

You will win with kids, eventually

Talent management is the buzz phrase in HR. It applies to graduates and your existing stars, says Gabrielle Monaghan

MANCHESTER UNITED has been famous for nurturing young football talent since its then manager, Sir Matt Busby, came up with the concept in the 1950s. It's a strategy that produced some of the club's greatest players.

All the leading teams now have their net of scouts who scour the globe for highly skilled youngsters in the hope of signing them up to their youth academies. But when it comes to spotting and developing talent in corporate Ireland, the approach can be a lot more haphazard.

All too often, business leaders are leaving the responsibility of managing human capital, often their most valuable resource, to human resources (HR) departments instead of employing a strategy to ensure there is a continuous production line of high-performing individuals to boost their bottom line.

"My sense is that there were relatively crude processes used to identify talent coming through Irish organisations, real back-of-the-envelope stuff," said Tim Wray, who has advised leading Irish companies on management development and is head of executive education at the Irish Management Institute (IMI). "But the larger, more successful, corporates have become more sophisticated about this process over the last five to 10 years."

Wray argues that talent man-

agement begins at graduate entry level, where candidates should be prepared to become future leaders of an organisation. He gives the example of food company Kerry Group, which has been placing its graduate recruits into a formal two-year development programme accredited by the IMI for the past 10 years.

The programme, which comprises a certificate in management and a diploma in management, equips graduates with enough technical skills and management competency to immediately take on challenges in the business and enhance their career. Graduates are then recruited into permanent roles within Kerry Group.

"A lot of organisations recruit graduates at 23 or 24, and let them wander around the company for years," said Wray. "Kerry exemplifies the reverse - it develops graduates to hit the ground running and add value very quickly. As a result, you see people being given significant responsibility at a young age. So a 30-year-old at Kerry is a highly valued individual in the job market."

Talent management and leadership development are now at the top of the strategic agenda for firms worldwide, as a key driver of competitive advantage, a survey by Deloitte and the Economist Intelligence Unit showed last year.

In order to transform people management into a strategic function, though, companies need to take responsibility for it at management-board level, experts say. More than half of the organisations surveyed by Deloitte still do not have a manager or HR director dedicated to people issues at senior level.

Talent management is increasingly becoming a buzzword in America, though, where struggling bank Citigroup created the new position of "head of talent management", even as it was reporting a \$9.8 billion (€6.2 billion) loss for the fourth quarter.

In the 2007 book, *Beyond HR: The New Science of Human Capital*, Professor John W Boudreau, of the University of Southern California's Marshall School of Business & Center for Effective Organizations, says that business leaders need to approach talent with the same rigour, logic and strategic connection as resources such as customers, capital and technology.

He advocates the new discipline of "talent-decision science", which requires leaders not to look just within their HR function, but also beyond it. "Top executives need to become more analytical about talent and ask where would better leadership and innovation make the biggest difference in their company," said Boudreau, who has helped firms including Shell, Novartis and Unilever maximise their employees' effectiveness.

According to Boudreau, many of the "analytics" already used in disciplines such as finance are also applicable to talent: "The first questions CEOs should ask of their HR leadership is if the

company is winning the competition for talent where it matters most to its strategic success - in the same way they might ask the head of marketing if the company is winning the war for customers," he said.

Boudreau works with strategy groups, alongside HR departments, asking where improvements in talent quality would make a big difference in the business: "For instance, if you analyse a company such as McDonald's, you realise that there is a core of individuals in the outlets who are well-trained and are the glue that holds everything together. A high turnover rate among them is more serious."

In Ireland, the loss of a high-performing employee has had an impact on half the companies polled by executive-recruitment firm Talent Partners last year.

The effects included the loss of customers, intellectual property, skills and knowledge, as well as the cost of recruiting and training replacements, and the demoralisation of the remaining staff.

The survey, the first in Ireland to focus on talent management, also found that the average cost to each firm of losing a high performer, or an individual with a proven track record of success in their career, was €237,000 - how many businesses would easily shrug off that kind of money?

For a number of companies, the figure was in the millions, according to Talent Partners, which interviewed chief executives and managers in the information and communications technology (ICT) and finance sectors. High performers. Typically don't leave firms because they



view another employer as more attractive, but because they become frustrated with problems within their existing organisation, said Talent Partners.

These individuals are also more likely to quit in search of better opportunities and greater challenges than be tempted by higher compensation packages. While Irish companies claimed in the survey that they treat high performers differently to other staff, the majority of them only did this by paying them higher salaries or by increasing their commission or bonus. Just 12% of the firms polled claimed to provide high performers with greater opportunities.

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"Top performers are hard to find and when they are found, they are not well looked after well."

"It's staggering to find, in another survey we're doing, that 50% of professionals didn't even have an appraisal over the last year.

"You need to look at the top achievers from the graduates

coming in every year to middle management, right through to top management. It's important to identify those key skills and work to develop those skills for the best results possible."

It was wrongly said in football - of 1990s Manchester United, in fact - that "you'll never win anything with kids". Business leaders who have an equally dismissive attitude to young talent and nurturing potential star performers can expect to be similarly embarrassed.