

Talent management: growing good people and focusing their efforts on doing the things which really matter



Morgan Law lunch,
September 2009

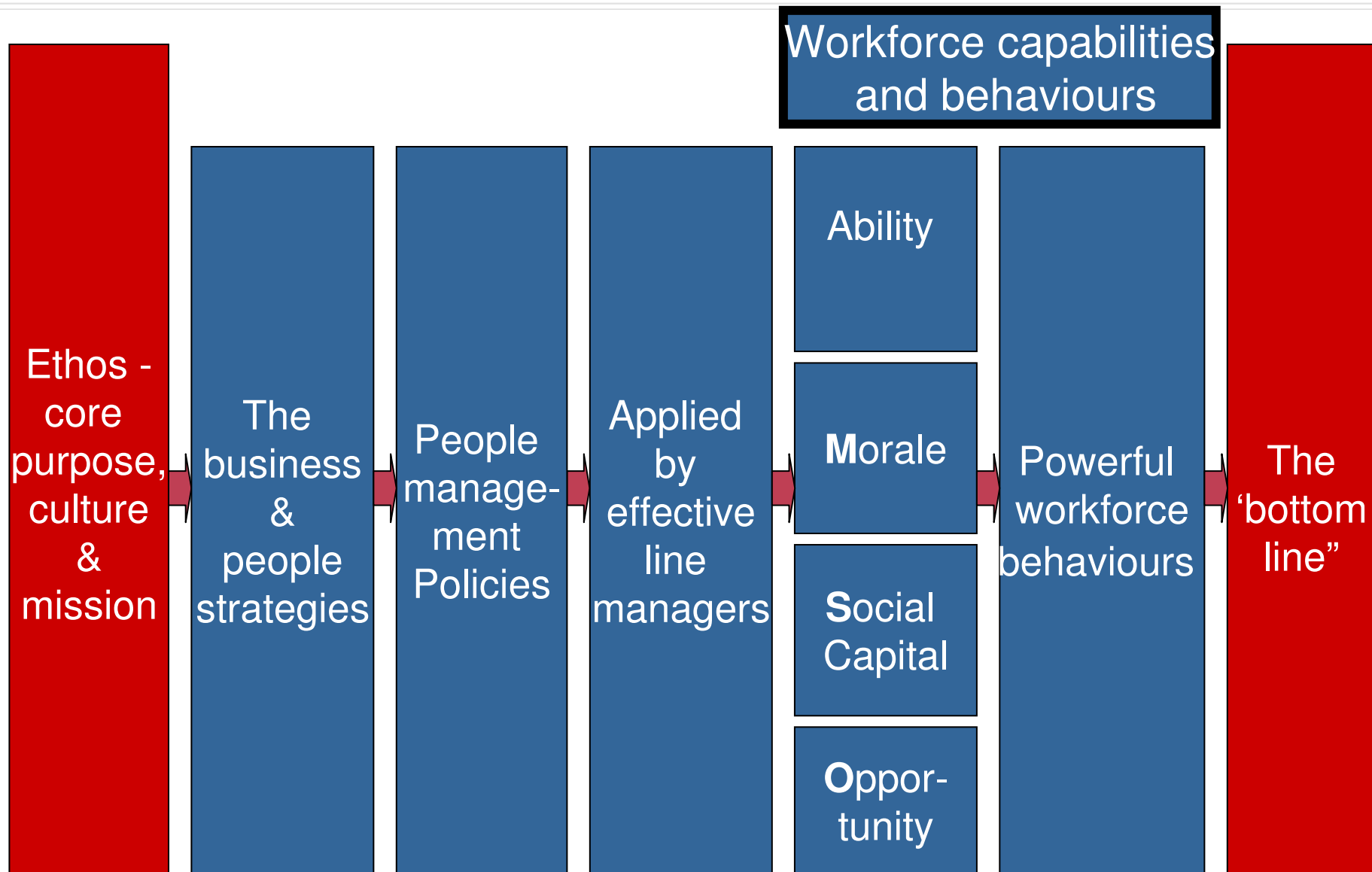
Anthony Stanton: speaker profile

- ❑ A background in HR and general management.
- ❑ Led HR in organisations employing from 600 to 11,000 staff.
- ❑ A consultant, coach and speaker and on how to drive the bottom line through great people management.

