



The Talent Wars are Coming... *How to Thrive, not just Survive*

By Nancy L. Clark

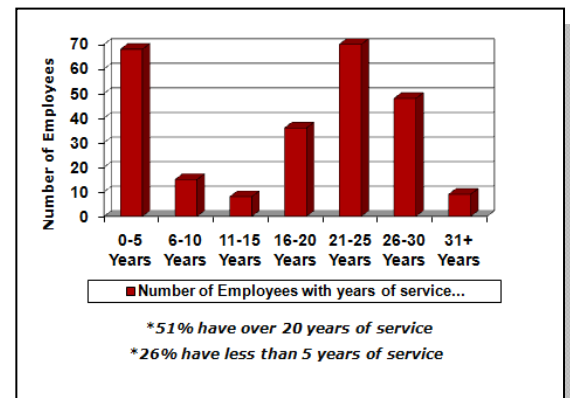
Despite the troubled economy and growing unemployment, we are heading into a significant talent shortage. Some industries are seeing it already, others are “benefitting” from the slowed economy. But when the business cycle changes, make no mistake...the competitive battles for talent will ensue.

A perfect storm of sorts is brewing. We are experiencing:

- Increasing global and organizational demands for more sophisticated and committed talent
- Decreasing educational (school/college) preparation and capability to meet the demands
- Major work force shifts:
 - **85 Million Baby Boomers** retiring --Mass exodus of intellectual capital and experience
 - **50 Million Gen Xers** opting out of long hours, etc.-- Successor generation unable to fill the gap
 - **76 Million Gen Yers** concerned about work-life balance-- New work generation not willing to make the same sacrifices as the baby boomers

With the exception of a few minor battles in the past, our pyramid scheme of talent growth afforded us enough professional troops when needed. However, as the baby boomers look around their organizations today, it is not clear to whom they will be able “to hand over the flag.”

Upon closer examination, your company may expect a greater or lesser impact...it just depends upon your own situation. After examining the data with one of my clients, it was determined that over 50% of its work force had more than 20 years of service with the company. The situation was even worse since the data did not include prior work experience. It became frighteningly real that a major exodus is imminent. Unfortunately, the next generation is not ready or in place—there is a huge talent gap in terms of numbers and experience in the 6-20 years of service. And, the 26% of employees with less than five years of experience are even further away from filling the gap. So, imagine now that you are trying to plan for succession or just fill positions as needed—what do you do?



There are four battle strategies at your disposal:

1. Delay baby boomer retirements
2. Accelerate the development of Gen Xers and Yers
3. Utilize contractors or outsource when feasible
4. Buy talent

The first two strategies are dependent upon your company's retention capability. Will you be able to appeal to your existing work force to stay? Are you able to address *Maslow's Hierarchy of Needs* for your employees? Once the survival requirements are met (money, safety, etc.) the recognition and meaning needs become important. With the research clearly indicating that employees leave managers first, companies second, are your managers good at managing? Do they understand people? Do they know how to lead? If not, you need to address the situation quickly or you will be on the losing side of this war.

The other two strategies require acquisition of talent. Given that talent will be scarce, the cost for acquiring will become extremely expensive. On-shore contractors will be a premium and off-shore talent may not be available when you need it. The competition and cost to acquire may become too prohibitive to consider as a major strategy. Plus, if your managers are retention-challenged, it may be an exercise in futility.

These strategies, however, do not address "the how." Now is the time to build the infrastructure to execute the strategies so that your business will thrive, not just survive. Start with the basics—make sure that HR is respected as a key member of the leadership team and that it has an equal and valued "seat at the table." Next, make sure that everyone in the organization understands and shares the accountability for results:

- Stock price, ROI, ROA
- Sales/client growth
- Up sell/cross sell
- Technology innovations
- Productivity improvements
- Brand/customer loyalties

These results and trends need to be on everyone's radar screen. If the metrics become silo-ed, the battle plans become silo-ed and the organization becomes misaligned...which brings us to the critical need to link HR to the business strategies.

The fundamental purpose of HR needs to be re-focused in order to thrive in this war with the whole organization recognizing that:

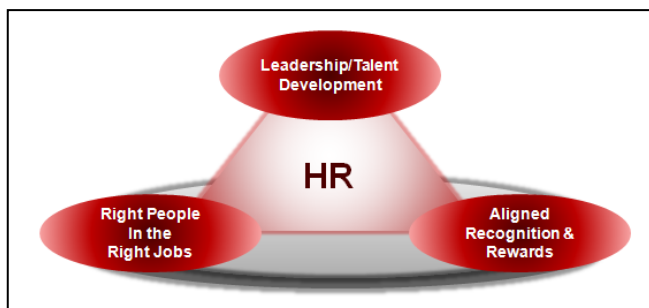
Your most important asset is **not** your people.

