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# It's 2008: Do you know where your talent is?



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# Questions your CEO may ask you!

- Which segments of the work-force create the value for which you are most rewarded in the marketplace?
- Which areas of your business will be impacted by impending waves of retirement? What are you doing to prepare successors? What impact will retirement have on the skills and productivity necessary to meet future demand?
- What skills will you need over the next five years that you don't currently possess? How will you create that capacity? What happens to your business if you don't?

# Questions your CEO may ask you! (cont'd)

- What is your turnover within critical areas? How much it is costing you? In customers? In productivity? In innovation? In quality? What are you doing to resolve the root cause?
- Are you actively developing talent portfolios or workforce plans that will help you to understand and communicate the financial consequences of talent decisions on your business?

# The sad statistics of the global talent pool

By 2008, a wealth of skills will disappear from the job market:

- The 1<sup>st</sup> members of the Baby Boomers will turn 62
- Over the next 15 years, 80% labour growth in people older than 50
- By 2050, 40% of Europe's total population and 60% of its working age population will be people over 60
- In the U.S. colleges will graduate only 198,000 (science & engineering) students to fill the shoes of 2 million Baby Boomers scheduled to retire between 1998 and 2008 (NASA)

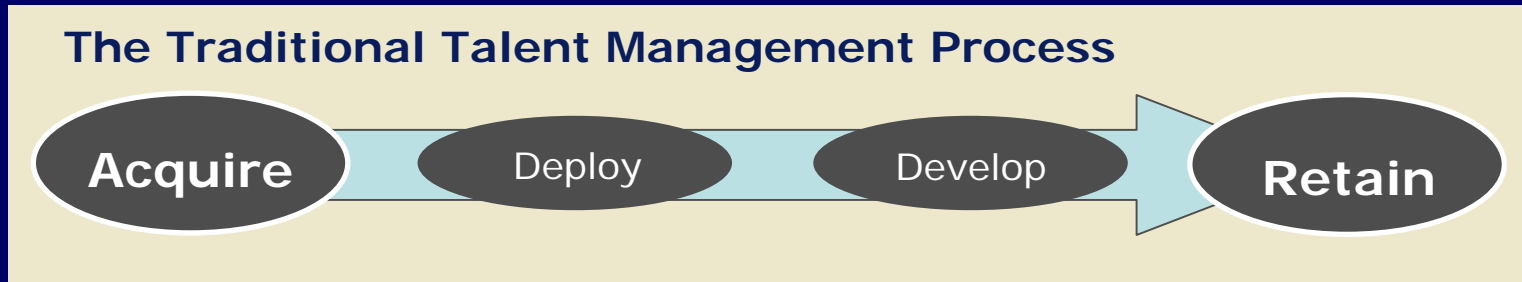
# The sad statistics of the global talent pool (cont'd)

- The Bureau of Labor Statistics (US) projects that more than 300,000 of the 1.3 million new IT jobs to be created between 1996 and 2006 will go unfilled
- Major skills gap will exist due to declining education standards worldwide. In the US only 70% HS students graduate, and only 32% leave HS qualified enough to attend college

# The talent game is changing

- Supply-demand: The retirement of Baby Boomers and a looming skill gap will create a supply-demand situation unlike any in history
- Rise of global talent markets
  - The 20th century saw the rise of customer and financial markets; talent will be the scarce resource as we enter the 21st century
  - Firms will have to source talent needs across global market as local pools of critical talent (e.g., scientists, engineers, and nurses) dwindle
- Nature of work: As knowledge work prevails, firms will have to find new ways of achieving higher returns on their largest investment
- Shifting expectations: Recent statistics suggest that fully half of the workforce is disengaged

# The traditional Talent Management Process



## Traditional approaches:

- Don't allow individuals or organizations the flexibility they need to grow
- Are costly (firms spend 50 times more on recruiting than training)
- Focus on metrics and outcomes, rather than what really matters to talent
- Don't get to the heart of where value is created
- Often are divorced from broader business aims, such as strategic goals and firm branding

# Traditional approaches will not suffice

- In the 1990s, companies waged the war for talent by offering rich compensation packages and “hot skills” bonuses
  - Such tactics are easily matched by competitors
  - Monetary rewards do not sustain interest
  - “A players” and stars are often first to leave
  - Attention and resource is on recruiting, not engaging employees

**“We are about to face a demographically driven shortfall in labor that will make the late 1990’s look like a minor irritation.”**

