Talent Management

Strategies for Success from Six Leading Companies
Talent Management
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Larry Israelite, Editor
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It was with some trepidation that I invited people to contribute to this book, because the track record of companies that have been held out as exemplars of best management practices is not what one might like it to be. The challenge, of course, is that times change—as do the economy, technology, natural resources, and the public’s taste. What was popular one year may be less so the next. What once worked may not work as well now. And finally, what the employees of one generation may have wanted from their employers is, arguably, different from what those who follow them want. So, I suppose, it is not all that surprising that the results of a search for excellence or an analysis of what it takes to move from good to great might differ from decade to decade, if not year to year.

Yet the good news is that I am making no claims whatsoever that what is presented here represents “best practices in talent management.” That would be presumptuous at best and, based on the history of this sort of thing, potentially dangerous. Rather, the authors who have generously contributed chapters to this book describe those talent management practices that have worked for them in their organizations. No one is claiming that what worked for them will work for you—though all who have contributed, I expect, believe that their firm’s talent management practices do contain some universal truths about how to manage talent so that its value is maximized. But all such things are local. The talent management practices described here comprise a combination of philosophies, tools, processes, and systems that have resulted in tangible benefits for those who have used them—more capable managers, a deeper bench, increased employee engagement, and, one hopes, better business
results. So we know that, at some level, they work. The trick is to figure out how and why.

Given this book’s subject, one could reasonably expect that each chapter would be roughly the same, with the major difference being the business context in which the talent is being managed. After all, how much different could talent management practices be from company to company? The answer to this question, as you will see, is that these practices do have some common names, but how they are used from organization to organization can differ quite a bit.

These differences among how the six companies that are profiled in this book manage their talent is what I hope will make the book interesting for you. Some of the companies are large, and some are smaller; most are in business to make a profit (and proud of it), but one is not. From an industry perspective, they cover high technology, food services, health care, consumer products, and financial services. Some have specific internal organizations that focus on talent management, and others do not. Today, all these companies are considered successful, though, as we know all too well, success can be fleeting. But in its own way, each firm has decided that a comprehensive approach to managing talent is a worthwhile endeavor. And in all cases, they would claim that some portion of their success can be attributed to the investments they have made in it.

In addition to giving the stories of practitioners, I have attempted to provide some context for the talent management story. In chapters written by an analyst, an experienced observer, and the CEO of a software company, you will find the opportunity to look at talent management challenges from a variety of perspectives. This is not to say that one is better than the other—just perhaps a little different.

So have a look, be open to new ideas, think about some things you haven’t thought about before, find some tool or technique that might be helpful to you, or just enjoy your reading. I hope you will find something useful in these pages and that something you read here might enable you to make your way through the maze of talent management with a little less resistance and fewer wrong turns. If this book helps you to do that,
then we will have created something of value—and that, in the end, is all we could hope for.

Finally, I had a very interesting experience as I was doing my job as editor of this volume. As I read through the first drafts of each chapter, I forgot my role. I ceased being the editor and instead became an eager reader, trying to figure out how I could take the talent management practices each author describes and apply them to my work at the Liberty Mutual Group. I learned a great deal during the editing process, and I can say with absolute certainty that I plan to steal shamelessly from what I have read. I hope you have the same experience.

As much as we editors want to believe that we are the stars of the show, deep in our hearts, we know the truth. So I would be remiss if I did not recognize and thank the people who made this project possible:

♦ The nine talent management professionals who gave generously of their knowledge, expertise, experience, and time as their chapters moved through the various stages of development and production. I am truly grateful to them for their contributions and greatly admire the work they do each and every day.

♦ Everyone at the Liberty Mutual Group who chose to make the management of talent such an important part of the company’s business strategy and who gave me an entirely new perspective on what it means to manage talent well.

♦ ASTD, for giving me the opportunity to embark on this journey.

♦ And, of course, to Wendy and the boys, who know how I feel and, I hope, understand how much of what I am I owe to them.

Larry Israelite
November 2009
Thinking about Talent

Larry Israelite, Vice President of Human Resource Development, Liberty Mutual Group

What’s in this chapter?