Rather,

*it is the **right people,***

*in the **right jobs,***

*doing the **right things!***

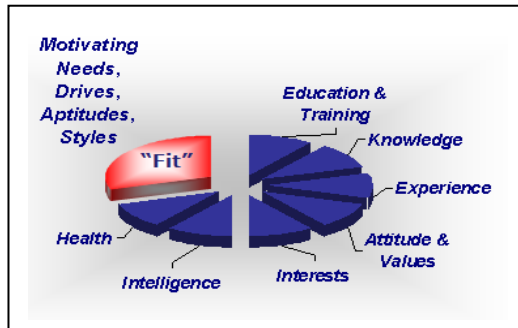


The challenges are numerous and the need for HR to be an aligned strategic leader is critical. Although we may view it as the worst of times, it may also provide a defining moment for HR professionals and people managers to step up to a new leadership level. HR needs to be the glue and partner *with* operations to achieve results...to optimize a management system that supports getting the right people into the right jobs,

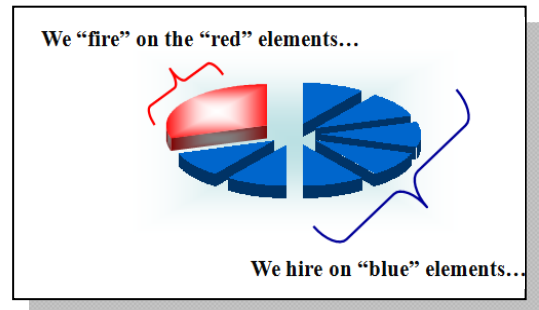
that develops talent and leaders so that people work on the right things and do the right things, and to make sure the recognition and reward systems align with the behaviors and link to the business strategies. It sounds simple, but we know that it is not. However, it can be made easier by employing the right management system and tools.

There are only a handful of good systems available. My personal favorite needed to meet strict criteria, you may want to consider the following as well:

A. Demystify the fit elements between job and employee



If we truly want to get the right people in the right jobs, the system had to provide tools that allowed us to understand what constituted fit.



We focused on the “red” area, because that area was the mystery piece and caused most disruption to the organization/team. If you think about it, traditionally we hire on the “blue” elements, and fire on the “red.”

B. Leverage-able throughout the organization (ROI)

If a company were going to invest in training their leaders and managers, it needed to be able to be used in hiring, promoting, constructing teams, team building, coaching/counseling, etc. The system needed to be robust in terms of its capability in order to provide a high ROI (we have seen 50%+ drops in turnover, 40%+ increases in sales, etc.—real and measureable returns...what a concept!)

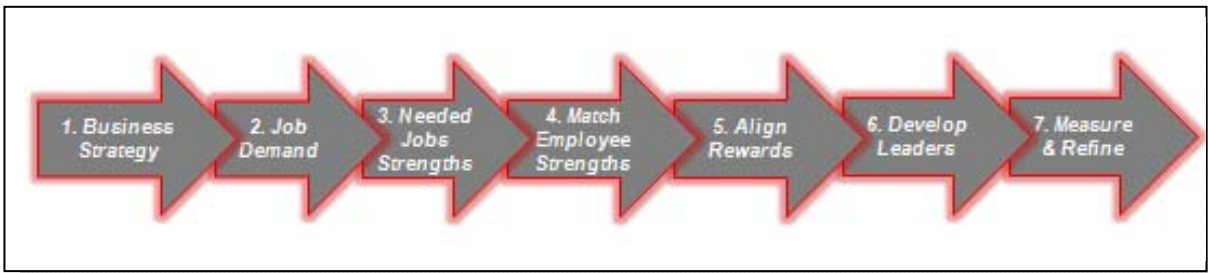
C. Highest reliability and validity

The reliability and validity had to be above reproach. The system had to be EEOC and ADA compliant and defensible.

D. Knowledge transferable (not third-party controlled)

The system needed to be “owned”/controlled by the company. Making requests on hiring and waiting for a report or answer from a third-party consultant is too restrictive. And, although it may be heresy for a consultant to give up control, it is the right thing to do.

With a strong, reliable and leverage-able management system, HR and the leadership team can employ the seven principles that will support thriving in the talent war. Please note that each principle is critical and drives the subsequent principle:



1. **Business Strategy:** Link HR to the Business Strategies
2. **Job Demand:** Anticipate and predict the number and types of jobs that will be needed
3. **Needed Job Strengths:** Use the management tools to define the needed job strengths in addition to the traditional “blue” elements

4. **Match Employee Strengths:** Use the management tools to attract, hire, and promote the employees that match the needed job strengths; set up employees for success versus failure
5. **Align Rewards:** Use the management tools to identify the most effective reward and recognition system for the various jobs in addition to the compensation program. Reward is more than money; those companies and managers that understand that and address it have a much better opportunity to thrive
6. **Develop Leaders:** Buying talent will be extremely competitive; companies will need to build their next leaders. In addition, companies will need to expand their existing leaders' and managers' capabilities in order to recruit and retain top talent and to drive more effective performance
7. **Measure & Refine:** As always, HR and the company needs to measure the effectiveness of the whole system—are we truly linked to the business strategies? Are we achieving the results we expected? If not, why not? How should the whole system be refined?

In spite of the pitfalls to consider, you can provide a great advantage to your company as the talent wars are waged:

- Use a strong management system that addresses the missing motivation and behavioral foundation--
- Redefine and leverage HR so that it strategically coordinates and aligns the whole—and,
- Employ the above seven principles.

You can thrive, not just survive!

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