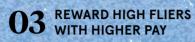
### RACONTEUR

## TALENT MANAGEMENT



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### TALENT MANAGEMENT

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Justvna O'Connell

**Digital Content Executive** 

Freelance journalist, digital media consultant and trainer, she previously worked for The Guardian and began her career as a media reporter.

of individuals". She says: "Rather than pay top rate for every position, identify those with the greatest potential to boost performance and pay top dollar filling them." At Netflix she confessed she had no problem paving twice the rate as an existing similar-level person if they moved the company on twice as fast. She did what human resources directors (HRDs) are now expected to do all the time and identify where the most value

So she's right isn't she, that if this is the case, the logical extension of this is to reincorporate inequality? In other words, pay should follow those who give the most return.

"While there's no excuse for payoutcome really ought to extend to which equips staff, including skillsets. "Until pay is thought about

it should." There's one good reason most pay calculations still omit output. "When deciding pay, firms traditionally decide how large a role is, then they look at market rates and performance comes last," says Dr Duncan Brown, head of HR consultancy the Institute for Employment Studies. "Why? Because of one key question: how do they measure the



increasingly more collaborative and team based.3 Nicola Britovsek, director of HR at Sodexo Engage, adds: "Our view is everyone has something to add and it can't always be tangibly measured. Also, pay isn't the only creator of value. I believe culture - how people feel at work - has just as impor-

tant a role too." However, some believe that just because value is difficult to measure, it doesn't mean companies shouldn't try. James Reed, chairman of eponymous reed.co.uk, says: "I totally support the concept of giving staff some sort of indication of their value. Staff

### How UK employers calculate pay



CIPD 2017

still where "value" is most clearly demonstrated, even in more prosaic sectors there are companies emerging that are giving pay by results a try. At public relations firm Stone Junction, founder Richard Stone

allows people to trigger their own pay

But while the sales profession is

rises without management approval for hitting achievement measured against SMART objectives He says: "Equality and pay based on value created are not contradictory concepts; they are complementary. Equality is where talented people are paid differently according to their successes. Equal pay, irrespective of achievement, might sound utopian, but it's most prone to

manipulation. If you can't be certain

vour boss is vour boss because of their own success, then you can't be certain that person hasn't been unfairly promoted to a position of power."

Some voice concern that doing similar assessments might unwittingly threaten other value-creating behaviour. Mr Clift goes so far as arguing large differences in pay, even those with clear results based justification, can actually stifle team creativity. "It's a fact - staff talk about pay," he says.

A linked debate is whether HRDs should come up with value metrics or whether staff should devise their own. Paul MacKenzie-Cummins, managing director at reputation management agency ClearlyPR thinks the latter. "It's down to individuals to demonstrate the value they can add to the organisation and 'sell' themselves against that value," he says. "Yet too few people do this well enough and it starts early in their careers."

But, while some may not agree with this, what there does seem to be consensus on is the need make any reasons for differentials very clear.

"Where staff are paid according to value, they must understand how differentials arise," says Emma Bartlett, partner at law firm Charles Russell Speechlys. "As value-added becomes harder to measure, transparency becomes even more important to mitigate inferences of unconscious bias.'

Lisa Forrest, global head of talent acquisition at Alexander Mann, savs: "As long as organisations define what value looks like, colleagues who outperform others should be rewarded. Those who simply meet a target should not be offered an identical rewards package."

Stephen Frost, author of Inclusive Talent Management, opts for a wide range of measures. "Monetary value created is important, yes," he says. "But HRDs should also include things like feedback from customers, teams and the engagement scores they create, as these impact organisational value too."

Clearly it's tough defining someone's value. But make no mistake, it's a trajectory that Ms Forrest only sees going in one direction. As more firms scale back their permanent headcount, with the rest outsourced to gig workers, she says: "Focusing on outputs has never been more significant. In the next five years we'll see even more individuals opting for portfolio careers, which will further impact how value is measured."

## **Reward top performers** with higher pay

Rather than equal pay, should employees who add value or bring in more business get greater reward?

### PETER CRUSH

oes Patty McCord, former chief talent officer at Netflix, have a point? In her just-published article on corporate pay for Harvard Business Review, she doesn't mince her words. "The prevailing system is behind the times," she slams. "It's based on what employees have produced, rather than their potential to add value in the future. Far better to focus on the performance you want and the future you're heading to."

In a year already dominated by demands for pay equality, notably between men and women, Ms McCord is the latest in an emerging group of commentators who believe a new discussion is needed about differing pay. Once this might have been called meritocracy; today though it's all about what Ms McCord calls the "value-add

comes from.

ing less based on gender or ethnicity, pay variation based purely on beyond just sales," argues Mark O'Donoghue, global managing director of learning firm AVADO, employees at Google, to boost their in terms of business outcomes, the conversation won't change - but

£-value that someone contributes?"

### **BLACK AND ETHNIC MINORITIES**

### **VIRGINIA MATTHEWS**

f the sheer weight of reports involved was a measure of progress, the "black ceiling", which prevents ethnic-minority talent from rising to the top, would long ago have been consigned to the history books.

Despite separate studies from the government, the Chartered Management Institute (CMI) and the Chartered Institute of Personnel and Development (CIPD) in the past 12 months alone, the British boardroom upholds a deafening silence on race.

Just 6 per cent of UK managers are from black and minority ethnic backgrounds (BAME) despite accounting for more than double that in terms of the country's workforce as a whole.

Worse still, says the CIPD. as many as 29 per cent of black employees believe discrimination has played a part in stalling their careers, echoing a 2015 Business in the Community (BITC) study, which concluded that "racism very much remains a persistent, if not routine and systematic, feature of work life in Britain".

Yet while many organisations appear unmoved by the preponderance of so-called "snowy-white peaks" across UK industry, other protected characteristics have proved more appealing.

Published last summer, the CMI's Delivering Diversity report found that while 75 per cent of FTSE100 companies set progression targets for gender, only 21 per cent do the same with BAME.

"I can remember a time when sexual orientation was a real no-no subject in corporate circles, but like unequal pay between men and women, it has recently become mainstream," says Sandra Kerr, race equality director at BITC.

"Although gender is grabbing most of the diversity headlines currently though, I have no doubt that race is on the starting blocks for 2018."

