

Modern HR **in the Cloud**



Building Critical Talent Pipelines

Creating a Plan for Staffing Critical Job Roles



Top talent is today's competitive differentiator that makes the difference between an organization that is thriving and one that is stagnant or declining. However, the impact of the roles performed by that talent is not identical across an organization. Some roles have a greater impact than others.

Companies in all industries have a set of critical roles: jobs that must be performed—and performed well—for the companies to succeed. These positions are not confined to leaders and executives. Critical positions may lie at the core of conducting everyday business or be central to long-term new product strategy. Companies that do not have the right people in critical jobs forfeit revenue growth, innovate more slowly, and/or lose competitive advantage because they are unable to adapt to market dynamics.

Organizations need to define, attract, and develop the right mix of critical talent to support and grow their businesses. To ensure a flow of the right talent for these roles over time, the best practice is for organizations to build critical-talent pipelines.

Critical-Talent Pipelines

Building critical-talent pipelines is the process of

- Assessing internal and external talent pools
- Determining the gaps between available and needed talent
- Identifying the best strategies for developing and acquiring the talent to fill those gaps
- Executing, monitoring, and refining pipeline strategies

Although these talent management practices take place within organizations, these activities occur in the context of the broader business landscape. Macro factors affecting talent pools include the trend toward global talent mobility, the scarcity of specific skill sets, and the volatility of the economy and marketplaces.



New products, new markets, and evolving corporate strategies may drive the need for key talent with new skills or different skills.

TABLE 1. REASONS FOR HIRING
Percentage of U.S. organizations reporting reasons for adding employees during the 2010 economic downturn

Launch of new products, entering new market	46%
More or different skills needed for future business	45%
Strengthening workforce critical to business success	45%
Opportunity to add high-quality talent	39%
New employees assumed with business acquisition	28%
Ensuring appropriate mix of skills, cost	24%

Further complexities arise from the imperative of business agility, requiring fast response to fluid conditions. New products, new markets, and evolving corporate strategies may drive the need for key talent with new skills or different skills. For some organizations, a critical job may not have existed before. The responses of CEOs who participated in PricewaterhouseCoopers' "13th Annual Global CEO Survey" indicated that many are redefining roles in their organizations. Managing people through change was the top item on the talent agenda.



TABLE 2. STRATEGIC CHANGES TO HR IN AN ECONOMIC CRISIS
Regarding people strategy, to what extent are you changing your approaches to these areas as a consequence of the economic crisis?

	No change	Changing somewhat	Changing to a large extent	Changing significantly	Don't know/ no answer
Managing people through change (for example, redefining roles in organizations)	20	38	26	15	1
Training and development programs	23	36	27	13	0
Staff morale and employee engagement programs	24	24	26	15	1

Source: PricewaterhouseCoopers "13th Annual Global CEO Survey," 2010 (1,198 respondents)

For others, the identification of a critical role may result from the need for heightened quality in existing service offerings and service delivery. The tasks and the talent must readily align as the business adjusts to competition and change.

Key Questions for Building Critical-Talent Pools

Building critical-talent pools calls for organizations to answer specific questions:

- How do we identify critical positions and the competencies they require?
- Can we identify which employees have the right competencies, past experiences, and aspirations to fill critical positions? How can we keep this information current? How can we efficiently identify people in candidate pools who have the right competencies and past experiences to fill critical positions?
- Which sources are likely to deliver candidates who are the best fit for critical positions? How do we keep our employer brand top-of-mind with candidates who can help fill critical roles?
- Will it be more efficient to source the right critical talent from the existing employee base or from external candidate pools? Do we have the right assessment programs in place for external candidates and internal employees that will reliably identify the best people for critical positions?
- How do we define and implement the development programs that will prepare employees to step into critical roles?



When parsing the answers, many organizations struggle with HR data silos, disconnected technologies, and manual processes. A successful approach takes advantage of robust talent management technology solutions designed to provide business-centric functionality on a unified platform. Those kinds of holistic solutions provide an integrated view of the skills, experience, and aspirations of current employees as well as candidates while supporting talent intelligence for activities such as monitoring talent development and analyzing retention and turnover.

12-Step Methodology for Building Critical-Talent Pipelines

Building critical-talent pipelines involves 12 key activities:

1. Determine Current and Future Needs

The identification and analysis of critical roles is the first step before beginning to build a pool of critical talent. Classifying a job role as critical should take into account the role's impact on revenue generation, customers, intellectual property, and technical proficiency—and on the execution of the business plan.

Evaluate which functions deliver the highest value and which, if unfilled, have high opportunity costs and create significant organizational risk. The dual characteristics of typical critical roles are the criticality and business impact of the function, combined with the difficulty of filling the role.

