Seven Mistakes Companies Make with Talent Strategy

By Victor Assad

Many CEOs will tell you that their workforce is their strongest asset. They well write mission statements and hang their carefully crafted values on the walls of their entrance lobbies and conference rooms. They profess their commitment to hiring the best employees and offering them great careers.

While this all may be a great, it's often just lip service. Too many organizations treat their workforces as a commodity, a necessity of business that can be bought or sold on any number of exchanges. They believe their employees are mostly interchangeable. **That is their biggest mistake.**

Employees and middle management know, however, when executives are serious about the workforce and when it is just paying lip service. They know by the work environment that is created, the transparency of leaders, how mangers treat them, the sense of achievement they feel, and by the collaboration of their peers.

It's too bad really. Because the companies that put in place powerful, integrated talent management practices not only enjoy higher employee retention, they also have an easier time attracting great employees. They benefit from higher levels of discretionary effort, productivity and innovation.

These companies also have better financial performance according to the conclusions of top research organizations, including McKinsey and Company, The Hackett Group, and Penn State University.

Too many delegate talent strategy to the management of their human resources departments. But they are then complacent to have their human resources departments focus on payroll and benefits administration, recruiting, performance management and compliance. These are the basics, which need to be done well, for sure, but they are not the powerful talent strategies that drive superior performance. They don't steer the effective implementation of business strategy, empower innovation, or lead to higher profitable growth.

When you want to take something seriously, you need to have a purpose, a vision for it and a plan to achieve it. You need to know what it will look like when you are finished. You need a plan with strategies, tactics, supportive technologies, measures, analytics and the ability to quickly take corrective action.

What drives the extraordinary effort of employees, superior performance and financial returns are talent strategies that:

1. Align the passions of each employee to the mission, purpose and goals of the organization.

2. Provide principles for leaders, working together and servicing clients.

3. Are performance based.

4. Create dynamic, collaborative cultures of innovation that transcends hierarchy, arrogance and barriers.

5. Provide employee development and career planning.

6. Develop managers who build relationships with employees, provide a sense of achievement by give timely feedback, coaching and recognition.

7. Create a work environment which allows employees flexibility to work when and where it makes sense for the team, with great technology, and to attend to the needs of their personal lives.

When you don't engage employees, they hit a tipping point and eventually leave—especially the best ones. Or worse, employees stay and disengage. The cost of the turnover is 16% for retail companies and in manufacturing. It can be 50% for engineers and high potential talent in other professions. It can be 200% for key executives.

The cost of disengagement is even greater. Disengagement is when employees put in the minimal effort necessary to keep their jobs, offer few suggestions, or worse, create dissent with gossip or by undermining colleagues. Disengagement eats at your organization's culture like an undetected cancer. According to Gallup, the disengagement costs the U.S. economy an estimated $450 billion to $550 billion a year.

Unfortunately, the standard accounting practices for our major corporations do not pick up the reasons for the decline in productivity, slipped new product development schedules rise in scrap and rework, and higher absenteeism and worker's compensation costs, and lower profits.

Yet, it happens nonetheless.

I can empathize with the challenges of companies with demanding quarterly financial goals, ongoing operations to manage, stiff competition, and too much hierarchy and bureaucracy. I have been there. And that is the point. Companies who want to improve their productivity, financial performance, and innovation, need to put in place powerful talent management practices.

The status quo is a failing business strategy. When a focus on cost control and operational efficiency squeezes out a sense of higher-purpose, individual ambition, creativity, and innovation, the organization stagnates and fails to grow.

The Seven Mistakes Companies Make with Talent Strategy

No. 1. Not taking it seriously and not having a plan

When you take something seriously you have a vision for it. What it will look like when you are finished. As with any business vision, you need a plan to achieve it. A plan with strategies, tactics, supportive technologies, measures, analytics and the ability to quickly take corrective action.

As pointed out above, Talent Strategies are too important to be developed by human resources alone. Serious talent strategies are developed by the executive team along with human resources. The following departments need to be an equal, strategic partner with human resources in developing talent strategy. They are finance, marketing, real estate management and information technology to create the powerful talent strategies and practices for the business's unique business vision, business model, and strategies.