The impact of people management on organisational success

- ❑ UK manufacturing companies. Well managed workforces were 29% more productive, with 17% better profitability. (Patterson et al 1997)
- ❑ U.S companies. Good people management generates a 24% increase in market value. (Becker and Huselid 2006)
- ❑ UK hospitals. Good people management correlated with 7.6% reduction in in-patient mortality. (West et al 2006)

The people management value chain



The Policy Arrow

Core purpose and values, culture and strategy.

Leadership style.

Design of work and jobs.

Recruitment, selection, induction and probation.

Performance management.

Learning and development.

Recognition and reward.

Career and succession planning.

Employee communication.

Employee involvement in decision making.

Employee well being.

The vital role of line managers

- o *“90% of people management is delivered by line managers.”* Greg Aitken, Royal Bank of Scotland.
- o *“80% of staff turnover can be traced to unsatisfactory relationships with the boss.”*
Gallup.
- o *“My line manager is the prism through which I see my organisation”* Vicky Wright, immediate past CIPD President.

Powerful Workforce Behaviours

- Low absence
- Low unwanted turnover
- High effort and enthusiasm
- Good quality work
- An appropriate level of innovation

= Good Labour Productivity.



The private sector: the 'for profit' bottom line

The right products or services



Satisfied and loyal consumers.



Strong consumer demand.

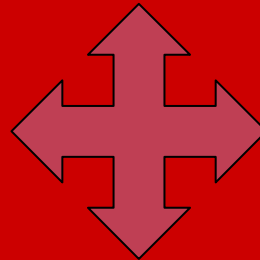


Profit target met.

'Not for Profit' Bottom Line

The right products or services
(in terms of innovation, quality, cost.)