2. Assess the Talent Inventory

Characterize the necessary skills and competencies for success in those roles. Examining the characteristics of employees who are currently successful in such roles can be a useful aid in completing this exercise.

Once the profile of the ideal employee for a critical position is defined, start the process of assessing those who currently hold critical positions. Go beyond their skills and competencies, and understand flight risk, typical turnover rates, and preferences to develop a full picture of current and future gaps.

The profile of the ideal employee is also effective in assessing the status of internal and external candidates for critical roles. Using this profile, organizations can develop a clear picture of the number of internal and external candidates who can fill critical roles and what skills and competencies (if any) these employees would need to acquire.



3. Determine the Mix for Filling Gaps

After assessing the availability and readiness of internal and external candidates who can step into critical roles, organizations have the necessary information for making decisions on whether to pursue external recruiting strategies, internal development strategies, or both.

Factors for determining the mix typically include the state of the labor market, the strength of the internal development infrastructure (programs and resources), and the cultural importance of hiring from within for critical roles. Other considerations are time to productivity and risk of failure in the role—especially first-year retention.

4. Define the Pool of Internal Candidates

A valuable step in developing internal candidates for critical positions is to assign them to a specific talent pool. Defining a pool helps HR leaders more efficiently assign development activities and monitor the progress of a group of individuals. Organizations might find it helpful to define multiple pools, based on how long it may take for groups of individuals to prepare to step into critical roles.

5. Assess and Develop the Pool

The next step is to assign specific development activities to all the individuals in a pool. These development activities should be designed to fill gaps in skills and competencies and can consist of formal classroom training or experience-based development activities such as mentoring programs or expatriate and rotational assignments.

6. Track Development Progress

As internal candidates progress through development activities, it is important to verify whether the assigned activities are having the expected impact on skills and competence development. Typically this can be accomplished through assessments. Assessment results that show that the pool as a whole is not making the expected progress may indicate development programs or specific classes that have not been structured to develop the needed skills.



7. Track Promotion and Turnover Rates

In addition to tracking development progress, organizations should monitor promotion and turnover rates within the pool of internal candidates. Lower-than-expected promotion rates may indicate that development programs need to be revisited and refined. Similarly, higher-than-expected turnover rates should drive changes in how the organization approaches building pipelines for critical positions. For example, higher turnover could drive specific retention initiatives or a strategy shift toward more external hiring.

8. Define the Pool of Existing External Candidates

Bearing in mind needed skills, competencies, and talent profiles, you can mine information on past candidates in the organization's candidate database to identify matches and assess the potential of external hires to fill critical roles.

9. Define and Execute Campaigns to Engage Candidates

Many critical roles are industry- or skill-specific. These lend themselves to candidate relationship management activities. Identify conferences, industry associations, and social networks that match the critical role profile. Also work with hiring managers and employees for relationship-building.

10. Assess and Refine Current Sourcing Strategies

Analyze sources that have been successful in the past to develop a targeted sourcing strategy for external candidates based on ideal-candidate profiles, needs, and historical trends. For insight, correlate source data with actual employee performance and retention data. Do not rely on "post and pray" sourcing; be proactive and find the sources that deliver the best employees.

11. Implement and Monitor Sourcing Strategies

Seek out talent that can fill critical roles, and capture information about those people's knowledge, skills, and experience in addition to contact information for ongoing communications. Use data on the efficacy of sources for ongoing refinement and improvement.

12. Track the Overall Size and Quality of Internal and External Pools

Use the talent pool database to track internal critical role candidates as well as external candidates. Track development progress, and regularly assess and compare candidates to establish readiness and ensure adequate bench strength.

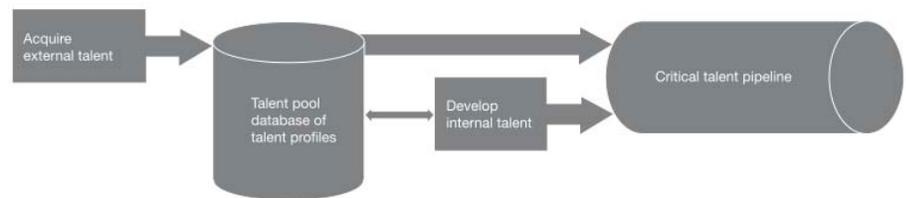


Figure 1. Build critical-talent pipelines with process and technology support.

Talent Intelligence

Organizations need specific data and analytics—talent intelligence—to progress through the strategy and practices for building critical-talent pipelines. Visibility into the skills, experiences, and interests of both the workforce and external candidates is required to inform the process.

Key talent intelligence information includes

- Risk of loss for critical employees or positions
- Individual talent profile reports
- High potential by division or department
- Employee development plan submission rate
- Employee development plan progress
- Recruiting source analysis

A global research survey found that HR executives as well as line-of-business executives agree that talent intelligence data relating to critical-talent pipelines is important.