Ultimately, she believes, it all comes down to money. Or to be more precise, the  $\pounds 24$  billion which could, savs the government-backed McGregor-Smith Review published last year, be added to the UK economy if career opportunities between ethnicities were made equal.

"Racial discrimination at work has been a problem for a very long

Pay gaps with white males



# Racial equality is set to be biggest issue

While headlines scream of sexual harassment and gender discrimination, race is poised to become the major issue in the workplace

time, but the severe financial penalties involved in perpetuating it, particularly post-Brexit, are now crystal clear." savs Ms Kerr.

While it is likely that overt or subtle racism has already prompted many gifted BAME individuals to seek a welcome overseas, it's the creation of a sustainable talent pipeline for the future, rather than a talent drain today, which concerns Raphael Mokades.

Founder and managing director of recruitment firm Rare, 95 per cent of whose candidates come from ethnic-minority backgrounds. Mr Mokades believes the higher churn rates among black and Asian staff continue to be overlooked.

"Although unequal pay and career opportunities are obvious causes of dissatisfaction, more subtle problems, such as feeling isolated or misunderstood, can be even more powerful," he argues.

"One day, we may get to the stage where black lawyers quit prestigious law firms because they don't have a work-life balance or black civil servants leave because they can't stand the government – the very reasons why many white people quit.

"But as long as the problem is your organisation's underlying culture, you can't kid yourself that you've even got past first base."

With BITC due to update its Race at Work report this summer, Ms Kerr notes that two of the biggest obstacles identified three years ago - lack of data and reluctance to talk about colour - continue to make their mark.

Although mandatory reporting of the race pay gap is, she says, a crucial first step in formulating an action plan on diversity, it's the second – the most powerful legendary British reserve - which is people in Britain more problematic.

1,049

are from black

security figures

Operation Black Vote/ The Guardian/Green Park

and minority "Our 2015 work showed that some ethnic groups, 58 per cent of white employers don't according to a feel comfortable talking about race recent list of in case they inadvertently offend the top political people or get yelled at," says Ms Kerr. financial, judicial, cultural and

"My message to employers is that members of the BAME community don't really care what terminology vou use, just as long as

### Although gender is grabbing most of the diversity headlines currently, race is on the starting blocks for 2018

you are genuinely trying to tackle these problems."

With uncertainty over Brexit already propelling talent retention to pole position in many organisations. Ms Kerr believes 2018 could be a tipping point.

"I wouldn't disagree that we've already lost good people from the UK because they have grown tired of all the obstacles thrown in their way. but I firmly believe we should look to the future.

"With one in four primary schoolchildren in this country now coming from a BAME background, there is everything to play for in terms of harnessing the talents of the next generation."

Mandatory gender pay gap reporting, together with a tide of sexual harassment accusations, have ensured that the status of women will remain in the spotlight for the time being.

Yet in the view of Patrick Woodman, who co-authored the CMI's Delivering Diversity report, this can only oil of the wheels of the next big diversity conversation.

"By learning what they can from the progress of the gender debate, it should be possible for organisations to make far quicker progress when it comes to tackling the complex issues regarding race," he says.

"Having only recently grappled with sexism, I believe employers are far savvier about the entire diversity landscape than they were even a few vears ago."

His advice to employers is pithy: "Get to know your numbers intimately, set achievable targets on pay and progression across all employee groups, and remember that not being transparent on diversity is no longer an option."

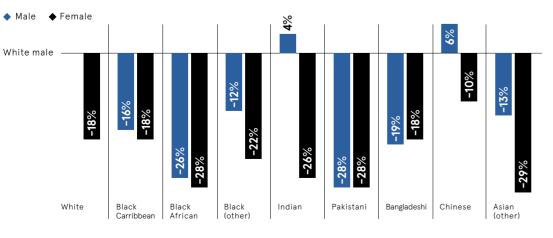
While Mr Woodman believes short-term, long-term, next-level and "boomerang" or reverse-mentoring have a vital role to play in creating fairer organisations, he rejects the view that mentors and mentees should look alike.

"If we want real change for women, we need men to stand up and be counted and in my book, exactly the same rule applies when it comes to race," he says.

BITC's Ms Kerr agrees. "We particularly support the issue of reverse-mentoring, where business leaders meet with and benefit from more junior BAME staff," she says.

"When a white director, say, gets to know not just one, but a whole list of BAME employees, who are bright and ambitious, but who, unlike their white colleagues, are stuck with no clear progression lines, a light is finally switched on."

Average percentage difference in pay between white males and other degree holders aged 16 to 64 between 2014 and 2017



Resolution Foundation 2017

### Commercial feature

## Connecting an engaged workforce

Employee engagement is a top priority for organisations, recognised as a key to attracting and retaining top talent, and driving workplace innovation and productivity



Terri Lewis, senior vice president global human resources, says: "When I first started in this role, Pontoon, which is part of the Adecco Group, had just been created as a brand. Because of issues such as payroll complexity and social charges, it had a formal system of employee records sitting in each country. However, that meant I didn't have one true HR information system that tied everyone together. Employee data was inaccessible from a central senior level position, while the ability to track individuals and their development, choices and skillsets over time was very limited."

In Ms Lewis's words there was no way to touch all those people very easily. With the workforce so geographically dispersed, she began to travel around talking to people, listening to them and understanding the challenges of working in the organisation.

She says: "I have often said that culture is no one's job, but everyone's responsibility. In creating a cultural identity for a distributed workforce



**Terri Lewis** Senior vice president global human resources Pontoon Solutions

like ours, we have to set a tone, plant the seed, then allow our employees to grow that cultural identity and own it more organically

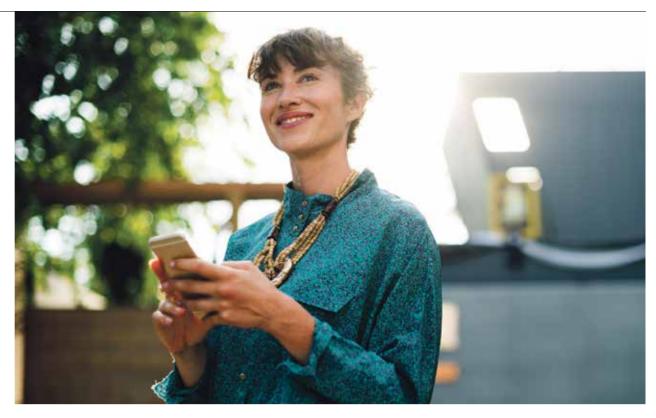
"By carefully tending the culture, getting to know your people, communicating transparently, providing strong technologies to connect them, and making sure that you are not inadvertently favouring one time zone or one group of people, you use the power of your people to grow an engaged culture that crosses geographical boundaries.

