



# The From-To: 10 Years of Talent Management

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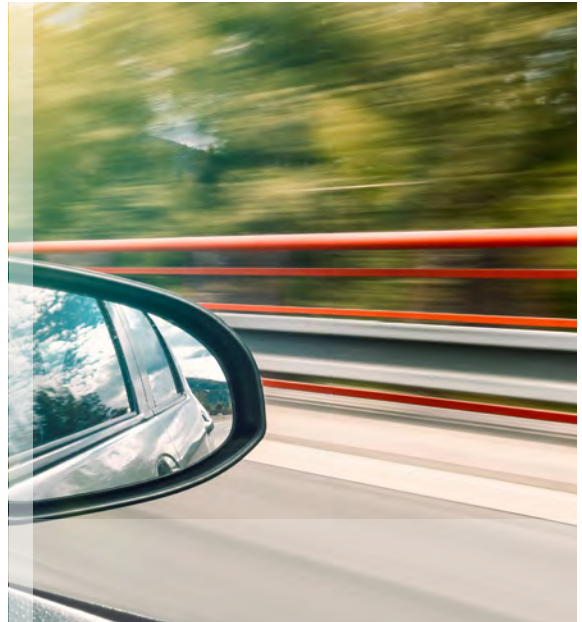


# The From-To: 10 Years of Talent Management

Summarized from my presentation to the Conference  
Board Talent Management Council, November 2017

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by Marc Effron, Talent Strategy Group



Our field gained traction about ten years ago when most companies were either adding or exploring how to add Talent Management as a function. In the years that have passed we've made amazing progress in some areas and shown our weakness in others. These remarks are a snapshot in time about our progress and what lies ahead.

## WHAT WE'VE DONE WELL

**We've become a profession:** Professions come and go with amazing regularity. Remember Chief Knowledge Officers? I do. I once praised the creation of this position saying that, because CKO's existed, at least I wouldn't be the *first* person fired in the next recession. CKOs are gone and the Talent Management profession faced the same test over the past 10 years.

If our nascent profession wasn't adding value, the last recession would have been a great opportunity to crush its existence. Fortunately, Talent Management groups worldwide grew stronger through the recent downturn and we've now solidified Talent Management as a legitimate profession.

**We've become a pathway to CHRO:** Talent Management is now one of the two most popular pathways for someone who wants to become a CHRO (the other being business partner). The capability that CEOs tell me they want most in a new CHRO is the ability to find and produce higher quality Talent. A Talent Management specialization or deep experience in the field creates a strong foundation for future success.

**We've removed the function's bottom tier:** The Talent Management function attracted OD & OE experts, trainers, leadership development professional, generalists and assorted others as it took shape in the early 2000's. Many of those attracted were light on the strategic and process capabilities that proved to be the core to our profession. Many placed people needs before business needs. We've done a good job of helping those people find their next opportunity.

**We've increasingly showed business the value of HR:** CEOs and their teams understand that better Talent delivers better business results. These leaders have now seen higher quality Talent identification and development practices improve the quality of business results. Talent is the sole force that's proved HR to be more than a cost management function.

## WHERE WE'VE UNDERPERFORMED

**We haven't been stewards of science; we've embraced fads.** Not everyone in HR is an Industrial/Organizational Psychologist, but the field is largely based on the I/O psychology science and fact base and that should guide our actions. That science provides a backstop against unsubstantiated claims made by consultants and an occasional wayward academic about a new tool, technique or approach to Talent Management. We've failed to sufficiently use science to guide our process design and to call out science-free Talent fads. **Two key examples:**

**Fad #1: Eliminate Performance Ratings** Let's start with the fad to eliminate performance ratings which was born out of highly questionable claims about the deleterious effects of rating and differentiating individuals. This fad ran rampant through HR for about four years, actively supported by our profession. It finally lost traction when Gartner (formerly Corporate Executive Board) and USC's Center for Effective Organizations showed poor organizational outcomes for companies that had dropped ratings, companies who went ratingless reversed their decisions and innovative companies like Google and Facebook adopted traditional rating approaches in performance management.

**Fad #2: Focus on Your Strengths.** There have been more than 20 million Gallup Strength-finders assessments sold and they weren't bought by your supply chain leaders. We bought into this fad without any peer-review published science proving that it works. It's defenders now wrap it in the cloak of positive psychology – claiming that people enjoy development more if they focus on their strengths. That's undoubtedly true but has nothing to do with development. The evidence is clear that derailers undercut executives' potential success and that one's strengths will take care of themselves. This emperor has no clothes so Talent Management should stop lending him ours to wear.