♦ The struggle to define talent management
♦ The ingredients for an effective talent management strategy
♦ How to get the most from this book—an overview

This chapter is being written in early 2009, which is, by most accounts, at the end of the beginning of what many consider to be the most significant economic downturn since the Great Depression. According to the U.S. Bureau of Labor Statistics, the number of unemployed people was 13.7 million in April 2009, with the unemployment rate hovering around 8.9 percent. Over the past 12 months, the number of unemployed has increased by 6.0 million, and the unemployment rate has risen by 3.9 percentage points. Many people don’t have jobs, and those who do often go to work wondering if that will be the case tomorrow or the next week or month.
Chapter 1

It isn’t just the possibility of unemployment that has many of us distressed. The value of our homes has tanked, the stock market is at its lowest level in more than 20 years, the value of our 401(k) accounts is down (I am being kind), and the overall economic outlook is grim, at best. But, of course, work still remains to be done, so if there was ever a time when a clear focus on the management of talent was absolutely critical to our collective success, this might be it.

The question, or questions, that one might logically ask are

♦ What is talent management, and why do people keep talking about it?
♦ When we use the term “talent” in this context, who (or what) are we talking about?
♦ Other than the day-to-day direction that a manager gives to his or her employees, what actually happens when talent is managed?

There could be other questions, but most of what you will read here will be limited to providing a range of answers to these. And because 10 different people contributed to the effort, a range of answers is exactly what you will get. This chapter first provides the volume editor’s point of view on these issues and then a description of the rest of the chapters.

What Is Talent Management?

The one thing that most people can agree on about talent management in the workplace is that little can be agreed upon and that this doesn’t really matter all that much. For the most part, all talent management is local. What I mean is that talent management practices vary widely from company to company (and even within the same company). This isn’t necessarily a bad thing, because companies, and divisions within companies, have different strategies, philosophies, and goals, all of which influence how their employees are managed. And of course, what works in one place may not work in another. So differences are not necessarily a bad thing. For the purposes of this book, however, a common definition of talent management might be helpful.
ASTD and the Institute for Corporate Productivity conducted and published a research study titled *Talent Management Practices and Opportunities* (ASTD 2008), whose goal is “to discover how talent management is currently being used by a diverse range of organizations and to discern the best practices of an effective talent management program.” The study is a comprehensive look at talent management practices, based on the responses to a series of in-depth questions answered by more than 500 people from a wide variety of companies. The study used this definition of talent management:

A holistic approach to optimizing human capital, which enables an organization to drive short- and long-term results by building culture, engagement, capability, and capacity through integrated talent acquisition, development, and deployment processes that are aligned to business goals.

At the risk of biting that hand that feeds me (ASTD is also the publisher of this book), I must say that I find this definition to be a little complex. To me, a simpler definition of talent management is “the collection of things companies do that help employees do the best they can each and every day in support of their own and the company’s goals and objectives.” You might ask why the definition even matters, and that would be a fair question. The answer is simple, and it gets to what I call “Larry’s First Rule of Talent Management,” which is that talent management does not belong to, nor is it the sole domain of, human resources (HR) departments. Talent management belongs to “the people.” As a result, a good definition of talent management has to be written in language that everyday people might use so that is has meaning for them.

Find a friend, and have that person read you the definition of talent management from ASTD that I quoted above. Have your friend read it loudly, and with feeling.

Who do you imagine might actually say something like this definition? Would it be a customer service representative, or a software engineer, or a nurse, or the person who takes your order at a fast food restaurant? I don’t think so. These words would be spoken by a vice president of HR or a director of talent management. And though both these people are
part of the talent management equation, they are not the most important part. Simply put, talent management must belong to everyone, at all levels of an organization, whatever their salaries, titles, education, or work.

In fairness to ASTD and the Institute for Corporate Productivity, they were conducting research, and their target audience was, I suspect, HR professionals. As a result, the definition they created was completely appropriate. But HR professionals, like people from most other technical disciplines, have a tendency to use language that is hard for others to decipher, and I believe that the more we use language and concepts like these when dealing with talent management, the less successful we are likely to be. I am not saying that the alternate definition I provided above is better—it just works for me. What I am saying is that you should create a definition of talent management that works in your organization and that can be easily understood by everyone you expect to be involved with it or affected by it. (For more on the changing understanding of talent management, see the sidebar.)

Who Is the Talent?

Answering the question “Who is the talent?” seems easy—or is it? The ASTD study asked respondents to identify the employee groups on which they focused their talent management activities. The results, which are shown in table 1-1, are quite interesting and, in my view, somewhat distressing. Less than 20 percent indicated that they focus talent management activities on all employees. Slightly more than 30 percent focus on skilled workers, and just under 40 percent focus on professionals. As you can see, senior executives and high-potential talent were the big winners. The key question is whether or not the results shown in table 1-1 are the desired state or just a snapshot of what might be thought of as the unfortunate current state.