The key to achieving global cultural connectivity that would support this authentic engagement lies in digital technology. Pontoon Solutions turned to Avature's HCM SaaS platform. The goal was to incorporate the technology into a unique talent management approach that would enable HR to navigate easily their employee database, connect Pontoon's people globally, strengthen employee engagement and, crucially, maintain compliance across all international markets.

Avature chief executive Dimitri Boylan says: "Today companies are more global in their operations and need to be very effective in a lot of very different markets. The new model of enterprise software allows them to be bespoke wherever they are on the ground, to have the most talented people and give them a good experience whichever market they happen to be in. Pontoon has



Dimitri Boylan Chief executive Avature



Talent management is about knowing you have the right people, understanding their best skills and matching them with the needs of the company

a vociferous appetite for technology and, most importantly, they also knew how they could get it deployed." As a catalyst for the creation of a

cultural identity that employees can be active in developing and feel they belong to, Avature's technology not only serves to increase the engagement of talent, but also to retain it.

Mr Boylan says: "The notion that millennial employees have a career plan that involves changing jobs every two years is not necessarily true. That actually makes it very hard to advance your career; you will struggle to be productive and anything meaningful that you start working on at a company won't be achieved until after vou have left.'

So why do people change jobs so frequently nowadays? Historically, talent management systems have never had the capability to identify the causes of the so-called "two-year itch". Avature's DNA product, a social network and employee management platform, provides that insight into what people are thinking, and how they are feeling about their job and the organisation and, more importantly, how they connect with and respond to each other.

"It does that in ways that allows you to see very clearly whether or not you have a healthy organisation and an engaged workforce," adds Mr Boylan. "A root cause of employee attrition is a lack of multi-directional communication. With the right talent management tools, communication becomes more impactful and more meaningful, and people feel connected, regardless of whether they are working alone in a home office, as many of our employees do, or in a large office alongside 100 other employees.



Working with Avature, Pontoon launched its performance review system in April 2017 and plans to implement Avature DNA early in 2018, bringing people closer together globally through the ability to communicate and share. At the same time the company will gain a better understanding of its employees through greater visibility facilitated by the technology.

"An organisation that doesn't embrace the digital expressiveness of its people is creating a disconnect and also a lost opportunity," says Ms Lewis. "The use of social media avenues to break down barriers to inclusiveness is effective in organisations of any size, especially those that are geographically dispersed."

Employees are comfortable with technology and expressing themselves online. There is real power in this as it enables those who are the most passionate, focused on moving up and getting involved in the things they are interested in, including local and global projects that are beyond the scope of their regular job. For the organisation, the potential from an employee engagement and talent management perspective is limitless.

Mr Boylan says: "Talent management today is not just about focusing on performance management or learning and development, although these things are very important; it is about knowing you have the right people, understanding their best skills and matching them

with the needs of the company. That is what our technology can do."

Ms Lewis adds: "It is a true differentiator when it comes to understanding and getting your arms around your talent. I believe that everyone wants to feel a part of something and that's what engagement does for a company. You get that discretionary effort from people, that true engagement, by ensuring they feel connected to the core and a part of something bigger."

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## Planning to counter tech threat to jobs

The impact of automation and artificial intelligence threatens to throw millions out of work, giving rise to a proposed universal basic income

### SHARON THIRUCHELVAM

utomation has the potential to boost productivity in the UK and increase GDP by 10 per cent by 2030, adding another £232 billion to the economy, PwC predicts. But such gains will be undermined by severe job losses. Some 44 per cent of jobs in the UK are forecast to disappear, affecting £290 billion of earnings and accounting for a third of all annual pay, according to the Institute for Public Policy Research (IPPR).

While the emergence of new jobs and new categories of work is likely, it is certain that swathes of society, potentially whole generations in some industries, will face periods of unemployment. Globally, McKinsey estimates that between 400 million and 800 million people will be forced to find new jobs, with as many as 375 million of them switching to entirely new occupational categories.

400-800-8000m people worldwide could lose their jobs to automation by 2030

At the same time as automation looms large, the jobs market is becoming more insecure. Almost all (94 per cent) of the ten million US jobs created between 2005 and 2015 were for independent contractors, freelancers, temporary agency workers and the gig economy, according to research by economists Lawrence Katz of Harvard University and Alan Krueger of Princeton University. During that period, the proportion of American workers engaged in temporary or insecure work grew from 10.7 to 15.8 per cent. In the UK, the Trades Union Congress estimates that more than three

up from 2.4 million in 2011, representing one in ten workers. Against a backdrop of rising inequality, ten years of real wage stagnation and growing rates of working poverty, many believe the UK is ill-prepared for the social dislocation the artificial intelligence (AI) revolution will wreck.

million people work in insecure jobs.

There is growing recognition that people will require a stronger, wider and simpler safety net. According to a GMB poll of 1,000 precarious workers, 78 per cent had previously been in permanent employment, 69 per cent said their cost of living is rising faster than their earnings and 61 per cent report suffering stress or anxiety as a result of their current work. Universal basic income (UBI) is a proposal to help workers weather future job-market insecurity. Originating in the Renaissance philosopher Thomas More's 1512 work Utopia, it is a radical reinterpretation of the social contract between citizen and state. Every citizen, regardless of whether they are in work or not and no matter how much they earn, would receive a monthly stipend from the state providing the minimum amount necessary to survive.

 Universal basic

 income activists

 display the largest

 y poster in the

 y, world during a

 s
 demonstration in

 Geneva in 2016



"The common headline is about free money, but at the end of the day it is about investing in the future and it uses money that we all contribute towards," says Jamie Cooke, head of RSA Scotland. "By giving people the security and space to plan and make their own decisions, we benefit as a society and can rebuild a sense of community."

