



**AHA
Moments**

in

**TALENT
MANAGEMENT**

A Business Fable
With Practical Exercises

Mark Allen



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Introduction

In some books, the first line is memorable (“It was the best of times, it was the worst of times...”). In others, it’s pithy (“Howard Roark laughed.”). The first line of this book sums up its underlying philosophy and provides its *raison d’être*: “People are our most valuable asset.”

The line is spoken by Will Perez, the CEO of the fictional company Capital View, which is the setting for this book. Like so many CEOs, Perez spouts this cliché without giving it much thought. Executives at almost all organizations profess that people are their most valuable asset, but do all of these organizations actually behave as if it were true? In many cases the answer is no. That paradox is what this book is dedicated to addressing and, I hope, resolving.

Everyone says that people are their most valuable asset and many actually believe it. However, very few organizations have talent practices that reflect a true belief in the value of people. In a few cases, it might be because they don’t really believe in the value of their talent. More often, the inattention to talent is due to a lack of understanding of how to truly manage talent to unleash its value. On top of this, many organizations are handcuffed by policies and procedures that have been inherited from the last century (or, in some cases, the century before that). In short, we are managing organizations in the Talent Age using principles handed down from the Industrial Age. While this might be a problem for some organizations, I view this as a tremendous opportunity for those organizations that can effectively manage talent.

In *Strategy-Driven Talent Management*, Rob Silzer and Ben Dowell define talent management as, “an integrated set of processes, programs, and cultural norms in an organization designed and implemented to attract, develop, deploy, and retain talent to achieve strategic objectives and meet future business needs.” The burgeoning field of talent management is intended to help organizations make

better decisions about the most effective ways to maximize the value that can be derived from the talented employees it can attract and employ.

The ability to develop an “integrated set of processes” has proven to be challenging due to the large and complex nature of our organizations and because most companies have not focused on talent in an organized and integrated manner. Those organizations that have successfully developed effective talent management programs and procedures have a distinct competitive advantage. This book is intended to help organizations understand how to focus on talent and develop effective talent practices.

The setting for the book is a fictional company. All of the characters are fictional. However, all of the events are based on real cases. Every story related in these pages is based on actual organizational practices that I have witnessed or had described to me. Most of the scenarios are not based on isolated incidents—they are stories that have been repeated time and time again.

As you read this book, you may find that many of the characters and events seem familiar. That is by intent. Many of the practices described here are commonplace. At times you might even think the story is based on your own organization (and it’s entirely possible that it is). So even though the setting is fictional, the practices described in the story are very real. And, most importantly, the Talent Management Principles presented by the story’s protagonist are best practices used by organizations to combat the ineffective and counterproductive talent practices that plague many organizations.

And so I prefer to define Talent Management more simply. To me, Talent Management is a series of practices managers use to maximize the value from an organization’s most valuable asset—talented people.

HOW TO USE THIS BOOK

I hope you enjoy the stories in this book. But more than that, I hope you find them useful. If you feel that some of the practices described in this book are descriptive of your organization, think about whether they are actually helping or hindering. And if they are a hindrance, give some thought as to what you can do to change

things. If the events of a chapter are unfamiliar, think about what you can do to help your organization avoid some of these pitfalls.

At the conclusion of each chapter, there are two groups of questions for you to consider. The first set is an Organizational Assessment. These questions ask about the talent practices that are currently in place in your organization. You are asked to determine the extent to which your organization employs certain practices. If you tend to agree with a statement, your organization is doing well regarding that practice. However, if you find yourself giving a lot of scores of 1 or 2 in response to the Organizational Assessment questions, then your organization probably has some practices in place that do not effectively manage talent. This can be a call to action.

The other set of questions are Reflection Questions. These open-ended questions are about you. As people have shared with me stories of their organization's practices, they frequently do so with a mixture of frustration and helplessness. If you're not the CEO or chief people officer of your organization, perhaps you're not in a position to make sweeping policy changes. However, you are probably in a position to do something. So the Reflection Questions ask about your own personal practices and, most importantly, about what you can do. Many of these questions ask specifically about what actions you can take regarding the Talent Management Principle described in the preceding chapter. I encourage you to think about these questions and take action.

