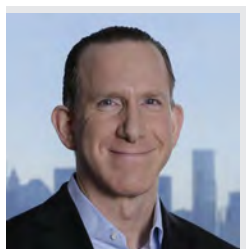


How to Create A Talent Strategy



How to Create A Talent Strategy

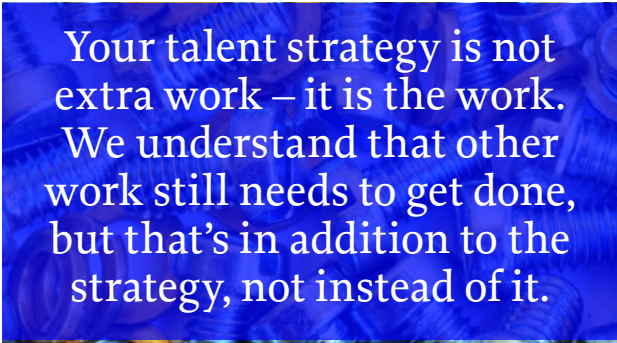


by Marc Effron,
Talent Strategy Group

It's surprising that so many organizations – even the larger and more sophisticated ones – still lack a well-designed talent strategy. By well designed, we mean a strategy that tightly flows from the business strategy, is clear about the talent team's three or four big promises/deliverables, spans at least three years, and is specific enough to explain the activities and investment needed.

When talent strategy is done right, it creates a true north for your talent organization. It provides direction that allows the component parts of talent management (TA, DE&I, analytics, L&D, etc.) to create their own powerful objectives.

It provides confidence to the organization that talent management is not just pushing activities, but has a clear and validated business purpose for the activities it's engaged in.



Your talent strategy is not extra work – it is the work. We understand that other work still needs to get done, but that’s in addition to the strategy, not instead of it.

Getting to great strategy

Designing a talent strategy involves four steps that produce a clear, ambitious and value-creating set of promises. The strategy conversation flows from business objectives to specific actions – prioritizing the few, big deliverables the talent group will deliver over three years.

The finished document includes sufficient action items under each plank to instill confidence that the plan is realistic. It presents an accurate estimation of costs and a clear-eyed assessment of what might cause it to fail.

We follow four steps when we help HR and talent teams to create a powerful strategy.

Step 1: Identify your strategic drivers

A complaint we often hear from business leaders is that they feel like talent management is engaged in multiple interesting activities with no clear business goal that drives them (see “[The CEO’s Three Questions About Talent](#)”). Your CEO (and many others) just wants to know which few things talent management will do to tangibly support the strategy.

That’s why great talent strategy starts by mapping directly from the business strategy to your core Talent Management deliverables.

But what about everything else I have to do?

A reasonable question that we hear when creating talent strategies is, “my team is already very busy. How do the things on the strategy fit into what they’re already doing?” We need to stand that question on its head.

The question isn’t how they accomplish the goals listed on the strategy when they are already busy. It’s what are they doing that’s not directly aligned to the talent strategy and why.

Your talent strategy is not extra work – it is the work. We understand that other work still needs to get done, but that’s in addition to the strategy, not instead of it.

Ask your team members: “Here are the four big things that our group needs to deliver. What is your team doing that is not aligned to these and why?” It may be that most of what they’re doing already supports the strategy or it could be that important but not critical activities are taking up too much of their time. Part of any leader’s job is spent executing the basics of their position, and that applies to talent management as well.

The question for everyone on the talent team is how are you optimizing delivery of the basics to allow sufficient time to focus on the most important activities that support the business strategy.

We acknowledge that everyone has 100 things to get done during the year. Effective talent strategy ensures that a majority of those things are focused on the highest priorities of the business and the talent group.

An effective talent strategy design session starts by discussing the explicit strategy of the business and how the talent management group can best support that. It cannot be an inductive discussion – a talent solution looking for a business problem to solve.

That conversation sounds like, “Here are the HR/talent things that we want to work on. How can these fit with the business?”

The strategy conversation should sound like this: “One plank of our company’s strategy is to increase product innovation within each brand. What big deliverable could we provide that would support that?”