Advocates propose that UBI would give workers more bargaining power with employers, and result in the creation of better quality and higher-paid work. This in turn would create a virtuous cycle of higher work participation and effort to improve skills.

Mr Cooke also points to wider benefits to the welfare state. "UBI will cost more in the short term, but the longer-term impacts, such as increased personal responsibility and potential reduction of pressures on the health service, could save money," he says.

The idea is also rooted in fairness. Given the financial returns from automation will asymmetrically benefit shareholders over workers, UBI would offer a means of redistributing this new-found wealth.

What remains to be seen is how UBI would look in practice. Trials are underway in Scotland, Finland, Canada, United States and the Netherlands to test a range of hypotheses, but the biggest question on everyone's lips is how much would people get? Peg it too high and it is feared UBI could lead to mass labour market withdrawal; too low and it could end up exacerbating poor pay and working conditions if other workers are willing to reduce their wages for lack of alternatives. By giving people the security and space to plan and make their own decisions, we benefit as a society and can rebuild a sense of community

The most advanced of the trials underway, in Finland, has a clear purpose to see whether an unconditional income given to unemployed people would help them back into paid work. Established by Finland's right-wing government the project



### Case study **Scotland**

With support across the political parties, Scotland has taken the bold decision to trial UBI in four of its council areas: Edinburgh, Glasgow, North Ayrshire and Fife. The pilot schemes will be the first of their kind in the UK and will receive support from a £250,000 grant awarded by the Scottish government.

Scotland's First Minister Nicola Sturgeon told a conference of international economists: "As work and employment changes as rapidly as it is doing, I think it's really important that we are prepared to be open minded about the different ways we can support individuals to participate fully in the new economy."

While the pilots are still in the feasibility stage, it is expected they will last between two to three years, and will test a variety of payment levels, as well as examining the impact of a basic income upon specific demographics and geographies.

"There is space to look at some targeted groups, for example young people coming out care, which would sit nicely with a lot of Scottish priorities," says Jamie Cooke, head of RSA Scotland, who emphasises just how crucial the planning stages will be. "We want to make sure we create experiments that are as robust as possible," he says.



gives participants the same amount of money they would receive under unemployment benefits, but with no strings attached. No demands, no sanctions and no bureaucracy. The Finns hope UBI will remove some of the disincentives that put people on benefit off seeking work, such as the higher marginal rate of tax on income.

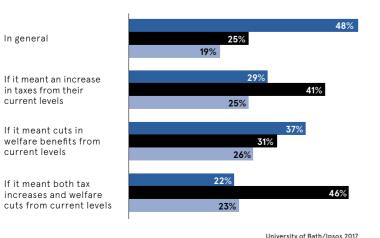
Just as UBI has supporters on the political left and right – the neoliberal economist Milton Friedman laid out a closely related proposal with his "negative income tax" - it also has critics on both sides of the political divide. Most point to unforeseen costs and distortions to the economy. Will UBI lead to fewer people accepting low-paid jobs, and a consequent rise in the price of basic goods and services? Would it cause inflation? Among the general public, UBI

is popular in theory. A University

of Bath survey found 48 per cent of 18 to 75 year olds support it, but that percentage dropped significantly to 30 per cent when respondents were asked to consider the fiscal impacts, such as tax rises and cuts elsewhere.

Which leads to the most fundamental question of how would we pay for it? Most proponents believe UBI would necessitate tax reform. The most obvious being the removal of the personal allowance, resulting in taxation of all income earned. There is also some consensus that it would be illogical to fund UBI solely through tax hikes on top earners. Suggestions include a carbon levy which would also help curb pollution, a land value tax, financial transaction tax and allocation to the state of a percentage of shares from every stock market launch.

### Public attitudes towards a universal basic income Survey of adults aged 18 to 75 in the UK





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### Data analytics is the key to unlocking success

Digital transformers are able to turn employee data into meaningful business metrics, elevating the role of human resources, says **Andre Robberts**, head of human capital management, UK and Ireland, SAP

Remarkable though it may sound, there are still many questions organisations ought to have the answers to, but simply do not. Most financial directors will easily be able to report how much they spend on stationery, but when it comes to, let's say, the more business-critical numbers, such as the cost of unauthorised absence or the return on investment (ROI) of their top employees, most shrug their shoulders.

We think this needs to change. As organisations seek to recruit and retain evermore hard-to-find talent, and as human resources directors (HRDs) are increasingly being tasked with determining who in the business creates the most value, perhaps 2018 will finally be the year when more HR



of employees in purposedriven companies report feeling engaged compared with 32 per cent of employees in other companies



functions decide to move away from intuition and base more of their talent decisions squarely on data.

For those firms that do, the payback is an almost instant elevation in their HR decision-making capacity and a more accurate methodology for managing talent. It's a methodology that benefits from having much deeper conversations around fundamental people questions, such as who is driving the most value, who's impacting top-line performance, how long new hires will take to reach productivity, and even predicting who is more likely to leave and why.

So how do they do it? Firms thinking about the contribution their talent makes are those on the critically important digital transformation journey. It's a journey that aligns people much more closely with business objectives and where, for the first time, HRDs can arm the chief executive with metrics that prove their people really do make the fundamental difference. Perhaps most importantly though, digital transformation is a journey where HR can earn the respect and confidence it needs internally to help create the type of organisation and culture the chief executive and employees really want.

### **Purpose drives people**

A barrier for HRDs has long been that the function is still thought of as one preoccupied with process and administration, a factor that often puts it at the back of the new, particularly IT, investment queue.

What digital transformation, notably through the cloud, is able to create, however, is a sea-change in HR transformation, where not only the basic back-end processes are streamlined, but increasingly more value-add benefits can also be applied. These include Data analytics will be the key skill HR departments need so they can, with laser-like precision, impart their view on where the business needs to go

tools that create the right employee experience, including everything from the onboarding new joiners receive, to the learning opportunities this creates, to the measurement of performance so that it prompts new promotions or career paths. Talent and the way talent is managed are now at the forefront of decision-making because technology not only proves ROI, but reinforces that organisations really are productive communities, places where there is collaboration, shared purpose and values.