The first step in developing a Talent Strategy is reviewing the organization's strategic business plan, including market opportunities and threats, emerging technologies, new business models and product plans, financial goals and target areas for growth. Useful insights include customer feedback and observations by executives.

Do your executives, for instance, look with envy on employee competencies of market rivals? Are new workforce competencies or organizational capabilities required to meet the business strategies? It is vitally important to have a good pulse on the enterprise's engagement with customers, market opportunities and competitive threats so that the talent strategy has business relevance.

The second step is looking at your workforce and human resources analytics. What is your turnover rate? What is the feedback from employee surveys and sensing sessions? If turnover is high and employee feedback points to serious issues, what causes the concern? Is it indifferent management? Lack of clear, strategic direction? Little confidence in business strategies? Poor pay? Little coaching, development and feedback to employees?

Do you know based on analytics and research, not hunches and vague opinions, the best mix of knowledge, skills and experiences that make up your best engineers, sales representatives, and leaders? What analytics can inform you about your workforce and the performance of your organization will surprise you.

Regarding your talent management analytics. What is the cycle time of your job postings (from the date of post to the job acceptance rate)? If it is high by your industry standard, do you know where the recruiting, job screening and selection process breaks down? Do you know your best recruiting sources? What is your job-offer acceptance rate? Do you have strong return on investment from your recruiting processes? Learning processes? Are you able to reliably identify, develop and promote your best management talent? Your best technical talent?

When you launch new strategies do you have reliable processes with supportive technology to provide clear direction to employees? Do you invite employees to further clarify how the new strategies will change their roles, job tasks and behaviors? Do you align your organization development and learning efforts to support your business strategy implementation? Do you have measures in place for your organization development and learning initiatives? Do you know your return on investment from organization development and learning initiatives? Are you using collaboration software that makes it fun to work and that accelerates outcomes?

These are some of the questions explored in the assessment I use with organizations to assess their current talent management practices and to recommend how to improve them.

In preparing or updating a talent strategy, leaders need to be able to condense it down to a practical employee value proposition. Why should bright, talented people join your company? To spread knowledge throughout the world? Contribute to human welfare through the advancement of applied biotechnology? Cure cancer? Create a world without waste?

If they do join, how will their workplace dreams and aspirations be fulfilled? Will they get the opportunity to do meaningful work? Use the latest technology? Will they receive coaching and development to advance their careers? Will they be recognized for their work? Treated with respect and dignity? Payed fairly and share in the economic growth of the company?

The value proposition for one company I worked for was to provide promising employees great development and experience, higher than average pay and incentives, and a great start to their careers. It was a demanding work place. 70-hour work weeks were common. If you were on the high talent list you moved every 18 to 24 months to a new challenging, turnaround assignment—and it usually meant a cross-country or global move.

The turnover rate was high. For their high potential college placements, it was 70% to 80% after three years. Yet, this value proposition attracted many extraordinarily smart, talented and hard-working employees because for them the payoff was to accelerate their careers by winning huge promotions at other companies, leap-frogging the career ladder.

I can provide other employee value propositions, including those of companies that promised serving a higher purpose for human welfare, or a supportive work environment that would delight customers with new, leading edge technology improvements. The point is to know your employee value proposition and build a powerful talent management strategy and practices around it.

Having a comprehensive talent management plan, not just for one talent strategy competency such as recruiting, but for the *whole strategy*. With many companies, the requirements to grow quickly means being excellent at attracting and recruiting employees. They put their focus on recruiting solely—which is a mistake. If they have not put in place expectations for their managers on:

1. how to onboard the new employees
2. coach them on how work gets down
3. how to use the enterprise software for doing the work,
4. how to provide clear goals and operating norms for communications, meetings, sharing information and decision making,

the enthusiasm of the new hire will quickly die out.

No. 2. Little participation by executives.

In addition to having and implementing a talent strategy and its practices, the next best way to demonstrate a commitment to talent strategy is for executives to lead by actively participating. Executives need to join human resources with university recruiting, being mentors and coaches, introducing or leading workshops, and taking an active interest in succession planning.