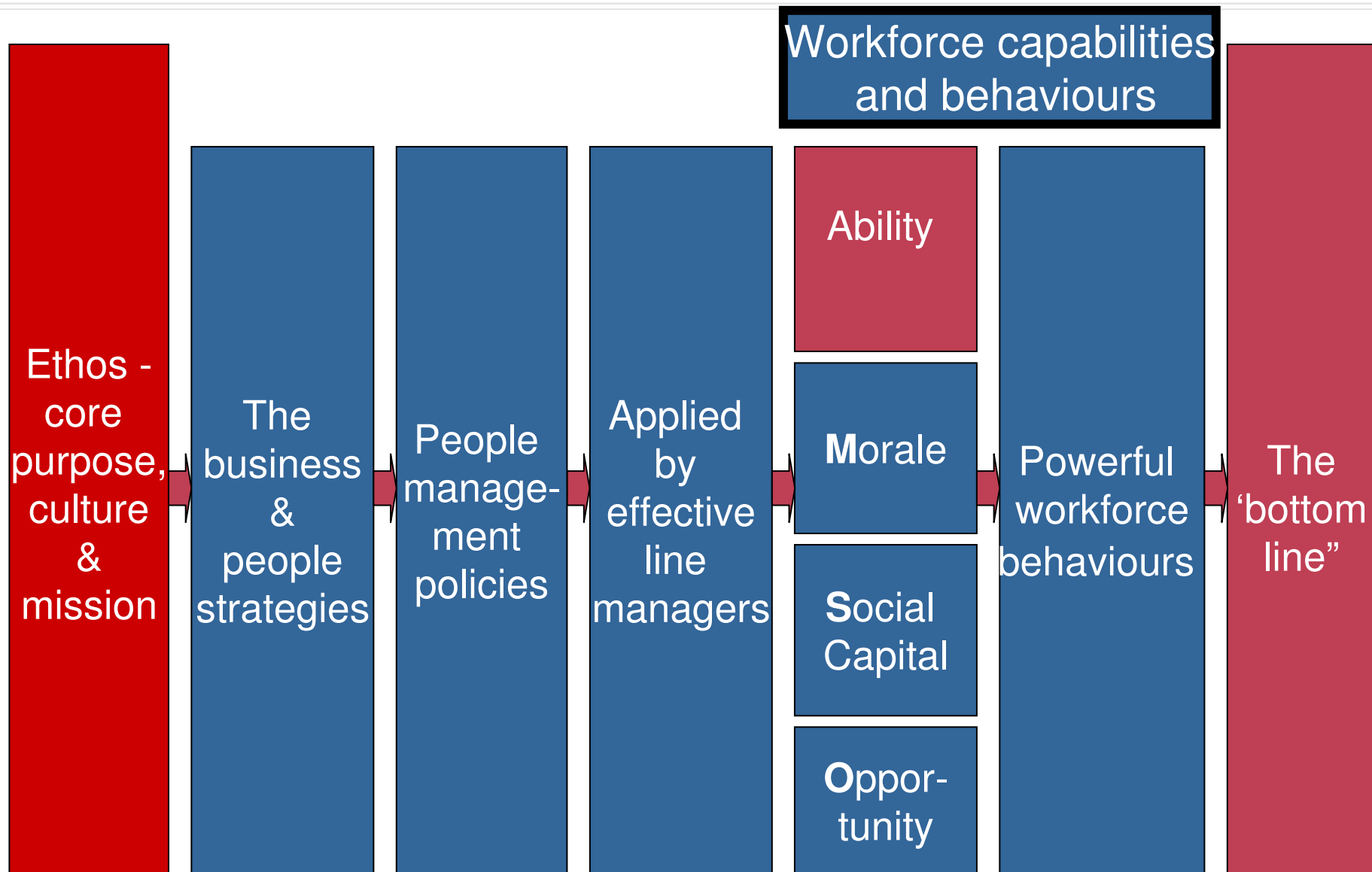
**Satisfied and loyal
consumers.**



**Strong public
reputation.**

Financial targets met

The people management value chain



What are 'talent' and 'talent management'?

'Talent' – the right number of people with the right knowledge, skills, abilities and personality, who are excited about doing the right things. ????

'Talent management' selects, focuses, keeps and grows these able people.