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**We still don't love business.** Our New Talent Management Network study seven years ago asked HR leaders why they had joined this profession. 77% said they joined to make people more successful while only 59% said it was to make companies more successful (participants could vote for both choices).<sup>1</sup> While both interests are essential, HR suffers from an image of not sufficiently caring about the business. It's not hard to prove that image is correct. When my colleague Jim Shanley asks a series of basic financial questions in our [Talent Management Institute](#) course, most participants don't know the answers. If even a casual fan of a professional sports team knows the team's current win/loss record, what does it say if we don't know the basic statistics about our business?

**We still overcomplicate:** It's getting better but there's still room to improve. I feel pride that [One Page Talent Management](#) has helped to stamp out complicated performance management processes, Talent review tools, competency models and the like. To keep this momentum going, we need to focus on science-based simplicity and not give in to the 20% of leaders who demand that you spoon-feed them the exact steps or provide a formula. We should demand (politely and extending a helping hand) that they do the job they're being paid to do.

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<sup>1</sup> Multiple votes were possible.



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## **WHY WE HAVE UNDERPERFORMED**

**Talent upgrades are still needed:** We've made great progress in the quality of Talent Management leaders, to my point above, but we still have many people in our field who are accidentally in HR. They don't love business and aren't building their strategic HR skills to help themselves be more effective. I suggest we better hold our profession to clear standards for Talent Management (like Jim Shanley and I outline in the [4+2 Model](#)) to help us better screen and direct the development of Talent Management leaders.

**We don't have enough business partner or other functional experience:** I find a remarkable difference between Talent Management "lifers" and those who've served in a business partner role and in another function. The latter understand that Talent Management is just one of many things that occupies the mind of a line leader and that Talent Management practices and programs need to take this into account.

**And, back to the science:** Every time we grab hold of a fad we undercut our legitimacy in the eyes of the business. How embarrassed are the HR leaders at companies that dropped performance ratings and then reinstated them a few years later? How much will line leaders trust them the next time they say, "Try this. It's proven to work and everyone's doing it." We can only become trusted advisors if we are each know the science better and use it as the foundation for our advice.

**Consolidate the power of Talent Management:** It should go without saying but, just in case, performance management, engagement, culture, assessment should always be part of Talent Management. Learning and development is too often still an independent group that should also be part of Talent Management. L & D is a tool to change human behavior to advance the business, which is the role of Talent Management.

I can make a less compelling case for Talent Acquisition (TA) to be part of Talent Management. If a TA group already applies great selection techniques and has a strong record of external hires being highly successful, they're likely fine on their own. If not, they should report through us.

There's little strategic advantage in integrating Compensation into Talent Management but there should be a very tight partnership between these groups. Compensation practices should reinforce Talent Management messages and be governed by the same overall [Talent Philosophy](#).

## **WHAT ARE THE GREATEST TALENT MANAGEMENT CHALLENGES OVER THE NEXT 5 YEARS?**

**Executing everything above:** We know how to do everything that I describe above. I'm not hearing of grossly under-funded Talent Management departments, so the resources are available. We just need the intestinal fortitude and to display the proper leadership to do it.

**Building better Talent faster:** It's not labeled as such, but there's a clear war for Talent globally and we need to accelerate our [Talent Production Lines](#) to stay competitive. Our Talent Management efforts must be disciplined and fully integrated to produce better quality Talent faster than our competitors.

**Better predicting potential:** The largest unanswered question in Talent Management remains how to accurately predict potential to advance. I'm not optimistic that we'll find a breakthrough but hope that we'll better apply the existing knowledge about how intelligence, personality and fit contribute to potential.

**Extract the value of analytics:** The promise of HR analytics lies somewhere between its proponents' hype and the 90% of companies who call turnover statistics HR analytics. To truly add value, analytics needs to become a decision support tool that helps managers to make smarter decisions about Talent. That means that we need to better integrate biographical data, personality and cognitive assessments, 360 results, engagement scores and more to accurately guide managers to specific actions. This is well within our reach, so I hope to see meaningful progress soon.

I'm convinced that there's a recession coming in the next five years and it will test how valuable Talent Management has proven itself to be. If we've established ourselves as indispensable to the business, we'll be the first ones the CEO calls to help re-invigorate the business. If we haven't, we can take our place in the Corporate Hall of Shame directly adjacent to the Chief Knowledge Officer.

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