The issue of who constitutes the talent in our organizations leads to “Larry’s Second Rule of Talent Management”: All full- and part-time employees who are assigned and held accountable for doing work are part of an organization’s talent (on a good day, one might even consider including contractors and consultants). Based on this definition, talent
Talent Management in Transition
As this book, and especially this chapter, make clear, the practice of talent management is in a state of flux and uncertainty. Many business leaders have come to realize that they have no greater problem than leveraging knowledge workers. And though many are keen to solve this problem, few approaches fit well with the uncertainty of today’s work environment.

ASTD’s research on talent management, done with the Institute for Corporate Productivity in early 2009, showed little agreement among companies on how to define talent management, what practices it should comprise, and which employees it should target. If the research was a clear picture of anything, it was of the struggle that companies face in maximizing their talent by using traditional approaches in the midst of constant change (ASTD 2009a).

When firms had the luxury of making five-year plans, talent management usually meant an orderly process of succession planning and executive development. But today, when it can be fatal for companies to remain static, they are seeking new and better ways to harness all their talent to the engines of change.

It’s clear that the skills and abilities of many kinds of employees—not just executives—contribute to successful performance. It’s clear that a range of practices for finding, developing, and keeping talent exists in most organizations but the practices are rarely integrated or linked to overall strategies. And it is clear that in many firms, high-level direction of talent management is a job no one really owns.

The original ASTD definition of talent management—written in 2008 for a research study—is complex and doesn’t roll easily off the tongue. But it was a starting point for encouraging a comprehensive, strategic approach to managing talent that would not fall into the silos that have hampered success in the past. It was meant to encourage learning professionals in particular to take a leadership role in challenging conventional approaches to building organizational capability.

Since publishing the white paper The New Face of Talent Management: Making Sure Your Employees Really Are Your Most Important Asset in 2009, ASTD has been taking its own advice, continuing to revise and test the definition of talent management. For a summary of this white paper, including the definition and a corresponding model, see the appendix to this book (ASTD 2009b).

ASTD’s definition of talent management, like the activity itself, is a work in progress. We hope that organizations can change, adapt, refine, and apply it to fit their unique situations.

—Pat Galagan, executive editor, ASTD
Chapter 1

Table 1-1. The Focus of Talent Management Activities

<table>
<thead>
<tr>
<th>Employee Group</th>
<th>Percentagea</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior executives</td>
<td>60.0</td>
</tr>
<tr>
<td>High-potential talent</td>
<td>58.1</td>
</tr>
<tr>
<td>Employees in “pivotal” roles</td>
<td>47.8</td>
</tr>
<tr>
<td>Professionals</td>
<td>37.9</td>
</tr>
<tr>
<td>All managers</td>
<td>33.9</td>
</tr>
<tr>
<td>Skilled employees</td>
<td>31.1</td>
</tr>
<tr>
<td>All employees</td>
<td>18.1</td>
</tr>
</tbody>
</table>

aThe percentages represent the number of respondents to a recent study who selected one of the top two options (high or very high) when asked to what extent these employee groups were the focus of talent management activities.

Source: ASTD (2009a).

should not be defined on the basis or grade, salary, education, or any other demographic that might distinguish one person from another. In the same way that the definition of talent management should make sense and have meaning to all employees, the same employees should be included in some way in the development and implementation of a talent management strategy.

A reasonable, reflexive response to this notion would be to express outrage—“How can he expect us to do talent management with or for everyone [the next section addresses what ‘doing talent management’ actually means]? We don’t have the time or the resources!” I would understand this response. I am not suggesting, nor do I believe, that it is reasonable to expect all talent management practices to be used with all employees. But what might be reasonable is to have at least some practices that are used consistently with everyone across the organization. Yet by restricting the definition of talent to include only high-ranking, highly paid employees, we exclude a significant majority of our employees, and, as a result, we may miss significant pools of talent at lower levels of the organization. Somehow this doesn’t seem like a desirable outcome.
What Are Talent Management Activities and Practices?

The answer to the question “What are talent management activities or practices?” is a function of how one answers the question asked in the previous section—“Who is the talent?” Because the more narrow the talent management audience, the fewer the activities that would be viewed as talent management practices. For example, if the primary focus of talent management practices is senior managers or executives, these activities might be included:

- succession planning
- high-potential programs
- external executive education programs
- executive coaching.

Each of these makes sense, because they contribute to the identification and development of a group of employees from which future leaders will likely be selected. But would you consider performance management as a talent management activity for this group? Probably not.

However, suppose we take the more expansive view of the employees whose talent we are endeavoring to manage. In this case, the list of activities might expand to include (to name a few)

- onboarding
- new hire training
- performance management
- career development
- management development
- employee opinion survey.

As the audience expands, so too does the list of activities that constitute talent management practices.

