

Building an integrated talent management strategy



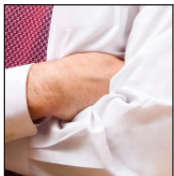
**A briefing paper from the Economist Intelligence Unit
sponsored by Oracle**



Preface

Building an integrated talent management strategy is an Economist Intelligence Unit white paper, sponsored by Oracle. The Economist Intelligence Unit's editorial team wrote the report, and the findings and views expressed do not necessarily reflect the views of the sponsor. Bill Millar was the author of the report and Dan Armstrong was the editor. Richard Zoehrer was responsible for layout and design.

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Introduction

Senior executives often claim that people drive the value of the business. They are right. According to a recent survey conducted by the Economist Intelligence Unit for Oracle, senior executives at corporations worldwide judge the ability to attract and retain people as one of the most critical enablers of growth.¹

But they have to be the right people. Every organisation relies on key clusters of critical talent in order to be able to execute its business strategy. These employees drive a disproportionate share of revenue and earnings. They



generate high value for customers and shareholders. They have strong skills and deep knowledge—not just of the work itself, but of how to make things happen in the organisation. Without such employees, senior executives would be “pushing on a string” rather than executing their strategies.

The ability to attract and retain people is one of the most critical enablers of growth

Moreover, the skills and knowledge of such employees ensure that they are in great demand. They are valuable to their current employers. They may be even more valuable to their current employer’s competitors. Without a talent management strategy focused on keeping critical people engaged—including talent maps, targeted training, clear career paths, job rotation and other development tools—critical employees may be sending out résumés rather than executing the organisation’s strategy.

¹ Economist Intelligence Unit, *Technology and growth at mid-sized companies*, a research study sponsored by Oracle, 2007 (available at <http://eiu.com/sponsor/oracle/mid-sized/>)

Featured interviewees

- ▶ **Aditya Birla Group**
Dr Santrupt Misra, *Global HR & CTO*
- ▶ **Den Danske Bank**
Lars Mørch, *Member of the Executive Committee and head of HR*
- ▶ **Office Depot**
JoAnne Moeller, *VP HR, compensation, benefits and HR-Information management*
- ▶ **United States Navy**
Ken Decker, *Chief Petty Officer, Retired*
Tony Martin, *Chief Petty Officer, Retired*
- ▶ **Unisys Corporation**
Mary Massung, *VP Unisys University*



Developing a talent management strategy

The task of developing a talent management strategy often falls to human resources (HR) professionals working in consultation with the business functions. But HR also carries out the more traditional administrative functions such as handling employee benefits, delivering payrolls, ensuring compliance with government regulations, and recruiting and interviewing new staff. To become truly value-added partners in any business, HR needs the resources, tools and management buy-in to get the administrative tasks under control and move up to a position of strategic adviser. From talent mapping and planning to performance evaluation, recruitment, retention and even benefits administration, today's human capital professionals are constantly seeking new ways to streamline, integrate and align human capital functions with broader corporate objectives.

Mary Massung is an HR-focused executive at Unisys Corporation and vice-president of Unisys University, an in-house training and development vehicle. She is among those who claim that it is people who create the value in an enterprise: "That's especially true in a service business like ours, where you're not just selling your company; you're selling the skills and abilities of your people. If your people don't have the right skills to meet the expectations of your clients, your organisation will fail."

According to Ms Massung, the management team at Unisys Corporation "very much understands the strategic value of human resources". In fact, she says, business managers at the company "very much view us in HR as a strategic partner—someone they can turn to help them achieve their business goals".

Unisys Corporation is not alone. Anecdotal evidence indicates that more and more management teams are waking up to the value of a more deliberate approach to managing people and talent. This is the case at a large European bank. According to the firm's senior vice-president of HR, as the company began to measure its employee engagement, it made an interesting discovery. "What we began to notice", says the executive, "was that almost every measure of performance success we were to observe, be it profit margin or customer

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Mary Masung, HR executive, Unisys Corporation

satisfaction, moved almost in lockstep with indices of employee satisfaction."

