business unit management	5	3

¹ David Dell and Jack Hickey, *Sustaining the Talent Quest: Getting and Keeping the Best People in Volatile Times*, Research Report 1318, The Conference Board, 2002; Anne Barrett and John Beeson, *Developing Leaders for 2010*, Research Report 1315, 2002, The Conference Board; and Esther Rudis, *The CEO Challenge 2003*, Research Report 1337, The Conference Board, 2003.

The “Picture” of Integrated Talent Management

The large body of writing and research around strategic HR issues includes much about various aspects of talent management, yet they do not present a definition or picture of TM integration.

One of this study’s prime objectives is to develop that picture so corporate management has some clarity and common understanding. The picture aligns well with what the HR Planning Society (HRPS) found to be the compelling issues for HR executives in 2001:²

- Staffing and recruiting
- Retaining talent
- Leadership development
- Performance management
- Building culture

Since nearly two-thirds of the survey respondents viewed their use of the categories of initiatives as an “integrated system,” their responses give us a valid picture of TM integration. Additionally, all interviewed companies say their approaches are integrated or that they are striving to be integrated. Thus, we can present a picture of TM integration because it is happening.

The “picture” of TM integration



Least to Most integrated initiatives
(scale is average of Comprehensive/defined and Integrated phases)

² William Macaux and Heli Peekna, *Report to the HRPS: Summary of Interviews with HR Executives*, 2001.

However, the picture is not entirely clear since not all the categories of initiatives are integrated equally or equally well. Although we did not set out to examine discrete categories of initiatives, these variances required us to look at the data from multiple perspectives.

In the survey, respondents were asked to describe their use of the categories of initiatives in these terms:

Consistent/repeatable Some process is in place, enough so that the work is done in the same way regularly and consistently.

Comprehensive/defined The process is fully developed and documented, with those using it trained or mentored to ensure that the approach is followed. It implies rigor.

Integrated Connections are made to all the critically related aspects of the organization. It is the highest state.

Integration can take place across initiatives or with various aspects of the organization. This study looks for the connections across initiatives while also probing for connections within the organization.

Initiatives Most Frequently Cited as Integrated

The categories of initiatives most frequently cited in the survey and interviews as “integrated” are:

- performance management;
- recruitment; and
- leadership/high potential development.

Recruitment is the obvious starting point and the one that starts the trail of integration based on organizational needs. Performance management follows the needs of both the individuals and the organizations and is used to align both. Since “talent” for the purposes of this report is viewed as “top of the house” rather than the entire workforce, leadership/high potential initiatives also are critical to all TM integration.³

Methods of integration

Processes: For work to be consistent, repeatable, and sustainable, it needs the rigor of a documented process.

Management: TM management is a collaborative effort. It includes individuals with leadership responsibility specifically for talent management, individuals on corporate staffs whose role is to establish synergies and leverage across TM initiatives, and individuals who lead teams that coordinate TM.

Achieving TM Integration: Common and Distinct Approaches

No matter how one measures a company’s demographics—whether by sales size, primary industry, or number of full-time employees—TM integration is taking place everywhere. All survey participants, regardless of demographics, use all eight categories of initiatives.

Initiatives and sales size The importance of talent initiatives varies somewhat by type of primary industry and the size (in terms of sales) of a company. Leadership/high potential development seems to be much more important to companies with higher sales volumes.

Initiatives and primary industry Financial services firms, for example, are relationship-driven organizations, so they tend to have stronger “personalities”(individuals) and cultures (organizational personalities plus values) than do manufacturing organizations. Talent both embodies and enhances that culture.

Initiatives and full-time employees While there are no significant variances relative to overall TM integration, there are a few variances when looking at specific categories of initiatives. For example, companies with between 10,000 and 25,000 full-time employees are significantly less mature at integrating culture.

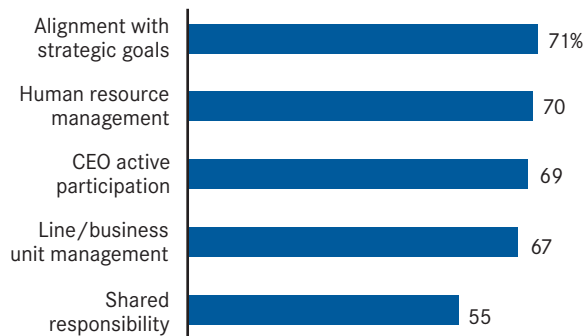
The length of time that companies have been involved in TM integration does not appear to determine effectiveness.

³ Initial discussions with working group member companies yielded a very egalitarian view of talent, mentioned earlier: “individuals who have the capability to make a significant difference to the current and future performance of the company.” However, subsequent discussions revealed that corporate behavior still focuses on top talent or follows the 80/20 rule. All the companies agree that TM takes a long horizon view, but the majority focuses efforts at the senior levels. Only IBM had a slightly different and more robust view. It considers its entire employee population within the TM scope. Although focus is on developing leaders, it has a NextGen Initiative as well as technology platforms that enable self-directed development and learning for all.