A, B and C players

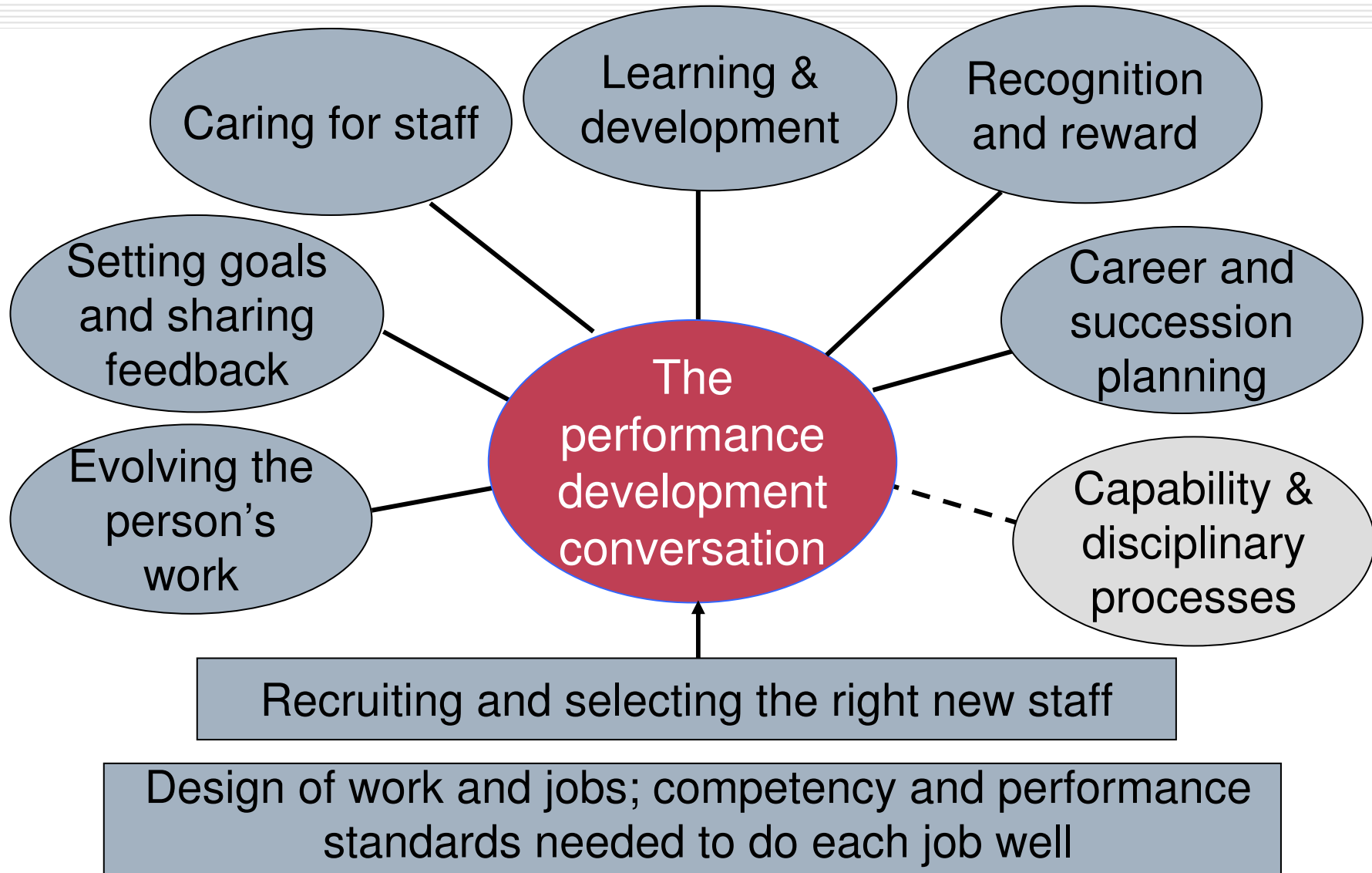
		Percentage of staff
A players	Highly competent and productive, with strong promotion potential.	Up to 20%
B players	Capable, steady performers who are probably doing what they do best right now.	Around 70%
C players	Not meeting target standards of competence and performance.	Around 10%

A, B and C players – the productivity gap

- 'A' players were twice as productive as 'B' players (McKinsey research, 1997)
- For management and professional workers, 'A' players were 119% more productive than 'C' players (research by Schmidt and Hunter 1998)

So growing and retaining 'A' players, and improving or exiting 'C' players, is **business critical** stuff.

The Talent Management Terrain



Reviewing the person's job

- Clarify the job role.
- Review the workload to make sure it's reasonable.
- Highlight the job's importance to delivering the organisation's mission and strategy.
- Evolve the job to develop new skills, improve processes and keep up with the organisation's needs.