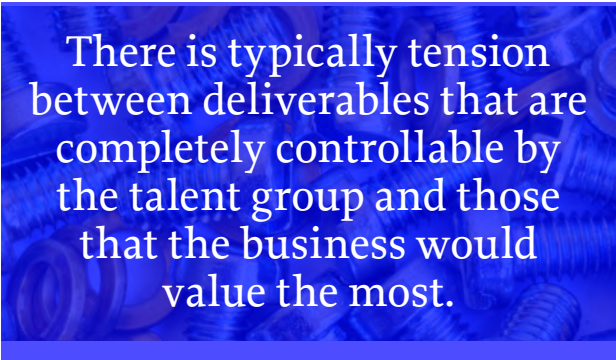
The ensuing discussion will identify a long list of activities of varying quality – some strategic and some more granular. A typical example is:

1. Identify key innovation behaviors and integrate into selection and promotion criteria.
2. Hire more innovative team members.
3. Train people in the latest innovation techniques.
4. Evaluate rewards system tied to innovative behaviors (if you influence compensation).
5. Build a more innovation-focused culture.
6. Change job design in key innovation roles to promote more flexibility.

Your opportunity is to identify the few meaningful deliverables amongst those.

Once your team has generated that long list, ask them, “What will we actually deliver?” The outcome of this conversation separates those who can create a talent strategy from those who revel in delivering talent activities.

There is typically tension between deliv-



There is typically tension between deliverables that are completely controllable by the talent group and those that the business would value the most.

erables that are completely controllable by the talent group and those that the business would value the most. From the list above, too often talent groups would select a choice like “Hire more innovative team members.” It feels controllable and somewhat measurable. But that isn’t a business outcome; it’s an activity.

An outcome that the business would value is, “Increase product innovation by shifting our culture, work design and capabilities to reinforce innovative outcomes.”

That’s a big promise. A scary promise. A promise that many HR groups would not be willing to sign up for. It’s also a promise that would cause your executive team to smile because it clearly adds value to the business.

Delivering that outcome is far more difficult than building a new competency model or offering a training course. It requires a clear plan, coordinated efforts, influencing ability and a willingness to tie your bonus (and perhaps career success) to true outcomes.

Your team then repeats this discussion to identify the 3 - 4 big promises you will deliver. Why no more than four? If these are truly the largest, juiciest, most performance-driving promises you can make, your group should not be capable of delivering more than that number.

To bring your talent strategy draft closer to reality, you'll need to accurately determine the additional resources you'll need to achieve it. We find that too many clients try to skip this step or imprecisely estimate their resource needs.

To the innovation promise example above, how much work will be required to successfully deliver that outcome? Now multiply that by four and ask yourself how many career-impacting promises would you like to make?

Step 2: Identify the key activities that will deliver each strategic promise

Your team will accomplish their big strategic promises by delivering the smaller but still critical outcomes underneath each promise. Step 2 is to identify the important outcomes and activities that will ensure you achieve your promises.

The conversation to identify those activities follows the same conversation pattern used in Step 1. For each strategic promise, your team creates a long list of activities that must be achieved to deliver that promise. Similar to Step 1, your first effort will likely produce activities that have varying levels of importance and relevance.

We typically help a team to combine this long list into a proper list in two ways. First, the team identifies which activities are similar or linked and combines them into a larger deliverable.

For example, your long list might contain both "identify the competencies to hire to that increase innovation" and "determine behaviors that are critical to innovation."

The larger deliverable that those overlapping statements are making could be phrased

as, "Determine the attributes that increase innovation." There will be a myriad of other tactics beneath that statement, but that statement appropriately combines smaller deliverables into a key outcome that supports the strategic plank.

There should be a timeline associated with each of those key tactics that results in a clear "complete by" date for the promise.

The second way to identify the most important activities is a simple voting exercise. When you have the long list identified, ask each team member to vote on their top four, in priority order. This rank orders the list and gives you instant clarity about which items they consider to be most important.

Draw the cut-off line at the number of activities you feel is reasonable. We suggest including no more than eight activities or outcomes beneath each. Each activity will be a meaningful deliverable, so eight is an ambitious number to achieve.

Repeat this process for your other 2 – 3 strategic planks. When done, you'll have the draft strategy in place.

Step 3: Determine the resources needed

To bring your talent strategy draft closer to reality, you'll need to accurately determine the additional resources you'll need to achieve it. We find that too many clients try to skip this step or imprecisely estimate their resource needs.