I believe I am required by international law to have at least one quote from Peter Drucker in a book like this, so here it goes: "The ability to make good decisions about people represents one of the last reliable sources of competitive advantage, since so few organizations are very good at it." This was true when Drucker wrote it more than 50 years ago and it is still true today. And therein lies the opportunity for readers of this book.

It is my sincere hope that after reading this book, you will have figured out some actions you can take to help your organization unleash greater value from its talent, achieve its goals, and gain the competitive advantage that Drucker described over a half-century ago.



People are our most valuable asset.”

Maria Green laughed. She had just asked Will Peres, the CEO of Capital View, what his organization’s most valuable asset was. She knew what his answer would be before she asked the question. She had asked this question to every CEO she had ever met and their answer was always the same. They must teach them that on the first day of CEO school, she mused. The question was harmless enough and the answer had become a cliché, but Maria moved ahead with her follow-up question, the one CEOs really didn’t like.

“So how much of your time do you spend on your greatest asset?”

Peres paused for a moment before answering. Was Maria genuinely interested in knowing his honest answer, or was she testing him? He wondered. It was a fair question, so he’d give her an honest answer, but one that might test her a bit.

“Not as much as I should. But that’s why I need a strong executive to head up HR.”

Again, it was the answer she had expected. CEOs always claim that their greatest asset is their people, but usually confess that they don’t spend enough time on that asset. In Maria’s view, they spent far too much time focusing on the financial assets. Of course, the financial assets are only earned by the good work of talented people. That’s why Maria had gone into HR in the first place. When she got her MBA from Columbia Business School, many of her classmates just rode the subway down to Wall Street and went to work in finance. Now Maria found herself on Wall Street, but she was interviewing for the top HR job with a global financial consulting firm.

She had heard good things about Will Peres. While he was a Wall Street lifer, he had a reputation of being open to new ideas. Maria thought she could work with him. She had some concerns about some of the other senior executives she had met during the interview process at Capital View, but after a couple of inter-

views she was starting to like Will. She felt he liked her as well, and she thought that today's interview—her third with Will—was going to result in an offer. But before she made her decision about whether to accept, she decided to test Will one more time.

“So if people are the greatest asset at Capital View, do the executives of this organization behave on a day-to-day basis as if that were true?”

It was Will's turn to laugh. Now he knew she was testing him. He was the CEO, she was, at this point, just an applicant, but she was asking the tough questions. He admired her spunk. He liked spunk. So let's see how she reacts to some honesty, he thought.

“No, we don't.”

“Then I'm not sure this is the right company for me.”

“It's the right company for you if you're up for a challenge. I'm convinced that our only source of competitive advantage is our people. But as you suspected, we haven't behaved that way as an organization, and I'm just as guilty as anyone. We need someone to keep us on the right track. We need an HR executive who will push us to be more people-focused. And I think you could do that for us.”

“Is this an offer?”

He liked her directness. He was convinced she would be good for Capital View. “Yes, I'd like to offer you the position. Assuming we can agree on a compensation package.”

So there it is, she thought. He wants to hire her. But she would only take the job under the right circumstances. She had two more tests for Will.

“Will, I don't want to have a long negotiation about money. I know what this job should pay, and if you agree, then we have a deal.” She took out a small memo pad, wrote something on a piece of paper, folded it in half, and slid it across the desk. She knew this was overly dramatic, but she wanted to make her point.

Will laughed out loud. “I thought people only did that in movies.” He had to admit, she was different. Will prided himself on knowing what everyone on Wall Street earned and he knew what he should be paying for this job. And he knew that she knew what these jobs paid, so he was pretty sure she wouldn't be over asking here. As he unfolded the paper, he was pretty sure he knew what the number would be.

He was genuinely surprised at what he saw. It wasn't a number at all. It was letters.

"I don't understand. What does this mean?"

Maria had written three letters on the page: CFO.

"It means I want to be paid the same as you pay your CFO."

"But you don't even know what he makes."

"No I don't, but I think I should be paid the same as you pay him."