That realisation led the organisation to additional findings. "What we learned was that the more attention you pay to individual employees, the greater their satisfaction," says the executive. This is not to say simply pay the workers more and increase their benefits. Instead, explains the executive, "it's often simply taking an interest. Ask them how they like their work/life balance? Do they feel challenged or valued in their work? Are they satisfied with where they are? Are they aware of development opportunities and advancement?"



Building an integrated talent management strategy

These are simple questions, but there is enormous value in developing a consistent means of gathering, analysing and responding to the answers. Essentially, says the executive, “we’re helping our people plan and manage their careers. We’re taking an interest in their personal development, and satisfaction.” Treating people as individuals and addressing their strengths, weaknesses, and work and life goals “has an enormous impact on people’s attitudes towards their work”. The executive believes that this, in turn, “translates into stronger performance and higher retention”.

A senior financial executive of a large US technology firm agrees, adding that one of the ways his HR executives deliver value is by helping the company to customise the careers of its most valuable workers. “We call it a life plan,” he says. “Where do they want to go in the organisation? What do they want in their life?” By going through the process of designing and continually updating an

individual career path, he says, “we get more from our people, and we keep them longer”.

Both the bank and the technology firm are elevating the HR function from a primarily administrative focus to a more strategic one. Says the technology executive: “You may need to treat people as individuals, but you need to manage your people-focused processes collectively, based on facts. Only in this way “can you maximise the value of your workforce. You can turn people management into a competitive differentiator, a source of advantage.”

Perhaps the key step that the technology firm has taken is to communicate to managers throughout the company that they will be measured by—and to some degree compensated on—the degree to which their employees are engaged. Simply put, engagement is a key driver of performance. And by monitoring and measuring engagement, the human resources function can provide critical insight to managers on what works, what doesn’t, and how they can do better.

The importance of integration

The technology executive believes that herein also lies the importance of having an integrated and consistent technology platform for human resources management. “To be effective in human capital management today, you need very precise and timely information about individuals—and you also need to be able to analyse this information collectively in order to make informed decisions.” The more integration between activities as diverse as recruitment, payroll and benefits management, training/development and performance measurement, “the better you’ll be at overall workforce planning,

the better you’ll be at managing and motivating individual workers, and so the more effective you’ll become as an organisation”.

An integrated technology platform also gives HR executives more time to focus on strategic issues. Says the banking executive: “We’re a dynamic organisation where people move around a lot.” So whether a manager or employee is in London, Prague, Dublin or elsewhere, “the performance management system, the frameworks and the software are all consistent”. This enables the company to create “one culture” and “one set of processes”.



It also “enables HR to spend less time on administration and more time on value-adding activities”.

At its most basic level, organisations deploy HR software to reduce the burden of day-to-day administrative tasks such as payroll or benefits reporting and compliance. Adding self-service HR administration not only reduces costs, but generally increases employees’ sense of control and their satisfaction. As JoAnne Moeller, vice-president of human resources, compensation, benefits and HR-Information management for Office Depot, explains, “automating routine HR tasks significantly reduces costs”. But at the same time, the HR clients “like do-it-yourself HR services because they can get what they need from wherever they are and whenever they want”.

But HR technology can also help to execute more value-added tasks. For example, in the case of talent management, technology can help organisations to implement improvements in the following areas:

■ **RECRUITMENT** Is the organisation pursuing the right people? How successful is it in attracting the right candidates? Tools such as e-recruitment or onsite application kiosks are a start. The results can be gathered and analysed to generate benchmarks. And randomised trials can help organisations to track the effectiveness of competing recruiting techniques.

■ **TALENT MAPPING** Given the organisation’s business focus and strategic direction, what mix of talent and skills will help it to execute successfully? If the talent mix is absent, how can it be developed or acquired? Working with line and senior management, HR executives can develop recruiting strategies and design training programmes that focus on existing or emerging needs.

■ **WORKFORCE PLANNING AND DEVELOPMENT** Much of the work of the HR function focuses on



Integrated HR processes can tie together employee performance, evaluation and compensation—from the executive suite to the machine shop

getting the organisation’s human capital from its current state (where it is now) to some future state (where it needs to be). These efforts can be documented and tracked by:

- creating detailed workforce planning and skills gap assessments;
- identifying high-potential personnel (and following through with additional development and retention services); and
- adopting more flexible development programmes and reaching a broader audience through e-learning.