Setting standards and goals

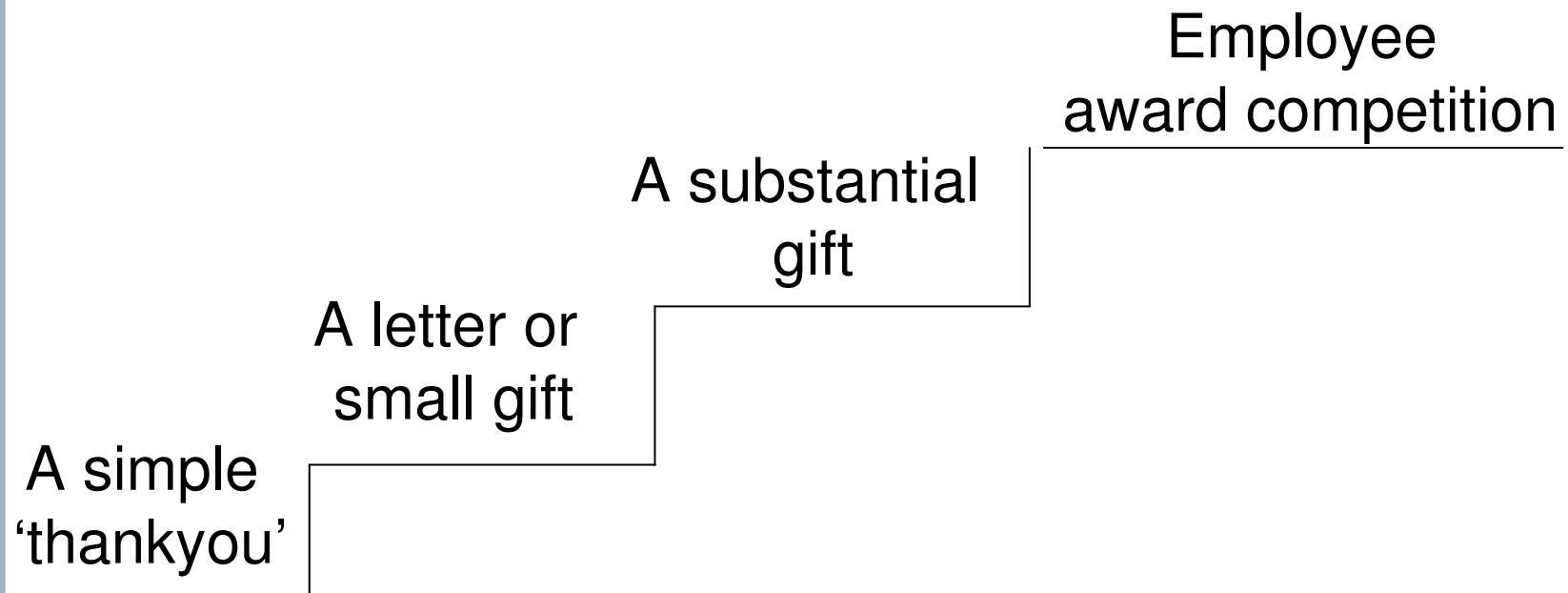
	College lecturer
Competency standards	<ul style="list-style-type: none"><input type="checkbox"/> Teaching skills.<input type="checkbox"/> Uses appropriate assessment methods to measure learning.<input type="checkbox"/> Maintains effective working relationships with colleagues and students.
Performance standards	<ul style="list-style-type: none"><input type="checkbox"/> Student satisfaction and retention<input type="checkbox"/> Student achievement results.
Performance objectives	Set up a new course. © Anthony Stanton Ltd 2009 www.anthonystanton.co.uk

