

A large, stylized blue chevron graphic pointing to the right, with the text "High performance. Delivered." centered within it.

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Talent Management Strategies: Seizing Opportunities to Outperform Podcast Transcript

The Accenture High Performance Business Podcast Series

Speakers:
managing director, Talent & Organization Performance, Accenture, Peter Cheese;
managing director, Talent Management, Accenture, Cathy Farley

Talent management strategies are a top priority in any economy, but especially so in times of economic challenge. How do high-performance businesses ensure

successful workforce planning today?

Hello, I'm Paul Bushet. In this podcast, "Talent Management Strategies", we feature an interview with two Accenture executives focused on workforce planning: Peter Cheese, managing director, Talent & Organization Performance; and Cathy Farley, managing director, Talent Management. We will discuss how companies can think more strategically about attracting and retaining talent in a climate of increased cost-cutting.

Peter, let's begin with you. How would you summarize the talent challenge today?

Peter Cheese: The talent challenge today has grown and changed shape again. And I say again because over the last several years we have been observing the talent challenge growing in its importance in top executives' minds as the forces of globalization take effect and organizations seek to expand their businesses into new territories and new markets as we've seen the changing workforce demographics taking hold;

things like the generational expectations of Gen Y, aging workforces, and then the whole agenda around new skills and the knowledge economy and how in every market, both developing and developed, we are continually challenged by the need for particular skills and often rapidly changing skills.

So my first observation always on this is that those sorts of trends have been driving the issues of talent, attracting, retaining, defining the talent that you need, to very much the top of the strategic and corporate agenda of the last several years. And now, of course, we find ourselves in an economic recession and interestingly the first reaction to that was "Oh good, the war for talent was over because I don't need to recruit any more and I'm not losing my people" because people are staying put. But that has very quickly moved on into what people now see as a whole set of new realities and that the forces that were shaping their thinking around talent before have not gone away but there are some new issues on the table now, particularly around things like how do I right-size my workforce? How do I be sure I've got the people I need for when the market does improve? How I retain engagement in my workforce in very tough times? And issues of that nature. But, as they all still in this big context of the challenge and the longer-term challenge of finding and attracting and retaining the skills I need to fulfill my business strategy.

Peter, thank you for that and given what you said, what are some of the things executives can be doing to manage their talent more effectively while also, as you say, keeping an eye out for opportunities when the recession fog begins to lift?

Peter Cheese: Well, perhaps I can summarize a few quick points. I mean the first is and I think we've heard this language in a lot of places is that this is actually a very good opportunity for organizations to think differently about talent. And it's not just about talent, but other dimensions of the organization such as culture and operating models and this phrase of "don't let a good crisis go to

waste."

I think it's very pertinent in this space because often these sorts of issues, the topics although I said they're very important, they're also quite tough things to address and they're quite strategic. And when everything's going swimmingly then they don't always come to the top of the agenda.

So, now we have a real business imperative in the short term, as well as the longer term, to address some of these concerns. So, first of all I think you know, the things that we need to be clear on is what are the skills and capabilities of the workforce? How are people performing? And what am I going to need in the future? And those are still the questions we've had before the recession and I think they're absolutely questions that you need now, because if you do not understand the basics of your workforce, the demographics of it, the performance of the different people, the kind of skills that you have and that you are going to need in the future then you're not in a very good spot to reduce your workforce if that's what you need to do to react to the current recession and you're certainly not in a good place to be able to think about and where are my gaps, or what do I need to grow in the future. So, I think it comes back to, first and foremost, a strategic understanding of your workforce; what you have today and what are you going to need in the future, what are my critical roles; and so on. So that, I think remains one of the biggest challenges because many organizations still struggle with that understanding.

Cathy, as the Talent Management lead for Accenture, what are you recommending to your clients as to ways they can acquire qualified talent, and then develop them and retain them during these challenging times?

Catherine Farley: Let me touch briefly on both the areas that you're talking about, talent acquisition as well as talent development. To the first point, certainly any organization's recruiting engine

slows down during a recession, but smart companies never really turn off that engine altogether. Companies that completely shut down a key source like university recruiting, for example, cannot expect to restore it to full strength overnight. We've in fact seen cases where it has taken years for some companies to reestablish a campus recruiting foothold. A recession is also a time to keep an eye out for skilled workers who in good times may have been too difficult or even too expensive to attract but are now available because of workforce reductions in other companies. There have been some famous instances of companies building themselves using that very tactic. In fact Hewlett-Packard, for example, hired its greatest generation of engineers as they were being laid off from the government labs after World War II.