■ **PERFORMANCE PLANNING AND EVALUATION**

Employees who understand where they add value do a better job of adding value. And managers who clearly communicate what they expect from their employees, and how these expectations tie into compensation, help employees become more engaged and effective. Here, HR systems can help managers to develop feedback loops between



Building an integrated talent management strategy

“You need to have an idea of what you want to accomplish for your business and the ways better management of people can help you achieve that.”

Lars Mørch, HR executive, Danske Bank

performance expectations and actual performance over time, evaluate the effectiveness of performance metrics, enable a range of review techniques and create a single home for all information about an individual employee.

In short, integrated HR processes can tie together employee performance, evaluation and compensation from the executive suite to the machine shop, research and development (R&D) lab, warehouse or sales floor. These processes clearly link the value people create to how people are valued. For instance, at Costco, inventory shrinkage—the reduction in inventory value through shoplifting or employee theft; damaged, stale or lost products; or paperwork errors—is controlled by tying one-fifth of the bonus of all employees to this metric.

■ **RETENTION** Retention is another area where consistent processes can help the HR function to identify clusters of key talent, set retention benchmarks, apply retention strategies, and then evaluate and refine approaches over time. For example, clear and broadly implemented processes can help companies to:

- determine the characteristics that best define the most critical performers, then proactively manage their development, compensation and engagement over time;
- identify the early warning signs of employee

defection, in time to act;

- evaluate the degree to which various combinations of incentives influence behaviour and retention, and establish an optimal budget for rewards; and
- establish a formal learning and development plan for all employees and track progress by individuals or groups of “like” employees.

Strategy first

Technology-enabled processes may be powerful. But strategy comes first, says Lars Mørch, a member of Danske Bank’s executive committee and the head of the group’s HR function. Danske Bank is the largest bank in Denmark and one of the largest in Scandinavia, with total assets of over US\$500bn.

“You need to have an idea of what you want to accomplish for your business and the ways better management of people can help you achieve that,” explains Mr Mørch. But once a company knows what it wants to accomplish in HR, “that’s when you can determine what technology you need—and then the technology becomes a tool to help you achieve your strategy”.



Danske Bank: Growth takes talent

Close alignment between HR and business strategies is “always important”, states Lars Mørch, a member of Danske Bank’s executive committee and the head of the group’s HR function. But having HR strategies that march to the same beat as those of senior and line management is even more important when an organisation is pursuing significant growth through a global acquisition strategy.

Danske Bank was already the largest financial services provider in Denmark when, in 2004, the group acquired two Ireland-based entities, National Irish Bank and Northern Bank, for a total of around US\$1.8bn. In 2007 the company also acquired Sampo, a Finnish insurer, for just over US\$5bn.

Mr Mørch believes that an organisation experiencing “this level of growth” will “have great need of talent”. Not surprisingly, many of the HR strategies and practices at Danske Bank today focus on talent management. Mr Mørch adds that this is, in fact “one of the most important ways we in HR can help the line managers—by helping to recruit, identify, develop and retain good people throughout the group”.

A focus on measurement

At Danske Bank, measurement is everything. “We are fact-based in our HR approach,” says Mr Mørch. “Look at any process here, and you will see that its effectiveness is being measured. We believe that all aspects of what you are doing should be based on what the numbers are telling you. Measurement is the only way you can be certain of the impact your actions are having on what you are trying to achieve.”

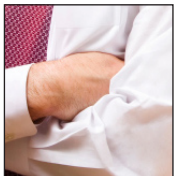
Now look closely at any of a handful of HR proc-



Having HR strategies that march to the same beat as senior management is important when pursuing growth through global acquisition

esses, says Mr Mørch, “and you will see how we measure our effectiveness”. For example, in the area of recruitment efforts, “we measure the number of applicants”. But the measurement doesn’t stop there. For example, three months after an applicant becomes an employee, “we check with them whether or not the job and the training we promised them is the same as what they were given; what they’re experiencing,” he says. Then a year into employment, “we ask them still more about their job and their relationship with their co-workers and managers”.