What Makes TM Integration Work

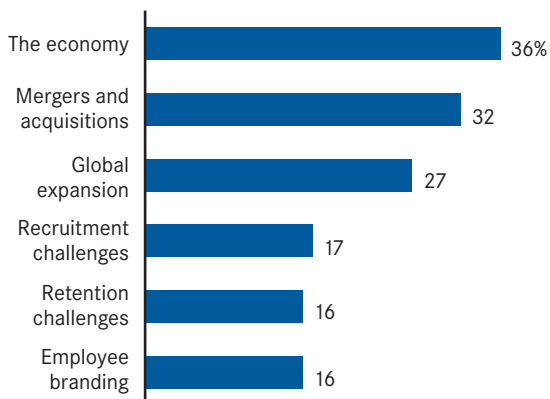
Internal business factors These high-impact internal factors point to collective involvement. HR is still retaining the management role for the structure, development, and implementation of the various initiatives, but it is no longer alone. The CEO’s active participation is nearly equally important.

Internal business factors with high impact on TM integration



External business factors There are few surprises among external business factors. For example, the economy has affected all aspects of business, and TM is not exempt. In addition, merger and acquisition activity, which was so aggressive in the '90s, continues, albeit at a less active pace.

External business factors with high impact on TM integration



Cohesive Elements of Integration

What holds initiatives together? During in-depth interviews, we probed for a sense of what was the “glue” of integration. Answers, which were subjective and varied by industry, include:

- CEO involvement;
- culture; and
- shared accountability.

The Maturity Model of Integrated Talent Management

The companion piece to the “picture” of integrated TM is the maturity model. There are three ways to think about maturity:

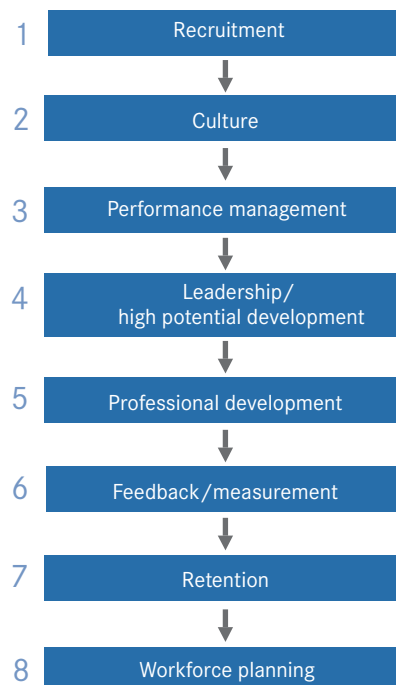
Duration: A greater length of time implies that refinements have been made to reflect errors or problems.

Method: There are varying levels of sophistication and effectiveness of actions, ranging from “ad hoc” to “comprehensive.”

Significance: Doing the “right” thing is more important than just doing “something.”

Incorporating all three views, the categories of initiatives are ordered into a “roadmap” to maturity. This version

Revised order of implementation The roadmap to maturity



parallels what emerged in the “picture” of TM integration. It is a richer look at the four categories of initiatives in the “picture” in terms of additional aspects of their individual maturity. This view shows the demographic variances. Without further study, however, it can’t tell us why these variances exist.

Inhibitors to TM integration

As a last cross-reference to the roadmap, there are factors that relate to the settings of TM integration. These incorporate some of the critical success factors and include inhibitors and articulated needs for getting to the next level.

Inhibitors include:

- silos;
- decentralization;
- poor communications;
- lack of perceived value; and
- lack of supporting technology.

Strategic Considerations for Action

Not only is TM integration possible, but it is also worth doing. Our study results present a compelling business case for TM integration.

TM integration benefits

Among the less quantifiable benefits that emerged from the interview discussions and the survey itself include:

- breaking down silos or barriers;
- creating more opportunity for HR to collaborate with business leaders, as well as to facilitate collaboration across various business units;
- providing richer developmental opportunities and career management at various levels in the organization; and
- increasing employee engagement and satisfaction.

Potential actions to ensure successful integration

This first full look at an integrated talent management model opens the door to many additional options for both action and reflection.

Start strategically with whatever will get the most people engaged in the process at the outset.

Develop alignment at many levels, including (among others) working with business unit leaders, regional or divisional HR people, and employees from different sides of the business.

Know your culture and adapt TM for those values and top management priorities. “One size fits all” does not apply to TM integration.

Share management and accountability as a way to embed the TM mindset in the organization. The more people included, the more champions there are for TM business impact and role models for the TM mindset.

Strive for increased, phased rigor. The complexity of TM integration requires the building-block approach.

Anticipate and plan for benefits to affect diverse participants. TM integration benefits anyone who is deemed to be “talent,” but it also benefits a wide range of others who are touched by the initiatives or who work at implementing them.

Concluding Thoughts

Talent management, integrated and integrative, holds great promise for organizations and for HR itself. The findings and lessons from this research study should mark the starting point in what is sure to become a rich body of knowledge around this emerging area. As more companies get involved and reap the increasing benefits of TM, there will be an even clearer definition of TM’s vision and a sharper picture of what it is.