"Maria, you should understand that the pay scale for CFOs is different from that of vice presidents of HR. If you look at the annual report of virtually any publicly traded company, you'd see that the CFO always makes more than the VP of HR."

"I know. This is precisely the reason why I'm asking you to pay me what you pay your CFO."

"Maria, I like you and I want to hire you, but I just can't pay that kind of money."

"Why not?"

"It's just not done."

"Why isn't it done?"

Will paused. It was a fair question and one he didn't have an answer for. Besides, this was supposed to be a job offer and a compensation negotiation, not an interrogation. So he decided he would start asking the questions.

"Maria, let's back it up a little. How much did you make on your last job?"

"That's irrelevant. The question is, what is this job worth at this company?"

"I think I'm willing to pay a fair price. Let me make you an offer." He decided he would use her trick and pulled out his pen and a sheet of paper.

"Don't bother."

Will was shocked. She didn't even want to see his offer? "Why not?"

"Because this isn't a negotiation. I will only work for you if you pay me what you pay the CFO."

Now he was exasperated. "But you don't even know what that number is. I was prepared to make you a very generous offer. It might even be more money than you suspect our CFO makes."

“I’m not trying to be difficult here, but this isn’t at all about the amount of money.” She had set her trap, and now she was about to spring it. Let’s see if he’ll put his money where his mouth is, she thought.

“Will, you said that your greatest asset is your people. If you really meant it, then there’s no reason why you shouldn’t be willing to pay the executive who oversees that asset as much as you pay the executive who oversees the financial assets.”

She had a point, Will thought. Why did they always pay CFOs more? The short answer was that CFOs expected a big number and VPs of HR were willing to work for less. But maybe they were willing to work for less because that’s all the market would bear. The longer answer was that Maria was right. Organizations tend to value CFOs more than VPs of HR because they really do focus more on money than people. He thought about the money for a moment. He could certainly afford to pay her what he’s paying Bobby. But boy, would he be pissed off! Will smiled at the thought of his CFO finding out that the new head of HR would be making as much as he was. It was funny, but he didn’t relish that inevitable conversation. It really wasn’t the money that was the issue here, it was the precedent. As Will reflected on the potential ramifications, he realized that Maria was just staring at him and not saying anything. She had made her point and was waiting for his response.

“But Maria, Bobby’s been a CFO for a number of years and...”

“And I’ve headed up HR for a number of years.”

“Look, I understand your point. But it’s a big number...”

“And we both know you can afford it.”

“Would you be willing to consider...”

Maria cut him off again. “Will, I don’t mean to interrupt, but I want you to know that this is not a negotiation. I would not be willing to consider any other terms. We always say, ‘Our greatest asset is our people,’ but we don’t mean it. If you really mean it, you would be willing to pay your people person as much as your money person. If I were to accept anything less, we would be sending the message that people aren’t as important. So if I were to take this job, I would only do it if we were serious about people being our most important asset. I believe you meant it when you said you wanted an HR executive who would push the company to be more people-focused. Well, now’s your chance to take that first step.”

“Don’t you even want to know what his salary is?”

“Nope.”

“Wait a minute, you’re willing to take the job and you’re not even curious about the money?”

“I’m sure Bobby is well compensated. But this isn’t about the money. It’s about the message we’re about to send.”

He admired her conviction. He also couldn’t help but notice the confidence behind her use of the first-person plural pronoun. Plus, she made a good point. She was different and they needed someone different. He knew having Maria would shake things up a bit, and they needed that. At least, it would never be boring.

“All right, Maria, I’ll give you the same compensation as the CFO has. Do we have a deal?”

“Well, actually there is one more thing.”

Uh-oh. He just made her the highest paid vice president of human resources that he had ever known and now she’s asking for something else?

“We need to talk about the title.”

This isn’t so bad, Will thought. Titles are cheap and I’m willing to negotiate. “Your predecessor was the vice president of human resources. Given this conversation and your compensation package, I’d be willing to change it to senior vice president of human resources.”

Maria said, “That’s not what I was going for.” She pulled out her pen and another piece of paper.

“For the love of God, Maria, please don’t slide another piece of paper across my desk!”

They both laughed. “Fair enough. Will, I want my title to be chief people officer.”