Essentially, according to Mr Mørch, rigorous measurement of HR’s effectiveness creates a cycle of continuous improvement. He believes that a



Building an integrated talent management strategy

similar measurement can be seen in all phases of HR at Danske Bank, from recruitment to development and retention.

An open culture

Another intriguing element of Danske Bank's HR strategy is the openness of its performance evaluation practices. Mr Mørch comments: "We believe people feel more confident about their career and the organisation when they understand exactly how they are perceived. We believe writing or talking behind someone's back about their career breeds distrust."

"We believe people feel more confident about their career and the organisation when they understand exactly how they are perceived."

Lars Mørch, HR executive, Danske Bank

In concert with these beliefs, the group runs HR software that enables each employee "to be able to access all of the information about themselves". By using the tool, he adds, employees can access basic details about themselves such as salary, bonus schedules and the like.

But far more powerfully, notes Mr Mørch, "I can see my ratings from my manager and how my performance is ranked. I can see details: how they rate my sales ability, how they rate my managerial potential." Such evaluations "are performed in a face-to-face dialogue, where the managers give the employee a rating from A to F" across a broad range of relevant performance areas. An "A" rating

in this case "means the employee is ready for new challenges". Mr Mørch believes that such a practice is not only motivating for staff, in an organisation hungry for talent, it also helps the group to "identify high potential employees".

Similarly, employees can use the IT tool to access details about needed skills and capabilities for specific jobs throughout the group. In addition, they can access e-learning tools to address any gaps in their experience or performance shortcomings. Upon completion of any course, "students" are tested. Where the course is deemed successfully completed, that fact is then noted in the individual's file, becoming an element of future evaluations.

All of this, notes Mr Mørch, empowers individual employees. "Basically, you can see all your strengths and weaknesses. You know what you need to work on. You see your potential to the organisation. You can see where you want to go and what you need to do to get there." Such openness, he continues, is highly motivating, "because it shows you that what you make of your career is up to you".

But by corollary, such practices and capabilities give the bank access at all times to a clear picture of its talent portfolio. Mr Mørch believes that this enables Danske Bank "to be more effective in mapping the talent we have to the talent we need". Any perceived gaps can be addressed through recruitment, retention and development. "It is a very strategic approach," he says.

The technology

Mr Mørch maintains that at his group the strategies and processes of HR are inextricably linked with the strategies and processes of the business at-large. For example, "the performance measurements we use, the technology tools we give to the managers and to employees, everything that we do we've worked closely with the business units to prioritise and develop".



From there, the technology backbone of Danske Bank's HR systems is a combination of a comprehensive package acquired from a large vendor in tandem "with a couple of IT solutions we made ourselves". In addition, says Mr Mørch, "we use a lot of generic, web-based tools—it's an open [sourced] architecture approach". Overall, Mr Mørch's opinion is that the

technology employed by his HR group "is very effective in terms of helping us to achieve our strategies".

But for those wishing to replicate the success, Mr Mørch offers the following advice: "You should never start with the tools. Start with what you want to do, and then find or develop the tools that will allow you to do that."

The US Navy: Sharing knowledge electronically

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hen a business executive's preparation for a position is insufficient, it may cost the company in terms of revenue or profit. But when the training of an officer or sailor in the US Navy is lacking, the stakes can be significantly higher. As such, the US Navy takes its leadership development and training perhaps more seriously than most other organisations.

Ken Decker and Tony Martin are both retired chief petty officers and now full-time independent contractors. They are key members of a team whose focus within the Navy's training and development frameworks is to assess and continuously improve the effectiveness of the organisation's online knowledge management system.

Naval knowledge: online

According to Mr Martin, life in the Navy is a continuous learning process. No matter how effective or thorough the formal training may be, "there's always more a sailor needs to know". The Navy works best when more experienced sailors and officers can pass along knowledge to where it is needed. "Informal learning and knowledge sharing is vital," says Mr Martin. This



The Navy works best when more experienced sailors and officers can pass along knowledge to where it is needed

could be fundamental or technical information such as how to execute a critical task. Or, he says, it could be something as basic as "how many pairs of socks or toothbrushes to pack for a specific mission".