Learning and development methods

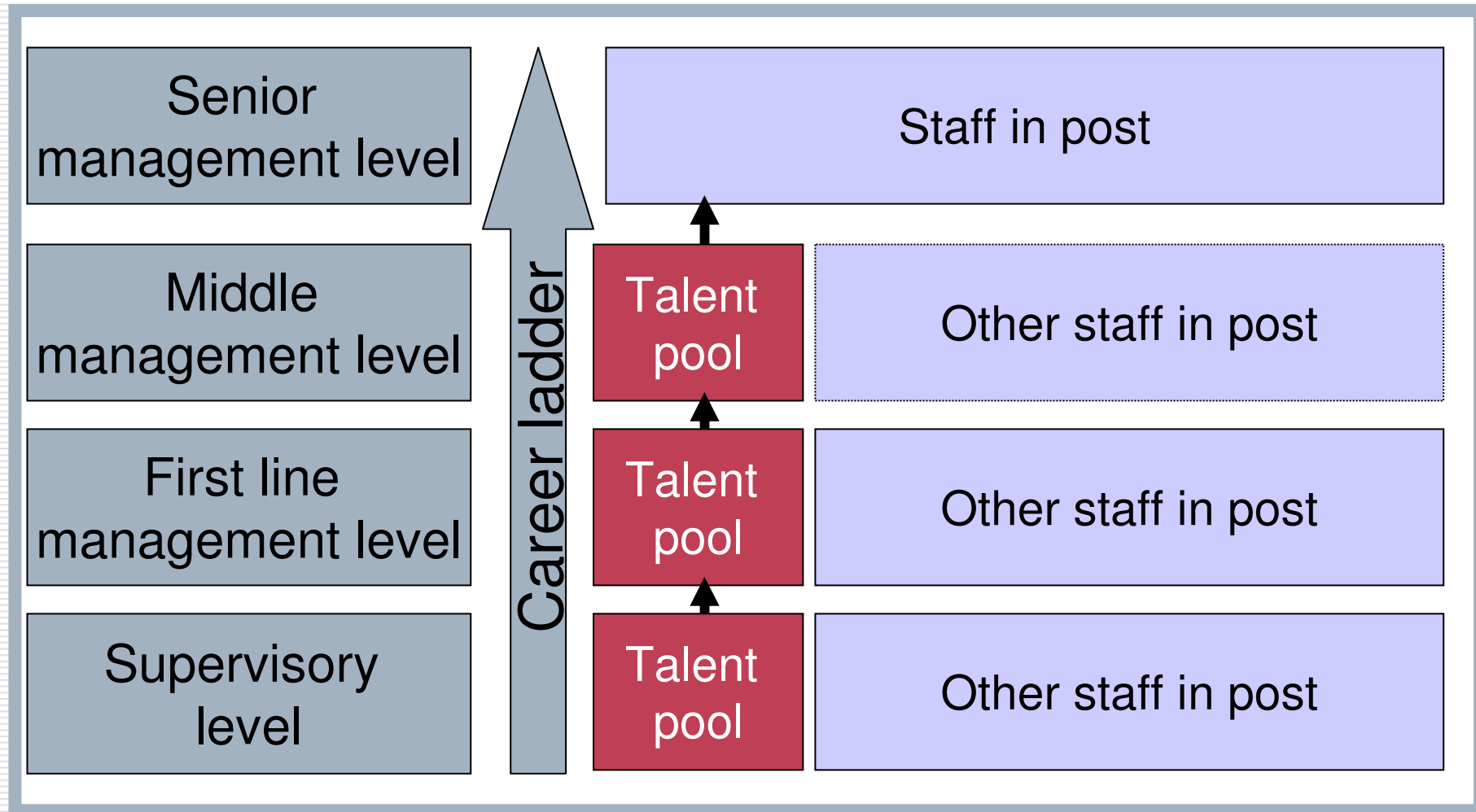
- Around $\frac{3}{4}$ of learning and development happens 'on the job'.
- So it's good to:
 - structure the person's work to enhance learning,
 - provide support for learning on the job.

Reverse of agenda.