TABLE 3. STRATEGIC CHANGES TO HR IN AN ECONOMIC CRISIS
Regarding your people strategy, to what extent will you change your approaches to the following areas as a consequence of the economic crisis?

	Very important	Important	Not important
Risk of loss for critical employees/positions	77%	23%	1%
Individual talent profile reports (including skills, development plan, and goals)	46%	49%	5%
High potential by division/department	62%	35%	3%
Employee development plan submission rate	28%	59%	13%
Employee development plan progress	42%	51%	7%
Recruiting source analysis	34%	58%	7%

Source: "Talent Intelligence: Key to US Business Success," Taleo¹, 2010

However, there are significant gaps between the level of importance companies place on talent management data related to critical talent and their access to reliable information:

- Half of the U.S. survey respondents reported no access to data on the risk of loss for critical employees/positions, and another quarter (27 percent) of the respondents reported no access to reliable data. That information is essential for prioritizing efforts to ensure bench strength.
- Only 28 percent of the respondents have reliable access to individual talent profile reports. Individual talent profile reports that contain structured information on skills, development plans, and goals are the core tool for identifying and evaluating talent suitable for critical-talent pipelines.
- Similarly, in France the vast majority (92 percent) wants talent profile reports that contain skills information, development, and goal plans, yet only 6 in 10 respondents have access to reliable data.

¹ Taleo was acquired by Oracle in June 2012.



“Only 14 percent of U.K. organisations say that they identify critical talent segments based on their business goals, as compared with 36 percent of U.S. companies. Without this level of segmentation, talent initiatives cannot be customised for key groups and are generally less effective.”

– Bersin & Associates
UK Talent Management Factbook 2010

- Just 4 in 10 U.S. respondents and 6 in 10 U.K. respondents have identified their organization’s high-potential employees. Identification of this talent pool can prepopulate a short list of employees who may well fill a critical role. Knowing the skills and competencies of this talent pool can also inform recruiting efforts.
- In Australia 62 percent of the respondents have access to data on employee development plan submission rates and just half have access to reliable data on employee development plan progress. A minority of the U.S. respondents (39 percent) has access to data on employee development plan submission rates, and even fewer—less than one-quarter—have solid information on employee development plan progress.

Although the rate of plan submission may be more of an indicator of compliance, having development plans in place along with talent data on development progress shows whether an employee is ready to step into a critical role. Less than half of the U.S. respondents have access to reliable recruiting source analysis. Visibility into the best sources of external candidates and quality talent is needed, because one conduit into critical-talent pipelines is new hires.

TABLE 4. ACCESS TO DATA

Less than half of U.S. respondents have access to reliable talent intelligence data

	No access or unreliable data	Access and reliable data
Risk of loss for critical employees/positions	77%	23%
Individual talent profile reports (including skills, development plan, and goals)	72%	28%
High potential by division/department	59%	41%
Employee development plan submission rate	61%	39%
Employee development plan progress	77%	23%
Recruiting source analysis	55%	45%

Source: “Talent Intelligence: Key to US Business Success,” Taleo, 2010



“Some companies are in fact creating talent pools that span divisions, developing employees with broad and general competencies that could be applied to a range of jobs. The fit may be less than perfect, but these firms are finding that a little just-in-time training and coaching can help close any gaps.

– Harvard Business Review
 “Talent Management for the Twenty-First Century,” 2008

The insights gained from talent data are only as good as the timeliness and accessibility of the data. Talent data must be self-generating and self-refreshed. The foundational base of information begins with the candidate, capturing the core data about a person’s prehire history, including skills, experience, and aspirations. Once a candidate has been hired, this information—which may be directly relevant to job fit or internal mobility throughout the employee’s tenure—should be stored in a talent profile.

The talent profile should be updated as employees move through the talent lifecycle, from applying for a job, through the hiring and onboarding processes, to performance reviews and development progress. The rich data collected in the normal process should be captured once in each stage and then be made available and presented in a format to help managers make decisions.

Retaining Critical Talent

Regardless of the general economic climate, a tight labor market for key skills requires a system with the ability to mine the talent database to find the right talent and skills to fill critical roles. A survey of company recruiters by the Corporate Executive Board found that most are struggling to hire qualified job seekers. More than 80 percent said that fewer than half their applicants were qualified, even though the number of unemployed has surged since the last recession began. Although attraction and retention difficulties vary by region, they are acute for critical-skill employees globally.