Clearly, notes Mr Martin, sailors not only can, but also need to learn a great deal from one another.



Building an integrated talent management strategy

So one of the objectives of the Navy is to encourage and enable such knowledge-sharing through as many formal and informal mechanisms as possible. One of the principal ways the Navy is tackling this objective is by placing numerous knowledge-leveraging capabilities into a system known as Navy Knowledge Online or NKO.

NKO (<https://wwwa.nko.navy.mil>) is the focal point for a broad array of knowledge management, leadership and even fundamental human resources management tools. NKO, explains Mr Decker, allows sailors and officers to:

■ **INTERACT WITH PEERS** Through NKO, Navy personnel can access chat rooms, message boards and related tools—all organised according to various “learning centres”, which in turn branch into specific themes and subjects known as “communities of practice”. For example, “there are areas organised by rating, areas that would provide peer support for, say, an apprentice gunner’s mate”, says Mr Decker. Using these tools, personnel are able to both share and obtain help and information. “This is the way the new generation communicates,” confirms Mr Decker. “NKO merely enables the interactions.”

■ **INTERACT WITH MENTORS** As valuable as peer interaction may be, NKO also enables a number of informal and semi-formal mentor relationships. As Mr Decker explains: “You’ll see a thread on a message board where an officer or a more senior sailor is stepping in to help some young sailor gather some information—that’s informal.” But in other cases, “you might go to one of the communities and look for someone to mentor one of your people”.

■ **ACCESS E-LEARNING** The Navy gives sailors virtually unlimited “opportunities to prepare for advancement”, says Mr Martin. One of the principal means forward is by expanding an individual skill set

through training. Here, the NKO enables access to a vast array of instruction. According to Mr Decker, the Navy delivers “more than 6,000 courses” in its e-learning portfolio. In fact, e-learning is now a critical component of formal Navy training. E-learning tools that might, for example, teach a sailor how to maintain a firearm or repair an electronic switch, says Mr Decker, are “self-paced, allowing a sailor to progress as fast as he is able”. As with nearly all of the Navy’s e-learning modules, “there’s a test at the end to assess competency, and it’s all tracked and recorded”.

■ **MANAGE CAREERS AND LIVES** Just as the HR functions of private companies endeavour to make life easier on employees, so too the Navy is using technology to try to improve enlisted life for sailors, officers and their families. For example, NKO “enables interaction with families via instant messaging”, says Mr Decker. But in addition, Navy personnel can also use NKO to gain access to tools that help them to manage their bank accounts, benefits, leave statuses, ratings, and other personal and career issues.

Coming soon (to a battleship near you)

Although every sailor and officer in the US Navy knows and relies on NKO, granting access on anything akin to a 24/7/365 basis remains elusive. The issue today is bandwidth. “Sailors in the sand in Iraq usually don’t have access to the internet,” says Mr Decker. “And a lot of ships can only get access to a limited functionality version—that’s ‘NKO at Sea’.”

Mr Decker adds: “In addition to making sure buttons click and the right information is getting to the right people, a big part of our assignment is looking for more ways to get more access to more people more often.”



Office Depot: Finding the right people

Unsurprisingly, Office Depot needs talent as the company is expanding aggressively in the US and globally. Today, the retailer operates approximately 1,200 retail stores in North America. But by the end of 2007, Office Depot hopes to have opened 100 more locations, with another 125-150 stores in place by the end of 2008.

In addition, Office Depot has an aggressive plan for store renovations. Over the next two to three years, the company intends to implement its new “M2” format, a retail concept intended to enhance the customer experience, at most locations. With all that is happening, JoAnne Moeller, vice-president of human resources, compensation, benefits and HR-Information management is confident that for the right people Office Depot has a variety of great opportunities.

The culture of collaboration

So how does the company define “right”? Ms Moeller believes that it is important to understand certain key elements of the culture at Office Depot.