Now you also asked about talent development. In terms of talent development a couple of things need to be emphasized. One is the importance of re-skilling and redeploying talent where it's needed and when it's necessary. If workforce analysis finds exceptional performers are in jobs that need to be eliminated, then it becomes very important to know how to retrain and to retain those performers by matching them with more strategic jobs. A second point has to do with how companies can continue to make investments in talent development and support. We all know that training budgets are traditionally one of the first to get cut during challenging times. But those cuts have an effect on employee morale and they can make it harder for companies to recover when the economy turns around. So we think this is actually a chance for companies to make some smart investments in many of the new ways of learning and sharing knowledge. Web 2.0 technologies can have a huge impact on how people connect and how they learn, and at a lower delivery costs. So when almost every organization is cutting back on internal expenses, collaboration tools and Web 2.0 communication approaches actually represent a real opportunity to keep people connected and engaged.

Cathy, Peter mentioned earlier a method by which companies can strategically assess the roles and performers in their organizations – something that might help them move beyond wholesale workforce reductions. Can you tell us a little more about that?

Catherine Farley: One of the common mistakes that companies make during a recession is to confuse eliminating jobs with eliminating costs. Instead of across-the-board headcount reductions, what companies really need to think about is a more comprehensive approach to workforce reductions that does not impair workforce quality. To do that, you really need to be able to analyze the different roles within your workforce and this can be done by carrying out what we call a Strategic Role Assessment. The purpose of a Strategic Role Assessment is to identify strategic talent – those individuals who are top performers relative to their peers and who perform roles that directly support the organization's strategic goals. What happens when we perform this type of assessment is that we look at the entire workforce function by function and business area by business area, and then we evaluate people on two dimensions: by their performance and then according to how strategically important their role is. This kind of analysis enables organizations to become more informed about how they invest in their workforce.

Most organizations today waste some portion of their payroll budget by failing to set salary levels properly. Too much money is really paid to the wrong people and too little to the ones whose contributions are mission-critical. With the Strategic Role Assessment approach, roles can be clearly segmented and reward decisions can then be made on a more transparent and equitable basis. The payoff from a Strategic Role Assessment can be significant. We've seen between 6 percent and 10 percent of total payroll costs over a one- or two-year period.

So, Peter what closing thoughts do you have for us about managing talent effectively in these challenging times?

Peter Cheese: I think you know that we've covered a number of dimensions and this is, of course, one of the challenges for organizations is there are a lot of different dimensions in all of this. But, equally I think for us as we work with our clients, it indicates the breadth of opportunity. And if we start with this notion that what we're trying to do is to get a much more strategic context and framework for our client to think about their organizations, about their culture, about their talents and skills and capabilities, the critical roles they're trying to fulfill in the future, aligning that to their business strategy and then using workforce planning type approaches to model what they're going to need in the future. And then driving that into this series of ideas around talent sourcing and talent development is very critical levers, obviously, of building the capabilities that we need. Then I think the other things that I would just quickly touch on, which are very important to the story as well, are around the assessment of people, the performance management approach their organizations take.

And the element that runs through so much of this is not just about top management and their capabilities to kind of think these things through and come up with the strategic plans and insight, it is about how you make truly mature talent management practice work throughout the organization by building the capability and responsibility for people development at every level of the organization. And, again, I think it is very true in my experience that few organizations do this stuff well. So, to imbue these talent practices, yes, HR is there to enable it, but HR doesn't do it. The people that do these things do the performance management, give the

career guidance and coaching, provide the right role models to their employees, all those sorts of things are fundamentally the line managers from first line supervisory management, all the way through to the C-suite. And building that core leadership capability around people development, I think, is one of, again, the very missed parts of what we've done with organizations in the past. And what I'm convinced is going to be one of the standout capabilities, if you will, of organizations in the future.

So, that would be my sort of closing thoughts on it, but it is as we said a really, really critical time now for organizations to look at all of this stuff. Because if they don't and they don't pay proper attention to these things now, they're going to find themselves in a very bad place as the markets begin to improve because their talent will start to leave them, they will lose the engagement of their workforce; they will find it even harder to attract and retain in the future.

This concludes our Accenture podcast. We thank you for listening. For more information about Accenture's research and experience helping organizations achieve high performance, visit our High Performance Business Podcast Series