-Anthony Carnevale, Former Chairman of the National Commission for Employment Policy

# Our point-of-view

## *Future* Talent Management Process

Focus on the most critical people by identifying critical workforce segments - the internal groups that drive the organisation's success

- That is, groups that are driving a disproportionate share of key business outcomes (typically defined as top or bottom line impact)
- The critical talent of an organization generally represents a distinct minority of the total payroll

# Our point-of-view

## *Future* Talent Management Process

Focus on supporting the identified critical workforce segments on the issues they care about most:

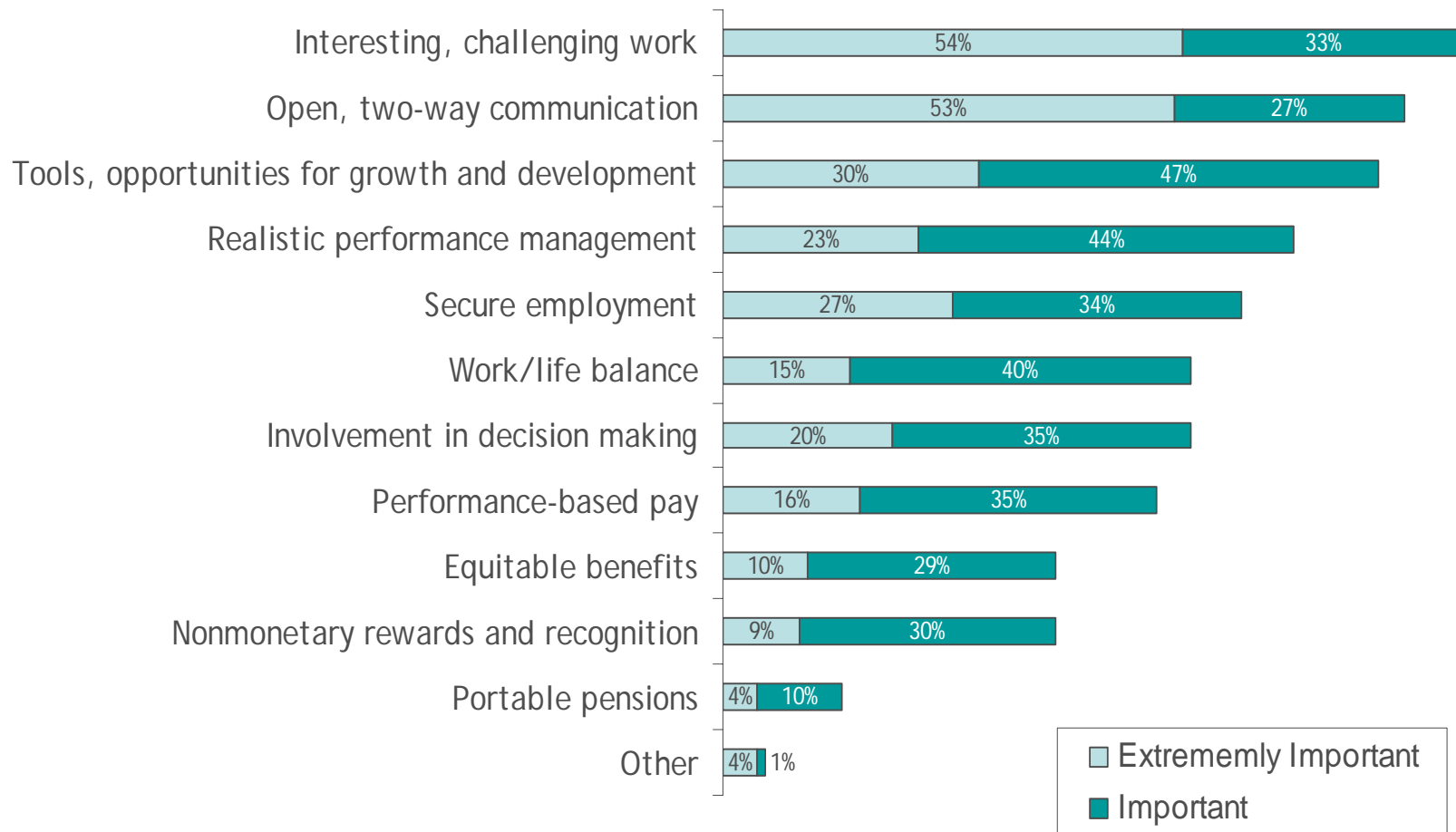
- Doing work that engages them
- Learning how to do it even better
- Encountering fresh challenges
- Interacting with people in positive ways