First and foremost, she says, “Office Depot is very much a culture of shared responsibility and collaboration”. Getting things done requires “a lot of co-operation and shared ownership of projects. And that means finding people who not only understand how to get things done but who also understand the importance of working with others.”

No matter the source of the potential employee, and no matter that employee’s paper qualifications, “they can expect to be interviewed extensively, much more than they’re likely used to”, says Ms Moeller. “On average, there will be at least 8 to 10 interviews



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JoAnne Moeller, VP HR-Information, Office Depot

at certain levels. This is very much a culture where there is collective ownership of the hiring process.”

Office Depot needs talent, “but that doesn’t mean we’re going to settle for just anyone”, she adds. “In some companies, an individual is hired to become a member of an existing process. We’re only a 20-year-old company in an aggressive growth mode. If you come here, you’re going to help us build the processes.”

According to Ms Moeller, the rigorous nature of the interviewing process becomes critical for at least two reasons. First, “it weeds out anyone who wouldn’t fit



Building an integrated talent management strategy

into our team-oriented and collaborative culture—and that’s important because it’s a very close-knit company”. Second, says Ms Moeller, the cost of making a hiring mistake is too high. In her experience, the numerous perspectives gained from a process featuring multiple interviewers are highly effective in identifying issues before they become problems for the company. “If we can identify someone who might lead us down a wrong path, someone who’s not fitting in, that’s a lot of damage that can be avoided.”

The role of technology

In line with its aggressive growth, Office Depot is also in the midst of revamping its underlying HR technology. “We believe we can use technology to be more efficient in HR and to do more with less,” says Ms Moeller. “[Technology] can help us automate the mundane aspects of the work so we can focus more attention on the strategy.”

A recently deployed and now more effective HR software and technology platform is helping the

company in at least two ways. First, the new systems are helping Office Depot to “gather, evaluate and manage our HR data”, says Ms Moeller. “It’s helping us ensure that our performance management is more organised and more effective. It’s giving us better quality and better control of our HR processes. That’s particularly important in a large and fast-growing global organisation—to be able to keep track of your people wherever they might be.” The value here, she adds, is “just tremendous”.

Second, the new systems are helping the company to provide better HR support to its employees. “We’re paying a lot more attention these days to the work-life balance,” notes Ms Moeller. And one of the ways the company can give its associates more flexibility, she explains, “is by delivering more services online”. With the new systems, “our associates can get the information they need, make changes such as adjusting payroll deductions or updating an address, from anywhere at any time”.

Unisys Corporation: A case of partnership

Fundamental business strategies at Unisys Corporation, an IT consulting, services and outsourcing company, are focused more acutely than ever. According to Mary Massung, vice-president of Unisys University, in particular the company is now pursuing five strategic initiatives it believes are the most promising in terms of business development and profitability.

But Ms Massung believes that such a shift carries implications for the whole of HR disciplines includ-

ing workforce planning, recruitment, succession planning or, in her case, training and development. Consequently, the whole of the Unisys HR universe is now subtly and in some cases dramatically reconfiguring its services to reflect the business’s redefinition of opportunities and priorities.

Always aligned

Unisys’s various HR activities have always received high marks in terms of alignment with the business



lines. “We’ve done a lot of assessments, collecting voice of the client data and tracking the [perceived] value,” she explains. “What they tell us is that they feel we have excellent processes and tools and that they like our service technology—like the self-service aspects of HR processes.”



Even more importantly, she adds, “we see they view us as a partner, which is what we strive for”. But going forward, particularly as the company continues its strategic transition, “they are looking for us to partner even more closely. They want us to help them achieve their new business strategies.”

As Ms Massung says: “This means we’ll be taking a look at refreshing our HR competency models for recruitment, workforce planning, succession management, development/learning, [essentially] any area affected by the shifting business strategy. HR will be realigning its processes to reflect the new focus of the business.”

Expanding skill sets

One consequence of the shifting business priorities in a case in point. As Ms Massung explains: “Within our service delivery, where our consultants interact with clients, we’re shifting from a focus on broad industry consulting to a focus on consulting around specific strategic solutions that support our key industries.” This is not to say that consultants will

be pulled from their industry focus. Rather, “they will stay within their industry competency, but we’ll broaden their skill set by introducing them to specific strategic solutions.”