Recognition



Talent pipeline for management staff



Dividing the workforce by investment level needed (adapted from Lepak and Snell 1999 and 2002)

High	<p>External alliance. The organisation links with an external partner in a long term alliance.</p>	<p>High investment ‘A’ positions. These staff are crucial to the success of the organisation and their skills and capabilities are in short supply in the labour market. The organisation seeks a long term relationship. E.g. loan officers in banks, R&D scientists.</p>
	<p>Cost containment ‘C’ positions. These workers have limited potential to drive the organisation’s success, and their skills are readily available on the open market. Some employers use agency and sub-contract labour here.</p>	<p>Moderate investment ‘B’ positions. These staff are important to the organisation’s success, but their skills are readily available on the open market. The organisation recruits them with the skills to do the job with little further training. E.g. accountants.</p>
	Low	High

Scarcity of the skillset in the labour market

Strategic value to the organisation

Dividing the workforce by performance development approach

Scarcity of the skillset in the labour market	High		High investment 'A' positions. Performance development focuses on the longer as well as the shorter term, covering job performance, skill development and succession planning. High investment.
	Low	Cost containment 'C' positions. Performance development focuses on short term job performance, to ensure that pre-set standards are met.	Moderate investment 'B' positions. Performance development focuses on shorter term job performance and skill development.
		Low	High

Strategic value to the organisation

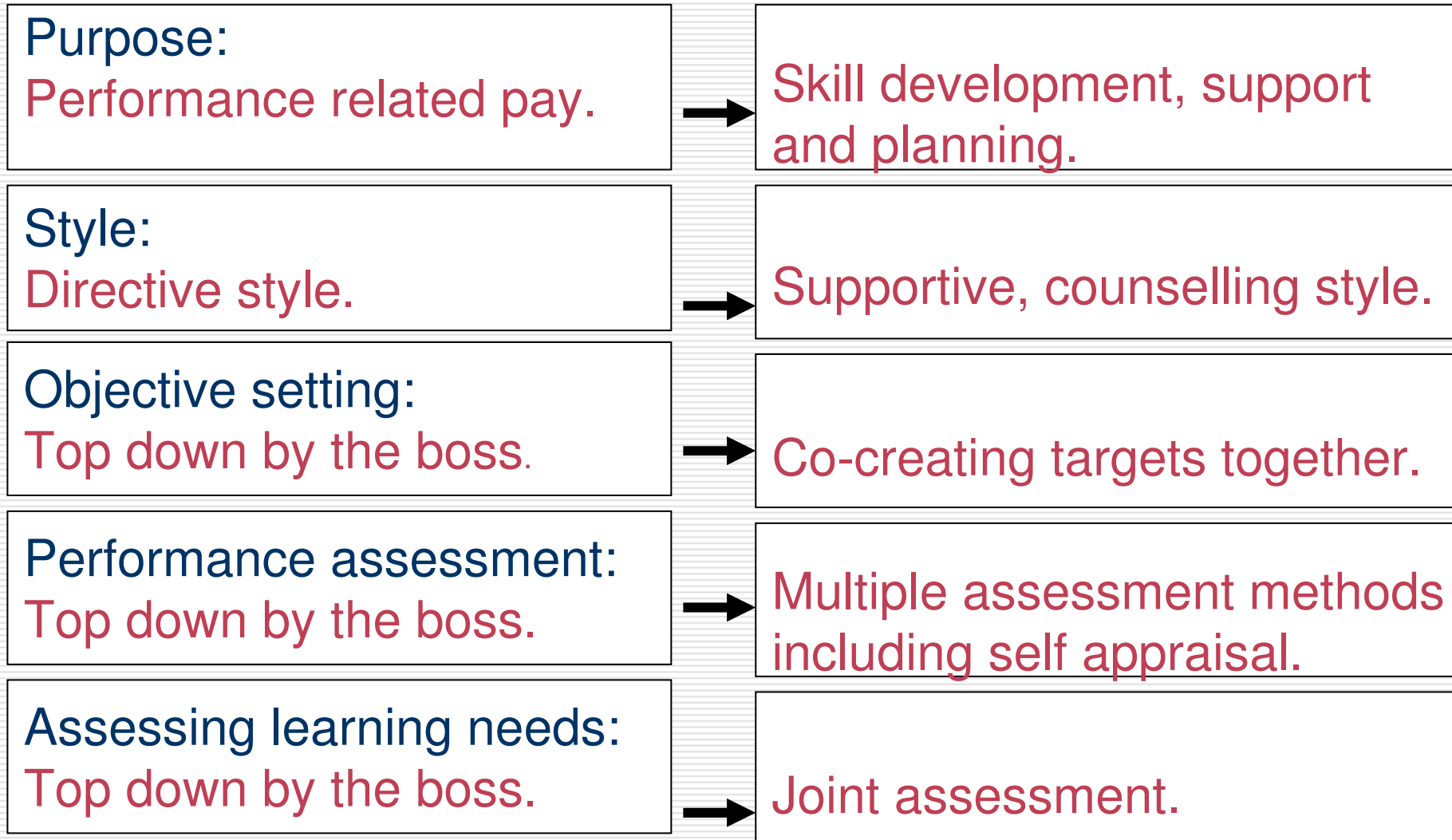
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PDR for A, B and C players