*The Talent Strategies service offering helps organizations identify, develop, deploy, and connect their critical talent*

# A shift in mindset

- Organisations need to build strategies around things that matter to critical talent:
  - Their **development** or growth (recognizing that training is a small part)
  - Their **deployment** onto jobs or projects that engage them (creating the roles and conditions that tap their greatest potential)
  - Their **connection** to others who are key (focusing on the networks and quality of interactions that they need to succeed)
- By focusing on the development, deployment, and connection, the attraction and retention of critical talent largely take care of themselves

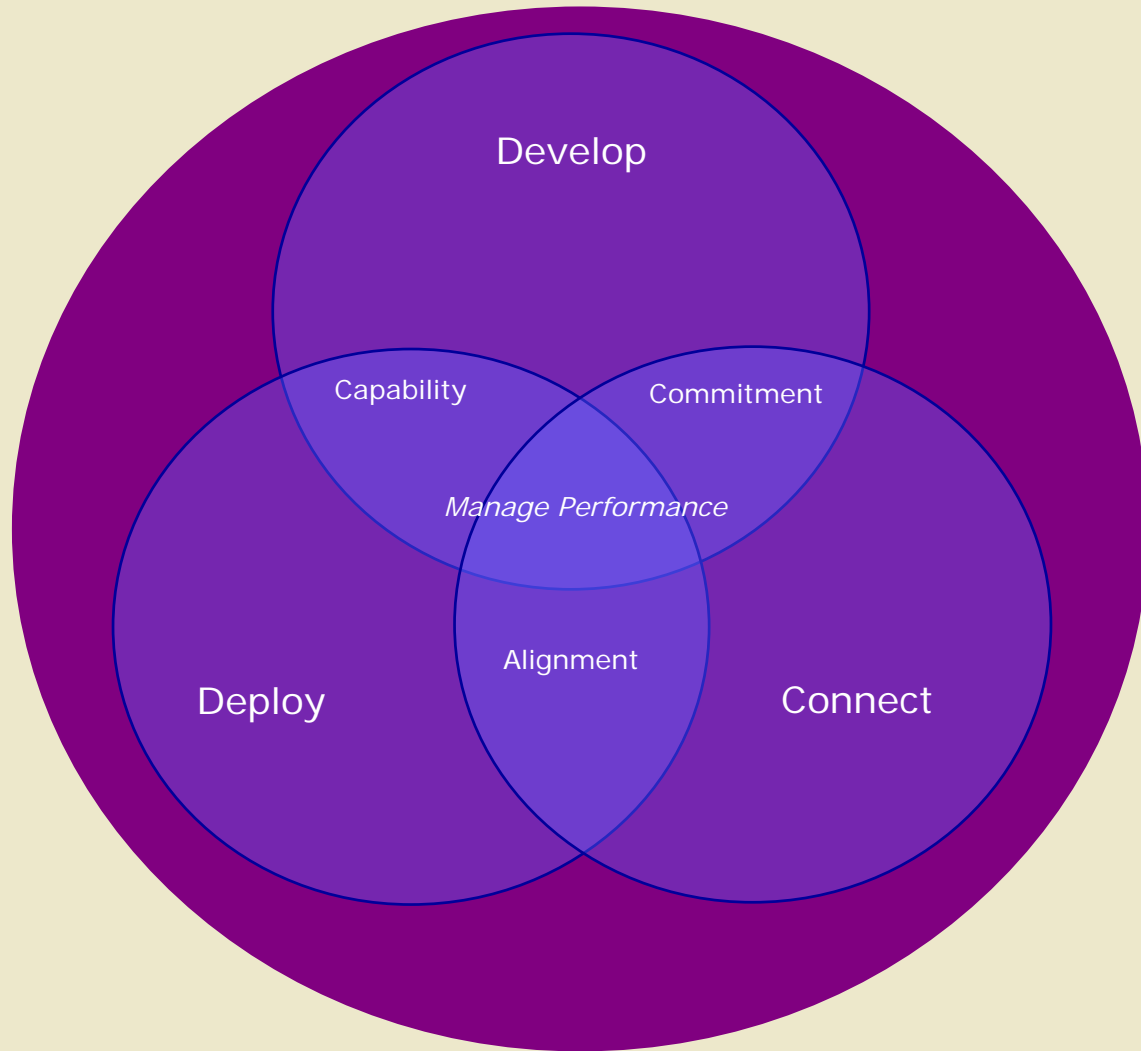
# What employees expect from companies



Source: HR Executive Review: Implementing the New Employment Compact (New York: Conference Board, 1997)