Now translating this initiative into practical HR

“We’re partnering with resource management to try and get employees placed into assignments that will get them the development they need.”

Mary Massung, VP, Unisys University

terms, the task becomes one of, for example, better organising work experiences. As Ms Massung notes, “resource management” is the group within Unisys that selects and deploys teams of consultants to client engagements. So today, she adds, “we’re partnering with resource management to try and get employees placed into assignments that will get them the development and experience they need”.

Next, she believes, is the challenge to interpret the same idea across all of Unisys’s HR functions. “If we know we have five growth areas where we want to focus, what does that mean for recruitment? Those are the skill sets where we’ll want to focus.” Next, she asks, “Where are the best sources of this needed talent? What are the right labour models in terms of cost and effectiveness? Should we outsource or offshore? Can we develop the talent we need?”

Ms Massung believes that it is all “an issue of workforce planning, and that’s where we’ve been asked to focus our attention, towards helping the organisation migrate towards the skills we need for the five specific growth areas, the new business priorities”.



Building an integrated talent management strategy

Of course, this also has implications for Ms Masung's primary focus within the HR group at Unisys, Unisys University. The university, explains Ms Masung, offers "classroom and online instruction" to Unisys employees throughout the world. Owing to the new business opportunities, she says, "we're developing appropriate training".

The tight integration of these modules across the enterprise allows HR to spend more time performing client consulting and spend less time processing data

High-tech, right-cost HR

Ms Masung describes her company's HR technology as a "globally integrated platform". There is one instance (database) to support the global Unisys population. The self-service aspect has been leveraged to support all employees, managers and human resources. This database feeds over 90 other internal and external systems and databases. Individual modules include candidate tracking and talent acquisition for recruiting, a performance management module, a profiling system to enable employee self-service, and an enterprise learning management piece to support employee learning and development.

The tight integration of these modules across the enterprise allows human resources to spend more time performing client consulting and spend less time processing data.

Unisys prides itself on its delivery of HR services—and in particular on the way the company leverages technology to obtain the best balance of cost and service. This cost/benefit ratio applies equally

to basic HR services such as the maintenance of employee data and processing of routine transactions as well as to areas such as workforce planning and performance management—and even the operations of Unisys University.

For example, in the university, explains Ms Masung, "we're looking at all of our internal processes and asking ourselves, where are the places where we could move this to a lower cost delivery alternative?" Lower value-added processes such as scheduling or administration are good candidates "for outsourcing or offshoring". In this way, she explains, "my folks can be more engaged with the clients; can focus more on education and development and less on administration".

In general, says Ms Masung, "the more you can automate the back office processes, the more you can migrate to lower-cost delivery models, and that means the more resources you can devote to strategic, value-adding activities like the things we've been talking about".



Aditya Birla Group: Dealing with rapid growth

Dr Sanrupt Misra is the global head of HR and IT for India-based Aditya Birla Group (ABG). A conglomerate with leadership positions in a broad range of endeavours from aluminium and cement to telecoms and insurance, ABG faces many challenges in HR management. Nonetheless, says Dr Misra, “we believe our practices are proving highly effective”.



Where's the talent?

The most visible challenge for Dr Misra, by now a familiar refrain within this report, is “how do we attract, develop and retain our talent?” This challenge, as Dr Misra sees it, is multi-faceted.

For example, one piece of the puzzle is figuring out “how to accelerate leadership development”, he says. The company is currently experiencing double-digit growth both in India and globally, creating enormous pressure to move executives “up” in the organisation. Basically, says Dr Misra, “new investments are proceeding almost faster than we can grow our talent”.

Another related challenge is the increasingly far-flung nature of ABG's operations. As Dr Misra explains, “not only is there great demand for leaders and talent, we need to develop managers who are capable of managing in a context of fast-changing economies and markets, and multiple cultures”.

Next up are the particular challenges of attracting and retaining talent in a high-growth emerging market. “In India,” he explains, “with the fast growth in the domestic economy, companies are always competing for the best managers—there is a real talent shortage.”