The workforce is smart. They want access and coaching from executive management. Available to them on their mobile devices are employee ratings, by websites such as Glass Door, of company executive management, organizational culture, and even the interview process. They know which executive teams care about the workforce, and develop and reward them, and which ones do not. 78% of online job seekers check out a company's ratings on Glass Door or other internet sites before deciding to apply for a posted job. Get your executives involved!

No. 3. Boring the workforce.

Do you believe in the vision and purpose of your company and what it will achieve for its clients and for humanity at large? If so, are you telling your workforce at every opportunity, and at least weekly about how your company is meeting its commitments to customers and the difference it is making for them? Are you celebrating the important achievements that advance the purpose of your company by your work teams and individual employees? Are you passing on customer compliments?

When I led human resources for a Medtronic division, Medtronic executives spoke about the Medtronic Mission at every all-employee meeting and in almost all communications. It reinforced a culture of innovation, strong quality and doing the right thing. It was a rallying cry. The mission is to "Contribute to human welfare by the application of biomedical engineering to alleviate pain, restore health, and extend life". Who couldn't get behind it? What is your company's mission and purpose?

Talent Management is about creating a dynamic employee experience aligned to the company's mission. Contrary to popular opinion, it is not solely about high potential employees and succession planning. For most companies about 15% of the workforce is truly engaged with the company's purpose and are putting in the extraordinary accomplishments that drive company success.

Stated differently, about 15% of your workforce achieves about 50% of the company key performance and innovation.

What if you could double the percentage of 15% of the workforce that provides this extraordinary achievement to 30%? 45%? If you could, even at the 30% level, based on the experience of the few companies who do achieve this, you would be an ongoing, sustainable competitive advantage in your industry and enjoy top-quartile financial success.

Executives who are serious about unleashing the innovation, performance and discretionary effort of their workforces speak to the purpose and achievement of their businesses all the time, at least as often as the business, marketing and financial strategies—and more importantly demonstrating it in the actions of executive and first line leaders.

One of the strongest motivators CEOs have is their position as leaders and the communications mediums available to them—especially now with social media. If all they take about is financial numbers or market share, employees will get the message: they are a number. Nothing more.

If, on the other hand, CEOs speak to the organizations key strategies, including its talent strategies, the value and public good of their product and services, follow up on the progress of those strategies at later meetings, and recognize the teams which achieve key milestones in implementing those strategies, they workforce will get the message that their work is respected and appreciated.

No. 4. Not gathering and using analytics (digital technology and artificial intelligence) to make improvements.

Talent strategies are critical to the success of recruiting, performance management, learning, identifying and promoting high potential talent, and assuring that your talent management practices do not lead to unintended bias or discrimination.

Executives and human resources departments should use analytics like other departments such as supply chain, marketing and engineering. With the availability of digital technology, and the increasingly prevalent practice of pulsing the workforce, there is no reason not to develop and use analytics to inform and improve talent management practices.

It isn't tough. I have done it on a spreadsheet with a team of sales directors, a human resources business partner, and a financial analyst. The goal was to improve our recruiting, selection, training and development of better performing sales representatives. (An additional benefit was we also increased the female and person of color representation in the sales force). Our focus was to understand the knowledge, skills and pre-hiring experiences that shaped our best sales representatives.

Once we did a little digging (and used an employment assessment to help us), we came up with an improved profile to hire and develop sales representations. The payoff was higher sales and lower turnover!

Today, there are better tools then Excel to gather analytics including more robust payroll and performance management software platforms that can be used to gather the data analyze it. Some of these tools are very affordable for small to mid-sized businesses.

Does the workforce understand your business strategies? Are they working feverishly to implement them? Or even better, to improve them in ways the executive team did not imagine? You can learn the answers to these questions by asking the workforce, either in sensing sessions or surveys? Employees don't tire of surveys if they see management addressing the issues raised by the surveys.

I have successfully used sensing sessions and surveys to provide management feedback on the workforce's understanding of business strategies, to gauge the confidence the workforce has with management's business strategies, and to gather input on how to shape and implement strategy. Today's digital survey technology makes it relatively easy.

The point is to use analytics in talent strategy like you would in marketing, engineering, supply chain, finance and operations.

No. 5. Not updating performance management and developing agile leaders to provide the alignment and motivation to the workforce that works.