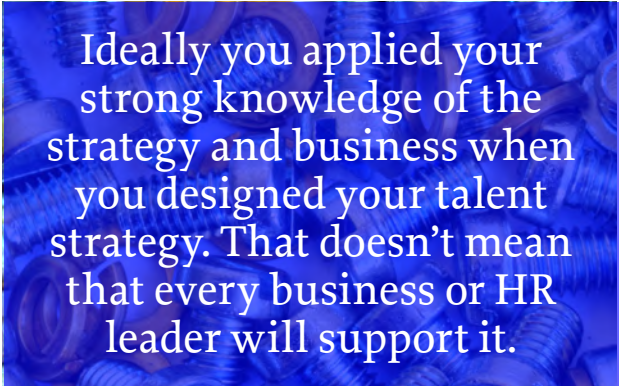
Imagine if your CEO said on an earnings call that they had no idea what the company's new strategy would cost. You have the same responsibility as your CEO. Every strategy has a price tag and your talent strategy isn't valid until it has an accurate one too.

Your resource requests should reflect the additional resources needed to accomplish each strategic promise. There are three resource costs you should estimate: people, short term expenses and capital expenses.

- **People:** Which additional or upgraded positions do you need and at what cost? Be sure to estimate fully loaded employee costs (compensation, benefits, other guaranteed payments, expected individual expenses).
- **Short-term expenses:** What expenses will you incur to deliver the promises? Short term expenses may include consulting, meeting costs, corporate-sponsored training, material acquisition or production, talent acquisition for your team, website redesign, etc.
- **Capital expenses:** What long-term investments are needed to enable the strategy? Capital expenses include technology, hardware/material used for multiple years, construction of facilities and anything else that will benefit the organization for more than one year.

Each strategic plank should have its own accurate estimate of the investment required to achieve it.

This budgeting exercise can be helpful in reverse as well. After estimating these expenses, you might find that your eyes were bigger than your wallet and that you need to downsize that promise in order to achieve it.



Ideally you applied your strong knowledge of the strategy and business when you designed your talent strategy. That doesn't mean that every business or HR leader will support it.

Step 4: Bullet-proof your talent strategy

There's a long list of things that can prevent your talent strategy from being successful. You need to identify the primary barriers and put a mitigation plan in place to ensure that you can overcome any potential obstacles.

Put on your most critical mindset and tear apart the strategy you just carefully developed. What will get in the way? Who doesn't support this? What is unrealistic?

We've seen obstacles range from budget cuts to delayed technology implementations to [HR fighting with itself](#).

If you're having trouble identifying barriers, ask a few business leaders and HR business partners to help. They'll easily find the soft spots in your plan.

Socialize the plan and build sponsorship

Congratulations! You now have a draft talent strategy. It's time to review it with key business leaders and HR leaders to hear their preferred changes, additions and deletions.

Ideally you applied your strong knowledge of the strategy and business when you designed your talent strategy. That doesn't mean that every business or HR leader will support it.

We recommend that you start socialization

Great talent strategies are uncommon not because they are difficult to create but because their designers don't focus on the big deliverables and flawless execution to achieve them. Stay focused and consistent in execution.

with the HR business partner population, paying special attention to those who support the functions, regions or business units most affected by your plan.

Your goal when meeting with them is both to educate them about the strategic choices you made and why, and to lobby for their support in rolling out the strategy in their group.

After meeting with them one-on-one, you'll want to summarize their comments, present them to your strategy design team and fine tune any promises, metrics or activities.

Once your strategy is largely finalized, we recommend that you meet with each executive team member and their HRBP to review the talent strategy. You and the HRBP should appear to be perfectly aligned on the talent strategy in that meeting.

The boring discipline of strategy execution

Your talent strategy should take priority over other activities in your group. This doesn't mean that you and your team members don't have other work to do. It does mean that the goal setting process for your team

should flow directly from your talent strategy.

When setting goals for the year, your team members should list the three or four deliverables they will produce that support the strategy. Your direct reports may be able to pull their goals directly from the strategic planks or the supporting activities.

Hold a monthly status review to track the team's progress against your strategic plan's timeline and take corrective action where deliverables are falling behind or not having the intended effect.

Wrapping Up

Great talent strategies are uncommon not because they are difficult to create but because their designers don't focus on the big deliverables and flawless execution to achieve them. Stay focused and consistent in execution. Make achieving the strategic planks the primary drivers for your team's bonuses.

There's higher company performance out there just waiting for you to bring it to life. Start with your talent strategy.

INTERESTED IN LEARNING MORE?



Visit Our Website
for science-based solutions
and the latest in HR and Talent

CONTACT THE AUTHOR



Marc Effron
President
Talent Strategy Group