Finally, the critical challenge is finding a way to

“In India, with the fast growth in the domestic economy, companies are always competing for the best managers—there's a real talent shortage.”

Dr Sanrupt Misra, global head of HR and IT, Aditya Birla Group

address all of the above issues within the context of a single set of HR policies and practices. “We are a conglomerate,” he explains. “So from a technology and a strategy perspective, we have to figure out how to put in global HR processes that provide the value of a generic approach but still allow variation in the individual businesses and markets where needed.”

The solution set

Addressing all of the above requires a comprehensive set of solutions. First of all, the company attempts to accelerate the career development of high-potential personnel. “One thing you will see here most visibly,”



Building an integrated talent management strategy

says Dr Misra, “is that we see to it that the empowerment levels are pushed very far down the line.” In other words, “very early in a career here, you’ll see people being given larger responsibilities and significant opportunities to develop competencies”.

Explosive growth meant that the company rapidly evolved beyond the capabilities of its legacy HR systems

But Dr Misra believes that, particularly in a competitive talent marketplace, there is no one size fits all solution. “You must develop people. You must show them where they fit in to the organisation. You must compensate them fairly, but, more importantly, you need to show them where they can go in the business. You need to give them training and you need to provide them with opportunities. They need to feel valued by the business.”

The solution set

The company also fosters development and retention by encouraging innovation. Dr Misra says “there are certain people with great ideas and who thrive on greater responsibility”. So to tap into this talent the company runs an internal programme known as IDventure. The way it works, says Dr Misra, “is that if you have a workable business idea, we tell you to come forward and develop a business plan”. The best of these plans “receive the support of the company”. The authors of such plans “are given leave with pay to develop their ideas to the fullest. It’s a source of some great business ideas and it is very valuable for developing our people.”

The group has also organised what it refers to as an assessment centre. Here, chosen high-potential execu-

tives are given opportunities for cross-cultural training with various external companies. “We run consortium programmes with six or so other companies,” explains Dr Misra, trading personnel on short- to medium-term assignments. Within this framework, “we assess the participants and we can track their performance with their peers from these other companies”.

New HR systems

Explosive growth, says Dr Misra, meant that the company rapidly evolved beyond the capabilities of its legacy HR systems. As such, in early 2006, the company deployed the first modules of a new and comprehensive enterprise HR package. The new technology, he insists, “will cut costs and improve quality and visibility almost immeasurably”.

One of the biggest sets of benefits anticipated by Dr Misra is standardisation. “This is a fast-growing organisation and it is diverse.” But with a standardised HR platform, “when someone moves from one business to another, they don’t have to learn new systems and processes”. Similarly, he explains, “the rotation and tracking of people is much, much simpler”.

Dr Misra also appreciates the ability to have all information on his workforce available for data mining. “Say we need to find someone who’s worked on a greenfield project outside of India, or who speaks Mandarin or Spanish and is a black belt in Six Sigma,” says Dr Misra. All in all, says Dr Misra, “the new technology is greatly improving our effectiveness and the quality of our decision-making”.



Conclusion

Organisations across the private and public sectors, and in locations ranging from North America and Western Europe to the emerging markets, are recognising that there is enormous—and often untapped—strategic value in HR. As is the case with other staff functions, organisations benefit when HR forms a collaborative partnership with business units. And some of the highest returns result when HR and business units collaborate in areas such as workforce assessment, recruitment, retention, training and development.

Integrated, scalable HR applications and processes can promote a consistent culture, plan and strategy without compromising local nuance and effectiveness. These systems can help organisations to engage employees directly and make them responsible for their actions, which can have a direct impact

on the success of the organisation. Moreover, they can do so without overburdening HR staff.

Questions that organisations need to begin to ask themselves include:

- How much untapped value resides in your company's HR function?
- What can be done to realise more of this potential value?
- What is the concrete strategy that can lead to realising this value?
- How can the use of standardised processes help in implementation?
- What is the role of technology?

While every effort has been taken to verify the accuracy of this information, neither The Economist Intelligence Unit Ltd. nor the sponsor of this report can accept any responsibility or liability for reliance by any person on this report or any of the information, opinions or conclusions set out in the report.

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