What's the worst kept secret in talent strategy? It's the fact that annual performance evaluations with ratings are subjective, demotivating, destroy collaboration and innovation, and are time consuming. Ultimately, they do little to motivate, align and improve the performance and innovation of employees.

Despite recent research and the fact that many well-regarded companies have abandoned the practice of ratings and forced distributions, such as GE, Ford, Microsoft, Accenture, Adobe, Deloitte, Expedia and IBM, this annual ritual persists. According to the *Economist*, 9 in 10 companies still do performance evaluations with ratings.

So, what works for performance management?

I have worked with several organizations to improve their performance management practices and to train their leaders to work in today's face-paced, global world and to led the today's multi-national and multi-generational workforce. The outcome has always been to improve the relationships and interactions between leaders and employees and to improve performance. The following are my recommendations to align, motivate and engage employees, inspire innovation, and drive performance.

1. **Provide continuous feedback, coaching and development**—not an end of the year data dump. Businesses operate in a constantly changing, global world. No one should set goals that stay the same all year – the business world is too fluid.

   Feedback and coaching must also be continual. Managers should hold regularly scheduled one-on-one meetings with every employee (at least weekly or biweekly). These meetings are an opportunity for employees to give their managers updates on their work, discuss obstacles, and ask for assistance and coaching.

   Managers need to vary their coaching and development advice based

on the skills and experience of each employee so that it is relevant and helpful. With ongoing feedback, the annual performance review (which I still advocate with quarterly updates and without ratings for most companies), is no longer an argumentative, dreaded process. Instead, it becomes a discussion on competencies mastered, achievements, further development, and career aspirations.

2. **Don't depend on a manager's feedback alone to make judgements about performance and who is or isn't high potential**. There is too much office politics and a halo effect when you let managers alone assess performance and potential of their own teams, in part because managers see the ratings of their employees as a reflection of themselves.

   Initiate at least semi-annual performance meetings among managers to share their reviews of employee accomplishments, how employees achieved results, and their development progress. After a few of these meetings, the managers will develop collective norms to judge competencies and determine who are the best performers among their workforce. These meetings are twice as effective when there is a well vetted and understood set of work-based competencies in place—not just intuition.

   The competencies should be derived from an analysis that identifies the knowledge, skills and attributes that make your best employees THE BEST. This analysis can be done quickly and without a lot of effort.

3. **Train your managers to be "Agile Builders"** and to use what I call the "$A^2C^2E^2$" methodology:

   - **A^2-Alignment and Agility.** Business is fast-paced. Goals are no longer relevant for the entire year. Managers need to continually align employees to changing market conditions, customer preferences, and the company's strategies and goals. Managers also need to be agile learns to deal with fast pace of change. They need to be agile with their leadership style and communications to relate to the diverse and global workforces they encounter

- **C^2-Constant Communications and Clarity.** Change is a constant. It requires constant communication and clarity on issues such as roles, information sharing, timing, operating norms, decision rights and progress.
- **E^2-Empathy and Empowerment.** Mangers who show empathy, provide recognition, and let employees have a say in how they achieve their goals engender more engagement and achieve better results. We know this from numerous studies on emotional intelligence.

Select managers who have the interest and skills to be builders. Agile Builders align their teams with the organization's purpose and strategies and constantly provide clarity on goals, roles, responsibilities and operating norms. They empower their teams and take an active interest in employee development. Hold managers accountable for being agile builders, as well as for their employees' performance and results!

Don't use management roles as a plum reward for the technical expert who does not have these skills.

No. 6. Using rigid hierarchy and tops-down management and old notions about "the office" in high-technology, fast paced, global businesses with sophisticated customers. It is good way to invite disruption.

The world simply moves to fast and the workforce is too varied to rely on hierarchy and dominating leaders. Companies which depend on hierarchy, dominance and allow for divisive politics move slow, cling to the status quo, and lack innovation. And it simply doesn't work unless you happen to be in a stable, static, isolated industry.

Instead of rigid hierarchy and dominance, executives need to embrace innovation, embrace transparency collaborative culture of innovation. With many of the companies I, and my partners, work with this is often the one action executives can take to improve innovation.

