A Framework for Implementing World-Class Talent Management

The highest performing businesses are re-focusing on talent management

The highest performing businesses are re-focusing on talent management. Here's how.

As the world emerges from global recession, the talent management challenges that enterprises face are dramatically different from even a few years ago. In the U.S., relatively high unemployment contrasts with unprecedented labor shortages. According to Manpower, more than 52% of employers in the U.S. can't fill open jobs—yet millions remain out of work. Companies are importing manufacturing talent to work in factories even as IT jobs are heading offshore. Workers are holding jobs for less time than in the past and employee churn in 2012 is estimated to have cost employers a whopping $2.1 trillion.

All of these talent constraints are undoubtedly hurting growth and profitability. When organizations can't fill their ranks with the right people, they can't move the business forward.

In this environment, it's more important than ever to refocus the role of HR on talent management. Here's a framework for rethinking HR's talent management practices and processes.

Start with the business strategy

Many HR organizations start from their own goals. But if those goals aren't anchored to a larger company-wide strategy, they might not be focused on the right things. This backward approach is surprisingly common: Only 15 percent of HR time is spent on strategic activities, while 71 percent is still spent on service delivery, record-keeping, compliance, and internal management.

To better align HR strategy with business strategy, ask these questions:

- What is the business committed to delivering?
- How can *people* help deliver on that commitment?
- To deliver on that commitment, how many people do you need? What kind of people? Which roles are the most critical to fill?

Evaluate where you are

It's critical to have a goal—but you also need to know how far you are from reaching it. That's why, once you've identified the business goals that will guide you, you need to take stock of your current situation.

Ask these questions:

- What's your current talent landscape? Look at the strength of your bench for key jobs. Examine skill gaps, performance gaps, and leadership capabilities.

- Have you identified your succession pool (those who will be ready for promotion in 1 – 3 years) and your development pool (those who will be ready for promotion in 3 – 5+ years)? How prepared are they? What can you do to improve them?

Choose a "build" or "buy" strategy

Your evaluation will lead you to a critical decision: whether to pursue a "build" or "buy" strategy—in other words, whether to groom in-house talent to fill gaps or to hire from outside the organization. The ideal strategy for your organization depends on what's most important. What's

important also dictates what you should do to close the skills and performance gaps that you've identified.

Start to close the gaps

Now that you understand your talent baseline, the next step is to start closing the gaps between where you are and where you need to be.

	Build	**Buy**
Best for organizations focused on:	- Retention and stability - Legacy knowledge - Moving people through the bench - Finding the right solution, no matter how long it takes	- Speed - Unique skills/talents - How to overcome a thin or empty bench - Need for fresh perspectives
How to overcome gaps:	- Development planning - Succession management - Designing roles for development assignments - Assessment - L&D interventions - Coaching and mentoring - Performance management	- Identify the most critical capabilities that require an external infusion of talent - Faster onboarding to shorten the learning curve

Develop a strong on-boarding program

In either strategy, good on-boarding has a lasting impact on retention. In a recent Aberdeen survey, 96% of first-year employees were retained in companies that connected on-boarding and performance compared to only 18% in organizations where that connection was missing. Further, 82% of employees met their performance milestones when there was an on-boarding-to-performance connection compared to 3% in organizations where there was none.

Focus on performance management

Understand the effect that performance management has on retention. Performance processes that have actionable outcomes drive talent retention. Performance reviews need to be directly aligned with compensation and development plans in order for the individual to recognize the relative value of the contribution. When performance reviews are aligned with compensation, the talent is rewarded. When reviews identify performance gaps and are aligned with development plans, the talent is nurtured. Companies that regularly talk to employees about progress and performance outperform companies that don't.

Now that the global economy has made workers harder to attract, develop, and retain, HR is more important than ever and needs to focus on talent management. For more information on how to refocus your team on managing talent,
visit www.oracle.com/hcm.

ORACLE®

Oracle Corporation

World Headquarters

500 Oracle Parkway

Redwood Shores, CA 94065

U.S.A.

Worldwide Inquiries:

Phone: +1.650.506.7000

Fax: +1.650.506.7200

oracle.com

Oracle is committed to developing practices and products that help protect the environment

Hardware and Software, Engineered to Work Together