		Percentage of staff
A players	Work hard to grow and retain your A players	Up to 20%
B players	Keep your B players.	Around 70%
C players	Improve or exit your C players	Around 10%

Trends in performance development



Topdog Diners Ltd.: Performance Development policy report for staff in 'A' and 'B' positions

Factor	Result
<p>Design quality</p> <p>1. Match to the organisation's ethos (core purpose, values, culture). 2. Consistency with other Topdog Ltd people management policies. 3. Ease of use.</p>	<p>✓ X ✓</p>
<p>Application by line managers (target in brackets)</p> <p>4. % staff reviewed annually (90%). 5. % eligible staff receiving 360° feedback (85%). 6. % staff with agreed written annual objectives (85%). 7. % staff having monthly progress meetings (85%).</p>	<p>X 75% X 80% X 70% X 60%</p>
<p>Impact (target in brackets)</p> <p>8. Percentage of managers and staff who feel that performance development improves ability, morale & performance (75%)</p>	<p>X 57%</p>

Measures used: assessment by management panel; data from appraisal reports; staff survey and focus group results.

Topdog Diners: Quarterly People Statement, quarter ended 21/12/08

Branch: **Cambridge**

Budget Holder: **Bob Jones**

Ability: % posts achieving target skill & performance at last appraisal:

	<u>Target</u>	<u>Actual</u>
This quarter:	75%	90%

Morale: % staff satisfied & planning to stay, in quarterly pulse survey:

	<u>Target</u>	<u>Actual</u>
This quarter:	75%	85%

Social Cap.: % staff rating teamwork as good+ in qtrly pulse survey:

	<u>Target</u>	<u>Actual</u>
This quarter:	75%	85%

Opportunity: % staff pleased with the amount of say they have in how work is done, in qtrly pulse survey:

	<u>Target</u>	<u>Actual</u>
This quarter:	75%	95%

Staff absenteeism (av.):

	<u>Target</u>	<u>Actual</u>
This quarter:	8%	5%

Unwanted staff turnover over quarter:

	<u>Target</u>	<u>Actual</u>
This quarter:	7%	6%

Labour productivity

(labour cost per £sales):
Labour cost (£43,596)
Sales income (£173,000)

**Labour cost per £
revenue (pence)**

	<u>Target</u>	<u>Actual</u>
This quarter:	25p	25p

Financial results: pre-tax profit in quarter:

	<u>Target</u>	<u>Actual</u>
This quarter:	£16,500	£17,300

Sales income:

	<u>Target</u>	<u>Actual</u>
This quarter:	£165k	£173k

Customer demand: diners served per av. week:

	<u>Target</u>	<u>Actual</u>
This quarter:	700	720

Customer satisfaction: % good+ by mystery diners:

	<u>Target</u>	<u>Actual</u>
This quarter:	75%	85%

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