### Insights that reveal the unexpected

In part the early digital transformers are being driven not just by the need to turn employee data into meaningful business metrics, but by employees themselves, talented people who know their skills are scarce and who are making conscious choices to only work with those they know have a modern and effective talent management strategy. This is no bad thing. What employees are effectively telling businesses is that if they don't have the tools in place to engage and develop talent, they're already behind the curve.

As such, we believe corporate risk should now be measured in terms of the cost of not being digitally transformed, rather than the perceived risk of doing a digital transformation in the first place. To those HRDs still wary of the over-promises and under-delivery of previous technologies, we say the cloud is different. Its advantage is its ability to provide real results far more quickly. Although the temptation is to think the cloud is all about technology, the reality is that it's just the enabler.

Far more important in any digital transformation is the mindset that undergoing such a journey creates. The true measure of success integrating HR data and analytics is whether it really does create an organisation-wide appetite for more information-based decision-making.

### Connecting people to organisational purpose

So what next? HR professionals now have a real opportunity to redefine what their function wants to become, but act they must. For many HRDs proving the bottom-line benefits of many HR initiatives has been a problem, however with analytics this impact is now beyond doubt. Our solutions create metrics that can be traced back to specific HR interventions. One retail client has been able to link higher productivity to introducing more consistent workforce scheduling. It might not appear an obvious link, but that's exactly the point as data reveals what HRDs may not expect. This business found talent was motivated most, which positively impacted sales, when they knew their working patterns were predictable.

It's not to say digital transformation is the magic bullet. To some degree it's only the start. It presents new challenges, such as working out what data is relevant and for what purposes it should be used. If the first aim of transformation is data-driven decision-making, the next task is for HR to equip itself with the right skills to then take this journey forward. Data analytics will be the key skill HR departments need so they can, with laser-like precision, impart their view on where the business needs to go.

But, if HRDs use technology to move from being a supporter of change to an agent of change, that's when the real goal of analytics will be achieved.

And what an achievement this could be. Fundamentally, most people want to work in organisations where they feel a sense of alignment to the purpose of that business. It's more impactful management of talent that encourages employee engagement. If HR professionals can empower line managers to have much deeper conversations with their staff about how they can grow and develop in alignment with business strategy, the benefits of this are clear to be seen.

It's exciting times. We're beginning to see the signs of change, where cloud technology is enabling firms to take control and deploy tools that provide real data fast. There's an old business adage that suggests managers spend 40 to 50 per cent of their time making decisions, but two thirds of the time the data behind these decisions is wrong. Now, HRDs are not only able to use data to make the right business decisions, they're able to use this data to identify, reward and nurture their very best talent.

#### **People Passion Purpose**

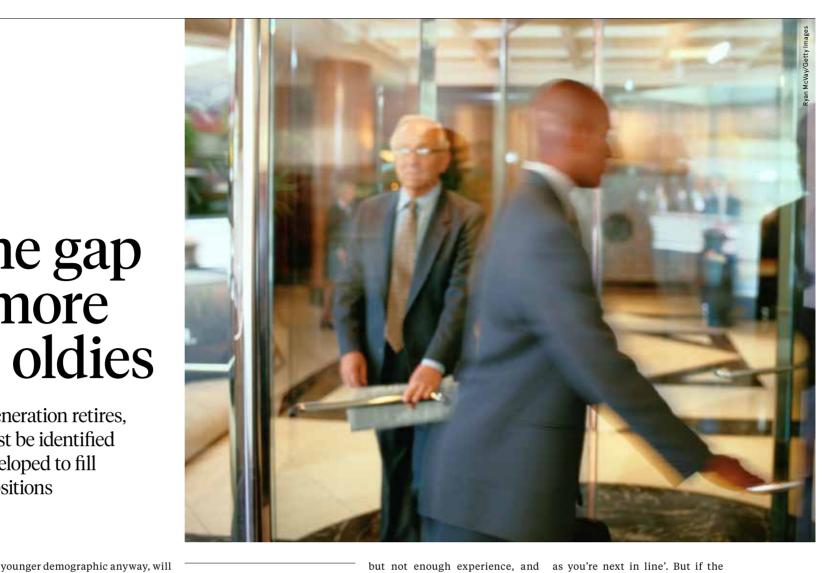
For more information please visit www.successfactors.com

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## Mind the gap left by more retiring oldies

As the baby-boomer generation retires, younger high fliers must be identified and their potential developed to fill senior management positions



### **CATH EVERETT**

t is estimated that around 10,000 baby boomers retire each day in the United States, while the number of Canadians who are 65 or older grew by 20 per cent between 2011 and 2016.

But North America is not the only place where the retirement of baby boomers – people born between 1946 and 1964 – is starting to leave a void. Although the population in the UK comprised 10.1 million people of between 50 and pensionable age in 2016, this figure is expected to leap to 13.8 million by 2020, according to the Office for National Statistics. The number of those between 16 and 49 years old will, in turn, drop by 700,000.

In other words, over the next few years there will be a substantive fall in the size of the country's current working population of 32 million, with the shortfall only set to increase as baby boomers retire in ever-greater numbers. This situation will inevitably compound a progressively worsening skills crisis across many sectors, but nowhere more than at the senior management level.

Jeremy Tipper, director at talent acquisition and management services provider Alexander Mann Solutions, explains: "It's going to cause a problem, but it'll be more acute in certain sectors where the employee base is made up of oversized groups of baby boomers. Major shortages in the medical profession are already appearing and, while it's slightly less apparent in engineering right now, it's certainly coming."

Fields such as IT and the creative industries, which tend to have a

be less affected on the other hand. So far, the challenge has been somewhat mitigated by increases in the state retirement age and the removal of default retirement, a scenario that will continue to "lessen the blow" as people in future both live and work longer, Mr Tipper says. But that is not to say employers. particularly in industries that are likely to be hit hard, are unaware of the impending difficulties. While Kevin Davidson, managing director of executive search firm Ducatus Partners, refrains from describing the situation as a catastrophe. he undoubtedly sees it as a problem that needs to be addressed sooner rather than later.

"People in engineering-related sectors have been talking about the demographic time bomb for ever, but it's still crept up on them and I'm not sure everyone has a real appreciation of what needs to be done just yet," he says. "Although I can't see it ending up in crisis, I think companies probably need to do more to try and progress younger generations into leadership positions more rapidly."