Table 1-2 lists 20 activities identified through the ASTD study as being included in talent management programs. At least two conclusions can be drawn from the table. First, many activities or practices could
reasonably be included as part of a talent management strategy. Second, we have a long way to go before talent management practices are broadly institutionalized. Only three activities—performance management, learning/training, and leadership development—were rated highly by 60
percent of the respondents to the study. This means that the other 40 percent did not select them. Is the glass 60 percent full, or is it 40 percent empty? One could argue that the 40 percent not choosing these activities may do them but simply don’t think about them as being part of a talent management program. But even if this is the case, what does it say if an organization doesn’t see the connection between performance management and talent management? Would this be an organization in which talent was really valued? There is no answer, of course—but it gives one pause.

Given all this, you might guess the drift of “Larry’s Third Rule of Talent Management”: Anything we do to support the definitions of talent management described earlier in this chapter should be viewed as a talent management activity or practice. Earlier I suggested that we should be expansive in our view of the populations whose talent we (are attempting to) manage. The same is true of the practices we use to achieve this goal. Simply put, more is better than less, in almost every situation. Please remember that I am not advocating that we do everything with all audiences. Rather, I am saying that a talent management strategy should include something for all audiences.

**The Net**

In the first section of this chapter, I have tried to provide a perspective on the three key questions that are the foundation for any conversation about talent management:

1. What is it?
2. Who is it for?
3. What is included?

“Larry’s Rules” were designed to offer a perspective on each of these questions. So here is “Larry’s Fourth Rule of Talent Management”: Feel free to disregard rules 1 through 3. Or even better, make up your own rules. If anything is true about talent management, it’s that how you define it, whom you do it to (or with), and what you do to (or with) them are completely and entirely a function of the organization where
you work and the beliefs and values of the executives who run it. The best you can do is develop a point of view and a strategy to support it, become incredibly good at articulating it, and work tirelessly to communicate it. And after you do all of that, work like hell to deliver everything you promised and then some. The rest of this book is intended to help make this easier for you.

Overview of This Book

There is no particular reason to read this book from end to end. There is no plot, little character development, and I am reasonably certain that the butler didn’t do it. So you should feel free to look for chapters that seem like they might be helpful. What follows is a series of short descriptions of the key issues addressed in each chapter. Scanning these descriptions may provide you with the information you need to choose a reasonable path through the book. The companies that are represented are very different from one another, each author tells a different story, and you will soon see that talent management is not the same from place to place. This, however, is a good thing, because it gives you lots of choices and options. It is also important to note at the outset that chapters 3 through 8 are case studies in which talent management practitioners describe the practices they use in their companies to achieve business goals through the effective identification and deployment of talent. They are, quite appropriately, somewhat narrow in their perspective, because they are focused on what happens in individual companies.

Chapter 2: The Business of Talent Management

In chapter 2, Josh Bersin, founder of Bersin & Associates—an organization of senior analysts and consultants with extensive experience in corporate learning, e-learning, performance management, leadership development, talent management, and enterprise systems—provides a slightly broader perspective. He describes the results of his firm’s research on talent management (using comprehensive surveys and in-depth interviews) and advocates for the position that talent management is a business imperative and not an HR strategy.
Chapter 3: Talent Management: Function and Transformation at Cisco—The Demands of the Global Economy
Cisco enables people to make powerful connections—whether in business, education, philanthropy, or creativity. Cisco’s hardware, software, and service offerings are used to create the Internet solutions that make networks possible—providing easy access to information anywhere, at any time. Cisco was founded in 1984 by a small group of computer scientists from Stanford University. Today, with more than 67,647 employees worldwide, this tradition of innovation continues, with industry-leading products and solutions in the company’s core development areas of routing and switching, as well as in advanced technologies. In chapter 3, Annmarie Neal, Cisco’s vice president of talent, and Robert Kovach, director of the Center for Collaborative Leadership at Cisco, describe the role that talent management has and will continue to play in transforming Cisco’s leaders as a critical element in the strategy for transforming both the organization and the business.

Chapter 4: McDonald’s Talent Management and Leadership Development
McDonald’s is the leading global food service retailer, with more than 30,000 local restaurants serving 52 million people in more than 100 countries each day. More than 70 percent of McDonald’s restaurants worldwide are independently owned and operated by local men and women. And, among what seems like an onslaught of companies reporting declining revenue, McDonald’s continues to grow in all parts of the world. In chapter 4, Neal Kulick, vice president of talent for McDonald’s, describes how a corporate turnaround strategy and then a series of personal tragedies reinforced the need for an intense focus on talent, which began several years ago and continues today.