Will was surprised. Maria didn’t seem like the type to care too much about titles. He knew she would end up getting her way, but he wanted to find out a bit more about how she thinks.

“It’s not really a traditional title in financial services. Why do you want it?”

“Because it’s what the job is.”

“Isn’t the job senior vice president of human resources?”

“First of all, ‘people’ is a simpler, more descriptive term than ‘human resources.’

Our employees are people—they don't think of themselves as resources that happen to be human. More importantly, 'human resources' and 'HR' are terms that have taken on a negative connotation. People think of HR as some sort of internal policing agency that only shows up when there are problems.”

“OK, so why not senior vice president of people?”

“What do you call the person in charge of money?”

“Chief financial officer.”

“How about the person in charge of marketing?”

“Chief marketing officer.”

“Technology?”

“The chief technology officer. I get it, I just didn't think you were the kind of person who cared about titles.”

“I don't care about the title per se. But if all of those people are chiefs, shouldn't the person in charge of your organization's greatest asset also be a chief? Anything less, and you'd be sending the message that the people department is less important than the other departments.”

She had a point. His company, like most, had paid lower salaries to HR and afforded the department less status than the others. He had never really thought about it before, but he was sure he was going to be hearing a lot more about these issues from Maria. He was confident she would be good for the organization.

“OK, you've got it—chief people officer it is. I shudder to ask, but is there anything else?”

“No, that's it...” And then, smiling, she continued, “for now.”

They both knew there would be more discussions like this. Maria added, “Will, I really want to thank you for both giving me this opportunity, and for being open to some of the ideas I've been sharing. To be honest, even though the money and the title aren't that important to me, I wouldn't have taken the job if you hadn't agreed to give me the same status as your other senior executives. In order for me to be successful in this job, the message we send about people is vitally important, not only to me, but to the future of the company.”

“Maria, you've obviously got some strong ideas about the people part of an organization.”

“I do. As a matter of fact, I call them Talent Management Principles. They are fundamental principles that are the key to the success of any organization. And yet in my experience, even though most people would agree with the underlying concepts, most organizations don’t practice them.”

“OK, I’ll bite. What are these principles?”

“The first principle is what we have just discussed here today.”

Talent Management Principle Number 1

People are your organization’s most valuable asset.

Behave as if you believe this to be true every day.

She was right. Ever since he had become CEO, he had probably said that people are his most valuable asset more than 100 times. But he had to admit that Capital View did not behave as if that were true. He knew he had managers who treated people as replaceable commodities, not valuable assets. He also knew that he personally had focused more on the financial aspects of running the business than on the people side and when he and Bobby discussed expenses, they always viewed people as costs, not assets.

“OK, Maria, that’s a good one. What are the rest?”

“I think we’ve had enough for one day. I’ll hold off on sharing my other Talent Management Principles until I actually start the job.” She gave him her best grin.

“I really look forward to hearing the other principles.” He genuinely meant it. However he wasn’t sure how these principles—and his new chief people officer—would be received by some of his employees.

“Maria, I have a feeling I can count on you to keep me on my toes and to shake things up around here.”

You have no idea, Maria thought to herself. Just wait.

Organizational Assessment

	NOT AT ALL		NEUTRAL		TO A GREAT EXTENT
1. How frequently does your organization say that people are its greatest asset?	1	2	3	4	5
2. Does your organization behave every day as if it truly believed that people were its greatest asset?	1	2	3	4	5
3. Does your CEO spend a significant amount of his or her time on human capital issues?	1	2	3	4	5
4. Does your organization compensate its senior human resources executive or chief people officer at a level comparable to the other senior executives?	1	2	3	4	5
5. Does your organization give its senior human resources executive or chief people officer respect, status, and prestige comparable to the other senior executives?	1	2	3	4	5
6. Does your organization tend to talk about people as assets as opposed to costs?	1	2	3	4	5

Questions for Personal Reflection

1. Was there anything described in chapter 1 that seemed descriptive of your organization?
2. What can you do to ensure that your organization behaves on a daily basis as if it truly believes that people are its greatest asset?
3. What can you do to help ensure that people are viewed as assets instead of costs?