To this end, some employers are, for the first time, starting to conduct open conversations about retirement with people towards the end of their career. Such conversations are often held during annual performance reviews and involve discussing the individual's aspirations as part of a wider bid to improve workforce planning.

"It's about asking an individual two or three years out to act as a mentor or buddy in the succession planning process," Mr Tipper says. "So you identify your middle manager or millennial with potential,

baby boomers retire each day in the United States

20% increase between 2011

and 2016 in the number of Canadians aged 65 or older

**7000k** decrease between 2016 and 2020 in the number of UK people aged 16 to 49

Office for National Statistic

Baby boomers are increasingly being offered flexible working, freelance or consultancy options to dissuade them from retiring altogether but not enough experience, and then provide them with the support they need to take over."

To both retain their skills and encourage them to undertake knowledge transfer among younger generations, however, these baby boomers are increasingly being offered flexible working, freelance or consultancy options to dissuade them from retiring altogether.

Other employers, meanwhile, are introducing growing numbers of diversity and inclusion policies, and initiatives to broaden their potential talent pool, while also ramping up their talent management activities. They are employing tools ranging from traditional assessments to people analytics software to identify potential high fliers either internally or as part of an external recruitment process.

In sectors such as IT and the creative industries, which are generally younger and rely less on academic knowledge and experience than the medical and engineering worlds, these millennials are then fasttracked through a management development process and accelerated up the career ladder.

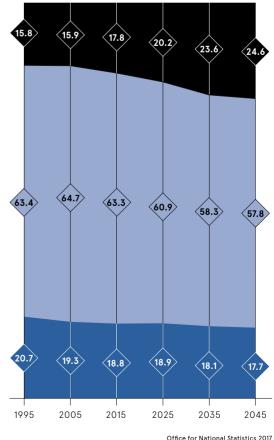
But while this career compression is undoubtedly good news for millennials who are often impatient for promotion, it is leading to a certain amount of disaffection among generation X – people born between 1965 and 1976 – who can feel that youngsters are taking over "their" jobs without needing to put in the years of hard work they have.

As Tom Blower, director of leadership development consultancy Black Isle Europe, concludes: "It's hard on generation X who are waiting for a tap on the shoulder to say 'it's your turn for promotion

as you're next in line'. But if the idea of people potential takes root, which it is in some areas, it's not necessarily going to be about experience, but about who will be the most effective future leaders in a world undergoing widespread digital disruption."

### Older population set to surge (%) Age breakdown of the UK population

◆ 0-15 years ◆ 16-64 years ◆ 65+ years



## LEARNING AND DEVELOPMENT TECHNOLOGY

From e-books and webinars to social media and online forums, technologies have transformed how we learn. However, while learning and development (L&D) leaders are making their voice heard about the vast efficiency and cost-effective benefits of digital learning, key challenges still stand in the way of wider adoption

### The state of formal learning and development

Global survey of L&D leaders

Despite much progress over recent years in the adoption of digital technologies, the current landscape shows that the majority of organisational learning uses traditional methods



wards Maturity 2017

### Top applications for learning technologies

Percentage of global L&D leaders using learning tech for the following





Programme delivery such as webinar or virtual classroom

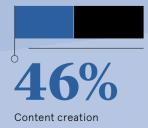


Programme design



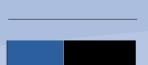








Reporting and analytics





Attendance

registration		



Content distribution

Content library

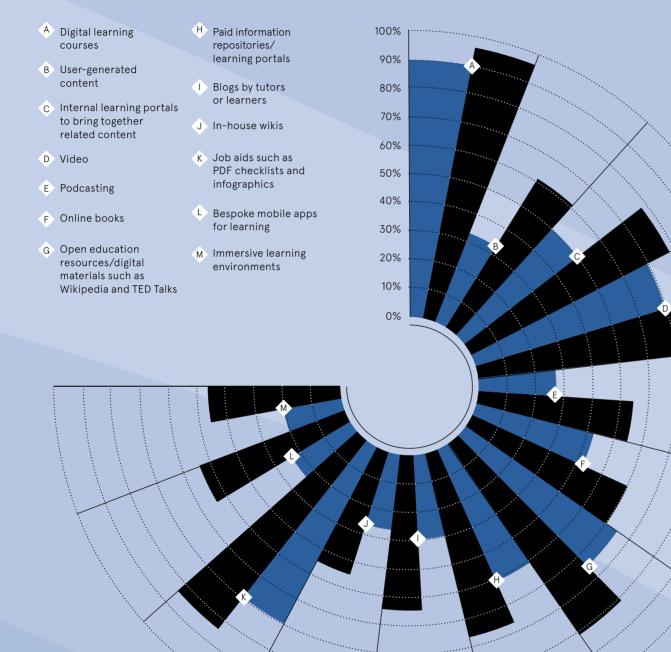


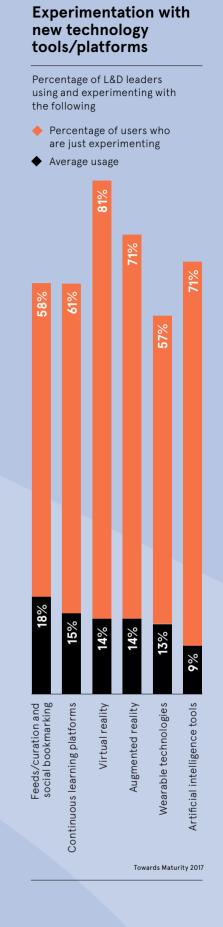
CIPD 2017

### Digital learning tools in use and planned usage

Unsurprisingly, digital learning courses are the most common digital tools used by L&D departments, with learners able to engage with formal course-based content without significant interaction or support from training or learning professionals and managers

- 🔶 Using
- ◆ Planning to use in following two years (2016)





### Top barriers to modernising learning through technology

Percentage of L&D leaders citing the following as a barrier

**66%** Cost of set-up, development and maintenance 65% Lack of skills among employees to manage their own learning

58% Reluctance by line managers to encourage new ways of learning



Lack of skills among L&D staff to implement and manage techenabled learning 52% Unreliable ICT infrastructure/ technical restrictions

Towards Maturity 2017

## Do firms need a director of happiness?

Human resources leaders who champion employees' wellbeing not only help retain key staff but also boost the bottom line

### LAURA OLIVER

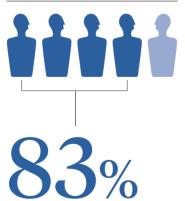
ermany's largest union is threatening strike action if demands for a better worklife balance are not met. Last year IG Metall asked for shorter working hours and a 6 per cent pay rise for a reported 3.9 million workers. Negotiations with German employers are ongoing, involving a proposed reduction in weekly working from 35 to 28 hours.