TABLE 5A. ATTRACTION AND RETENTION DIFFICULTIES VARY BY REGION
Variance in North and South America versus Global

Problem	Global	Brazil	Canada	U.S.
Attracting critical-skill employees	65%	81%	61%	52%
Retaining critical-skill employees	49%	65%	35%	31%
Attracting top-performing employees	61%	69%	57%	45%
Retaining top-performing employees	45%	67%	35%	25%
Attracting high-potential employees	56%	67%	54%	40%
Retaining high-potential employees	45%	64%	38%	25%
Attracting all employees	25%	30%	22%	15%
Retaining all employees	21%	26%	12%	11%

Source: “Towers Watson Global Talent Management and Rewards Survey,” 2010



“United Airlines developed two different metrics to measure the success of its new talent management program. The first was bench strength, the number of employees ready for promotion out of its total talent pool. This metric measures the preparedness of successors to fill roles. The second measurement was planning ratio, measured by the number of succession planning candidates promoted out of the total number of critical roles. This measurement shows the success of the plan.

– Talent Management magazine
 “Succession in the Friendly Skies: United Airlines,” July 2010

**TABLE 5B. ATTRACTION AND RETENTION DIFFICULTIES VARY BY REGION
 Variance in Asia and Europe**

Problem	India/ China	Other Asia	Ireland/ Spain	Other Europe
Attracting critical-skill employees	84%	78%	49%	62%
Retaining critical-skill employees	81%	69%	29%	44%
Attracting top-performing employees	76%	71%	52%	67%
Retaining top-performing employees	77%	63%	22%	41%
Attracting high-potential employees	68%	70%	47%	58%
Retaining high-potential employees	75%	60%	29%	43%
Attracting all employees	36%	41%	22%	19%
Retaining all employees	39%	39%	14%	12%

Source: “Towers Watson Global Talent Management and Rewards Survey,” 2010

Having a holistic view of the organization’s needs and the workforce’s capabilities can mitigate the risk of losing talent from critical roles, by proactively implementing talent management retention strategies. This may be especially necessary during times of organizational change, when generalized turnover among top performers is heightened. Special focus should be on those top performers who are filling critical positions. During a reorganization effort, one company found that 44 employees critical to the company’s success were likely to leave.



“60 percent of the companies surveyed intended to build up their internal talent pipelines, and more than half (51 percent) intended to create more development opportunities for talented employees in the future.”

– WorldatWork and Towers Watson
 “Creating a Sustainable Rewards and Talent Management Model,” 2010

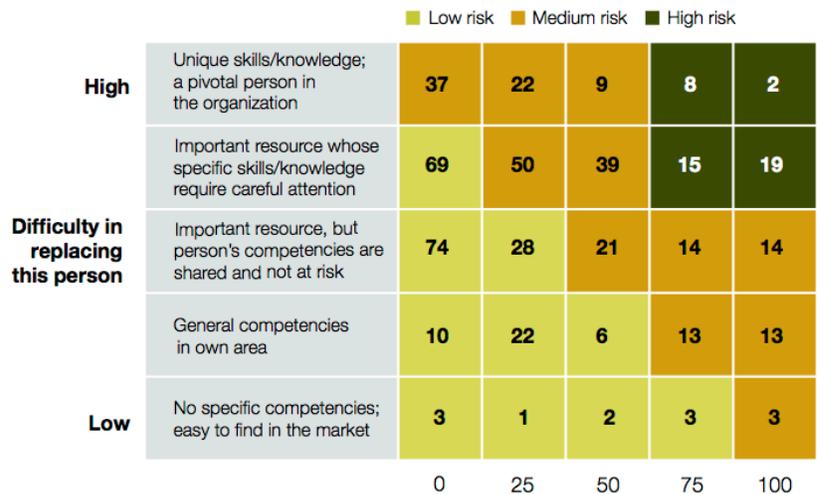


Figure 2. This risk heat map for a European industrial company indicates the number of employees (out of 497) at risk in each category.

Building Critical-Talent Pipelines

Although the output of all work within an organization is important, certain roles are key to operations and directly drive business goals and results. Simultaneously, the talent to perform those roles may be scarce. Companies can reduce their risk and ensure the availability of top talent to fill those roles by building critical-talent pipelines.

Accurate, accessible intelligence and data on critical talent is needed to generate insights. Analytics capabilities must be timely and intuitive and not require separate processes. A unified approach to talent data—real intelligence on a company’s most valuable asset—should underpin the process.

Building and maintaining critical talent pipelines supported by a talent pool database of talent profiles is an integral part of a broad talent management strategy designed to foster organizational success.



Conclusion

When the strategy for building critical-talent pipelines is supported by a robust technology platform, organizations can

- Accurately assess and predict gaps in critical skills and competencies
- Execute an integrated plan to fill gaps with internal and external talent
- Design more-effective development programs and recruiting strategies based on accurate profiles of the needed critical talent
- Improve ongoing programs with regular insights into the progress of recruiting and development efforts

Capturing talent data at the source of transactions within a structured process during day-to-day talent management activities, consolidating the structured data within the talent profile, and then combining it with talent analytics supports the best practices for building critical-talent pools.



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