Chapter 5: Turnaround Talent Management at Avon Products
Avon, the company for women, is a leading global beauty company, with more than $10 billion in annual revenue. As the world’s largest direct seller, Avon markets to women in more than 100 countries through more than 5.5 million independent Avon sales representatives. Avon’s product line includes beauty products, fashion jewelry, and apparel. In chapter 5,
Chapter 1

Marc Effron, vice president of talent, presents the Avon strategy for using a new approach to managing talent as a key lever in implementing the most radical restructuring process in the company’s 122-year history.

Chapter 6: A People-Focused Organization: Development and Performance Practices at Children’s Healthcare of Atlanta

For decades, the hospitals of Children’s Healthcare of Atlanta have provided leading pediatric care, but now Children’s Healthcare faces a mounting challenge. By 2010, the pediatric population of metropolitan Atlanta is projected to grow by a record-breaking 120,000 children—one of the fastest rates of growth of any city in the nation. As the Atlanta region’s pediatric population grows, so too does the demand for health care and programs that address the leading dangers to children. Beyond the talent required to effectively deliver health care in today’s environment, Children’s Healthcare must prepare itself for the future. In chapter 6, Larry Mohl, vice president and chief learning officer, describes how Children’s Healthcare is meeting this challenge through an integrated people strategy with comprehensive develop-and-perform practices.

Chapter 7: Talent Management beyond Boundaries at Ciena

Ciena Corporation is a leader in communication network infrastructure, associated software, and professional services. Its solutions form the foundation for many of the largest, most reliable and sophisticated service provider, enterprise, government, and research and education networks across the globe. Given Ciena’s size, with about 2,000 employees, one might question whether the types of talent management activities used in larger companies are necessary or appropriate. In chapter 7, Jim Caprara, vice president, global HR development, demonstrates the value of a structured approach to talent management and the importance of thought leadership about learning for companies of all sizes.

Chapter 8: Managing Talent at the Liberty Mutual Group

The Liberty Mutual Group is a global property and casualty company that offers insurance products in more than 25 countries. Since its
founding in 1912, its employees have worked hard to make the world a safer, more secure place to live and work in. In addition to its products and services, the company’s safety breakthroughs, industry firsts, patents, and innovative programs have helped reduce workplace injuries, illnesses, and disabilities for millions of men and women. Liberty Mutual has had a consistent record of growth and profitability since the early 1990s. In chapter 8, Larry Israelite, vice president of human resource development, describes the critical role that comprehensive talent management practices have played in the company’s ongoing success.

Chapter 9: Talent Management: The Elephant in the Room
The people who spend their days creating and implementing talent management practices must learn to deal with constant change in management, the business environment, competitive challenges, technology, and many other things that make their work complex and challenging. In chapter 9, Nigel Paine, strategic adviser on talent management, makes and effectively defends a compelling argument that changes in the nature of work itself and the capabilities, needs, and expectations of the people who do this work will require a rapid, comprehensive change in the conventional wisdom associated with talent management. He lays out a road map for building a talent-centric organization and explores the benefits that this will bring to any employee.

Chapter 10: Talent Management Software and Systems
Is it possible that our ability to manage talent, however we define it, was limited in the past by our ability to effectively integrate all the data talent management activities created? Would the availability of software make the work so much easier that the effectiveness of talent management practices would dramatically increase? In chapter 10, Adam Miller, chief executive of Cornerstone OnDemand, a company that provides on-demand, integrated learning and talent management software and services, describes the evolution of talent management software and illustrates its potential effects on talent management practices and, therefore, on management itself.
Chapter 1

Chapter 11: Talent Management at Work

The final chapter summarizes the key talent management practices and processes described by each of the chapter authors and offers a set of recommendations for individuals and organizations who are starting to formalize talent management in their organizations.

A Final Thought

The authors of the chapters in this book tell their own stories. Although they all started out with the same set of questions, the differences in their companies and in how they think about talent took them down different paths. Although it may be difficult to be completely accurate at this point, I suspect that you already have an idea which of the six companies profiled briefly above is most like the one where you work. As a result, you might be tempted to skip around a little as you read. That would be a fine approach. However, it might be helpful to read chapter 2 next, because it does provide some context for everything that follows. After you gain a better understanding of the talent management road map, it may be easier to understand the different paths that each company has taken.

Finally, you may be tempted to skip over the chapters about companies that are nothing like your own. Yet there is much to learn from each of the chapters, and although the sequence in which you read them is not particularly important, it would be unfortunate if you missed something valuable because the company in which it happened is different from your own.