In the UK, full-time workers put in an average of 37.3 hours a week and, without the same union set-up and collective bargaining power as employees in Germany and the Nordic countries, their wellbeing is in the hands of individual employers and business leaders.

Initiatives to encourage employee engagement and workplace wellness range from flexible working to mental health support and financial or physical rewards for performance. Research suggests that such schemes can boost retention rates, reduce absenteeism and increase productivity.

A survey by YouGov suggests a lack of workplace wellness can have far-reaching side effects. Employees with a poor work-life balance tend to be more disengaged with life in general than the average person, with those aged 25 to 34 particularly at risk.

While more businesses in the UK are taking responsibility for workplace wellness, approaches vary and often lack strategy, says Rachel Suff, employment relations adviser at the Chartered Institute of Personnel and Development (CIPD). According to CIPD research, a third of the organisations surveyed had a formal wellbeing programme and fewer than half (43 per cent) of respondents said wellbeing was on senior leaders' agendas.



of UK adults said an employer's commitment to ensuring a good work-life balance is important when applying for a job

YouGov 2017

To be effective, employee engagement programmes must be reflected in and begin with a company's culture, leadership and people management, says Ms Suff. "Senior leaders have to buy into any initiative otherwise it will fail. They're going to set the tone for the culture of the whole organisation," she says. Lawrence Jones, chief executive of Manchester-based cloud computing and hosting company UKFast, has put employee wellbeing at the heart of his businesses. Initiatives include childcare provision, flexible working to accommodate families and personal milestones, an on-site gym and a financial reward for ten years' service.

As a business grows, senior management can become removed from the front line, making it more difficult to understand employees' individual engagement and wellbeing needs, says Mr Jones. This makes it imperative for leaders to create a culture where employee ideas are listened to and acted on.

"As a leader, it's very easy to block great ideas, but if you create the right environment, the teammates will build the culture," he says, adding that the best wellbeing initiatives have come from within UKFast.

Experts agree that a commitment to employee health and happiness needs to go beyond lip service from senior management. Employees need autonomy and the chance to have a say in how they do their work, says Adrian Wakeling, senior policy adviser at employment advice service ACAS.

"The things that really matter to employees are not slightly generic concepts about engagement, which have become a bit theoretical. The key ingredient of good employee relations is communication – there's been a shallowing of genuine consultation in the workplace," says Mr Wakeling.

Senior management can help HR teams advocate for engagement by both promoting what's available and showing real commitment. If flexible working is offered, executives should be seen to take it up, for example.

At UKFast, employee wellbeing is supported at all levels, from the company's leadership to its line managers, whose teams are purposefully limited in size to enable easier communication and more support for employee wellbeing. Engagement and wellness are not left to HR.

"We don't have an HR department. If you get the right people in and create the right environment, you'd be better off with a director of happiness than an HR director. It would be more proactive than reactive," says Mr Jones.

HR can play an important role in employee wellbeing if its focus isn't just policy and procedure, but people, says Mr Wakeling. Too

The key ingredient of good employee relations is communication – there's been a shallowing of genuine consultation in the workplace

Members of German metalworkers' union IG Metall have staged strikes over wage increases and a shorter working week

much emphasis on compliance, especially when HR teams are downsized or centralised, rather than on people and how they interact with each other can undermine genuine engagement.

Marc Coleman, founder and chief executive of HR network and conference firm UNLEASH, says human resources must return to its roots in organisational design to support workplace wellness effectively. Too often HR teams are expected to set company culture, drive employee engagement and lead recruitment, all of which HR can help enable, but which should be shared responsibilities, he says.

While Germany's unions fight on employees' behalf, in the UK the government could do more to support employee wellbeing by increasing tax allowances for training and introducing allowances for schemes to motivate employees, says Mr Jones.

UK business leaders would do well to look further afield when it comes to employee wellness, adds Mr Coleman. Countries, such as Germany and Sweden, discussing or introducing shorter working to promote a better work-life balance and protect employees' health are also planning for the future.

"There are bigger problems at the moment," says Mr Coleman. "Look at the high levels of youth unemployment in southern Europe or the automation that's coming through, which means jobs aren't going to be there. These countries are preparing for what's coming."  $\blacklozenge$ 



bluesky

### **OPINION**

'Societal change requires a new approach to leadership, and it's essential we have a vision and communicate the positive impact change is going to bring'

transparent and interdependent than ever before. People can mediatise issues at a speed and scale unimaginable a decade ago, and mobility has never been easier. It's an exciting time, but also a frightening one for many people.

This scale of societal change requires a new approach to leadership and, as we step into the future, it's essential we have a vision and communicate the positive impact change is going to bring.

First, we must acknowledge that most people find this level of uncertainty unsettling, particularly when it comes to their livelihood. In the UK, this anxiety is amplified by the ongoing mysteries around the impact of Brexit.

As economist Dr Daniel Thornilev notes in an exclusive Brexit report he prepared for UNLEASH earlier this month, there is still insufficient clarity on the rules and status of European Union citizens' continued ability to live and work in the UK.

This is a situation that leaves ing paradigm for human resources to utilise. For many UK companies, it will mean added disruption to talent management and talent acquisition strategies.

All this comes at a time when talented and highly skilled employees are not just becoming harder to recruit and retain, but actively rethinking their desired relationships with employers.

As organisations look to cope with these changes, they would do well to start by making better use of the workforce analytics capabilities already at their disposal.

And yet, in a recent joint research report produced by UNLEASH and the IBM Smarter Workforce Institute, we discovered that UK and European HR practitioners felt even less prepared to harness the power of workforce analytics than their counterparts in the rest of the world.

Some 44 per cent of HR analytics practitioners in Europe reported

he world has become more that their organisation had an effective workforce analytics leader, compared with 49 per cent of practitioners outside Europe.