When the following question was asked in a study on innovation by one of my partners, "What has been your biggest innovation challenge?" 26% of the answers pointed to executive leadership and issues, such as organizational structure and culture: openness to risk, inertia, and moving from the status quo.

Most companies are global, even small stat-ups. The internet empowers it. Hierarchical companies with domineering leadership styles do not have the agility to allow their regions to make local adjustments to their global strategies, I saw this first hand when the India management team altered our coronary stent marketing strategies and messaging at Medtronic to better fit the India health care market. Sales soared!

Being agile doesn't mean you toss out hierarchy, strategy and accountability. But it does give permission to move across hierarchy and boundaries to accelerate idea sharing, collaboration and innovation.

Finally, about 45% of the workforce of most companies can allow their employees to work from home or be with customers and their supply chain partners 3 to 4 days a week. These employees become more productive and loyal because the company saves them commuting time to and from work. My experience, and the learning from empirical research shows that these workers will give 50% of that time saving back to the company. Productivity increases about 22% and office space costs drops!

Why not? Use contemporary, smart work environment designs that allow employees the time, space and technology to work when and where it is most productive for the team and their clients. Your productivity and employee morale will increase, costs will fall, and you can divert the savings to strategic business investments.

No. 7. Not aligning organization development and learning initiatives to execute the organization's new business models and strategies.

There is an urban legend going around that learning is 70:20:10 – meaning that 70% of learning occurs on the job, 20% from mentoring and coaching, and 10% from classroom training. This claim comes from experiential learning theory and the work of several academics.

Nothing could be further from the truth. The assertion comes from research on novel, significant new assignments for leaders. These leaders are required to manage change with diverse teams across traditional organizational boundaries.

More recent research on leadership development, however, has questioned this finding. It asserts that earlier models about learning were too simplistic in their assumptions on how leaders learn and the complexity of organizations.

Despite the popularity of this assumption, there are three problems with framing developmental experiences in this way:

1. There is no empirical evidence supporting this assumption, yet scholars and practitioners frequently quote it as if were a fact.
2. This assumption is misleading because it suggests that informal on-the-job experiences and learning from other people, and formal programs and learning from other people are independent. ***Yet, these different forms of experience can occur in parallel.*** It is optimal that learning in one form of experience can complement and build on learning in another form of experience.
3. The "70:20:10" assumption can lead organizations to prioritize informal, on-the-job experience over all other forms of development experiences. Unfortunately, this allows leadership development to become a "haphazard process without accountability and formal evaluation".

So, keep your learning departments! Keep class room training! But keep them focused on providing the timely learning needed for your business strategies. Make sure the training uses multi-media. Explore virtual training for geographically dispersed employees. Be sure to include ongoing coaching and mentoring components, and that the training is measured. The measures should include the effectiveness of the training itself, the learning of the students, and its impact on the execution of the business strategy. There are many excellent learning platforms that allow for the distribution, tracking and assessment of training.

Is Your Workforce Your Strongest Asset?

If you believe that your workforce is the strongest asset of your company, perhaps it is time to put in place or upgrade, powerful talent strategies to improve the execution of your business model and new strategies, and improve your financial performance.

It begins with an assessment of your current talent management practices. Then putting in place a talent strategies and an employee value proposition that drives profitable growth and provides you a return on your investment.

Hi, I am Victor Assad, the CEO of Victor Assad Strategic H R Consulting. If you would like to explore what options are open for you to improve your talent strategy, and are prepared to act now, I invite you to contact me to schedule a complimentary one-hour strategy session.

The session takes about one hour and we can link-up either in person, or by phone or by Zoom. You can also call me at ***707-331-6740*** or email me at victorassad6@gmail.com to arrange a complimentary session.

In this session, we explore your current business situation: the business challenges and opportunities, key strategies, the key players, and the new realities your organization is facing.

I invite you to explore my website, www.victorhrconsultant.com to learn more about how we partner with clients, who we work with, subscribe to my weekly blogs and download other free whitepapers.

***Victor Assad** is a Managing Partner of InnovationOne and the CEO of Victor Assad Strategic Human Resources Consulting. He partners with companies to create dynamic innovation cultures, powerful talent management practices, develops agile leaders and teams.*

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