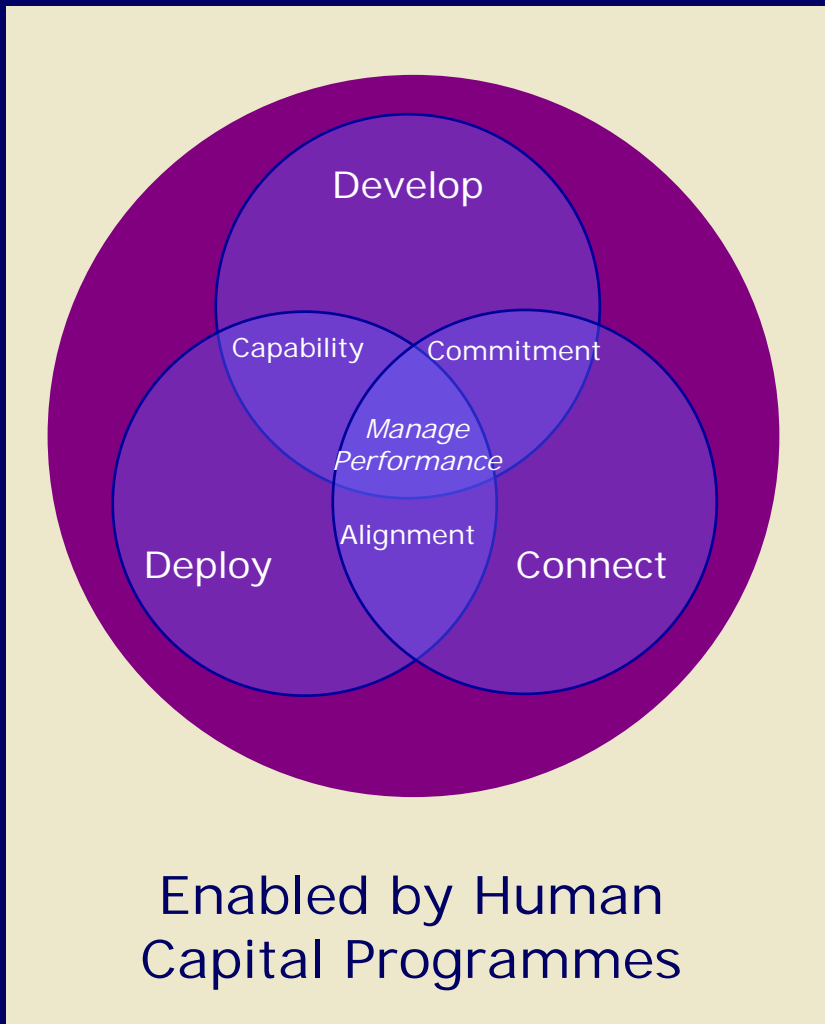
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# Develop-Deploy-Connect Cycle



Enabled by Human Capital Programmes

# Develop-Deploy-Connect Cycle



**Develop** seeks to ensure that employees have the opportunities, experiences, and guidance that will enable them to be successfully deployed and connected to their work. The support, resources, information, and learning opportunities provided to management and employees will systematically target and improve their performance.

**Deploy** seeks to ensure the correct candidate is matched to a critical job, with an organization's continuous focus on its critical talent to ensure that the employees' skills, interests and capabilities evolve in line with strategic objectives. The central idea is that with the proper experiences, support and connections, employees will master roles for which they were not originally trained.

**Connect** seeks to ensure that the existing link between the strength and diversity of social networks and an employee's influence, or social capital, are taken into account to enhance the quality of interactions within the organization and knowledge flows. Social capital determines one's ability to gain access to information, solve problems collaboratively, and achieve goals.

# Developing a talent management strategy

Companies need to develop their own unique strategy

Steps:

- Identify critical workforce segments
- Identify and validate labour trends
- Assess the organization's ability to develop and retain employees
- Set priorities and define a talent management strategy

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Why Acquisition and Retention Strategies Don't Work



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