While 27 per cent of European HR practitioners reported that their teams had the right mix of skills from HR, psychology, statistics, data science and consulting, compared with 49 per cent of respondents outside Europe.

And 26 per cent of respondents in Europe indicated that their companies had the right technology for their HR analytics projects, compared with 42 per cent outside Europe.

Whether this gap stems from a lack of capabilities or a lack of confidence, it poses a serious problem when it comes to addressing the very real challenges these organisations are facing.

Ours is an increasingly competitive world, one in which agile players can disrupt established business models within a few weeks of launching a smartphone application. Improved workforce productivity and performance, enhanced employee experience and wellbeorganisations adrift with no exist- ing, and better HR reporting at a strategic level, are essential to the success of organisations and their ability to survive, now and in the decades to come.

> We need a new vision for the future of work.



Marc Coleman Founder and chief executive UNLEASH

Multi award winning behaviour change that gets results

### Create the climate for success Its not magic. Its method.

It's a fact. Investing in people can feel more complex and nebulous than buying a chunk of software. This tangibility bias is a phenomenon we've seen crop up time and again and it's definitely getting worse. Few leaders are taking responsibility to control their own climate, throwing money at everything except the one thing that counts. People

Over decades of working with world class organisations, we've sought out the method in the magic and identified nine things that the best leaders consistently do to build and maintain a climate for success.

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## Are you leaving results on the table because of untapped potential in your organisation?

To unleash your organisation's full potential, it's essential to generate development and growth opportunities for everyone, not just high fliers

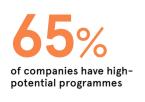
any organisations are sitting on a leadership time bomb. That's not to say they lack leaders, but rather they lack the leaderships skills which will be essential to ensure businesses can continue to grow.

This is something leadership experts at DDI are seeing more and more, particularly as organisations attempt to develop long-term strategies. "CEOs are starting to ask where is the talent that can help their business be successful?" says Verity Creedy, European sales director. "Where are those who can anticipate and react, mobilise and engage, navigate complexity and compete in a digital environment?"

It's one of the chief executive's nightmares and for good reason. DDI data suggests only 14 per cent of C-level executives believe they have the leadership capabilities required to execute their strategy, and rate developing the next generation of leaders and retaining top talent as their top concern, ahead of all other business threats.

This fear is reinforced by DDI's research which demonstrates that it is not the technical or business skills that are lacking, but the so-called "soft skills", such as conducting effective conversations and influencing people, that drive change and rally staff towards strategy execution.

The failure to develop future leaders is having an impact. Organisations are investing thousands in leadership development, but DDI found that only 43 per cent of positions can be filled through internal promotions. In fact, organisations experience a success rate of only 61 per cent for high-potential leaders, according to DDI, equating to wasted expense of about \$1.6 million and 1,900 people-days per organisation.



**68%** say they are not very effective believes, is that organisations tend to focus too heavily on developing talent at the C-suite level or one rung below. By doing so, businesses are betting their future on a selected few, whereas leadership is now increasingly about the organisation's collective leadership capability.

Part of the problem, Ms Creedy

Many team members or individual contributors are unnoticed in their application of leadership behaviours – effective communication, coaching, driving consensus, inspiring action

which positively influence the work that gets done by their teams.
 While few have the potential to rise to the C-suite, there's a tremendous amount of leadership potential living in the individuals below the senior teams and organisations can't afford to leave that potential untapped.

Data from DDI proves firms which identify talent across the pipeline are 4.2 times more likely to outperform businesses that just focus on the senior level.

Furthermore, companies frequently focus only on the obvious candidates for succession who are most like the current leaders. Meanwhile, they overlook diverse candidates who might not initially come to mind for the job, but who actually have exactly the right skills to transform the business.

"You're looking for people who will take feedback openly and act on it, are comfortable with ambiguity and can think outside the box," says Ms Creedy. "Those are behavioural or personality-driven elements that you can't observe in performance alone. Too many companies engineer their succession systems on definitions of leadership that suit their business requirements of the past, not the future."

Encouraging gender and generational diversity is particularly important; however meeting a particular demographic target isn't what delivers success. Rather the organisations that are leading in diversity are those who have inclusion embedded within their cultures, encouraging employees to embrace diverse perspectives, and work together across functions and locations.

Once you surface potential in your organisation, you need to help activate it. Often this is where businesses fall down; research by CEB suggests 95 per cent of companies fail to follow through

### Top ten practices for high-potential leader success

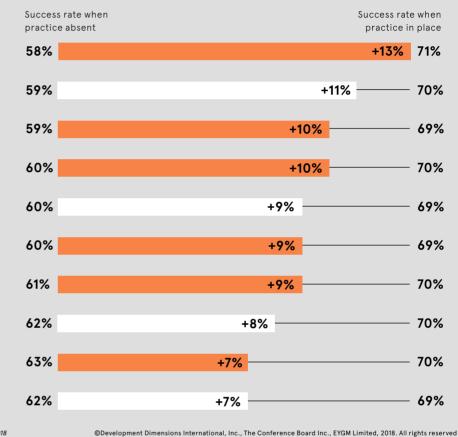
Practice that applies across organisation
O Practice specific to high-potentials



on high-potential development plans. Future leaders need to be made aware of their strengths and weaknesses through early and honest feedback, gain awareness in relation to future opportunities, and ensure everyone has a development plan that will help them activate their own potential.

"Of all the resources in the firm – time, money, collective genius – one of the most valuable is also one of the most overlooked – energy," says Ms Creedy. "Often the process of potential identification tends to drain energy, so there's none left for accelerating it." Organisations must create conditions within the business to allow people to realise and unleash their potential, to get better at their current roles, and accelerate their

The organisations that are tapping into individual and team potential across all levels are significantly more likely to outperform their rivals financially



development to acquire new leadership behaviours that will help them in future roles.

This could include creating immersive development opportunities to build new perspectives and capabilities rapidly, launching initiatives targeted at organisational priorities, and investing in transferable skills that prepare people for unfamiliar challenges. "Get people in the game earlier, take small risks and allow people to step up and prove themselves," says Ms Creedy. "It's essential to generate development and growth opportunities for everyone, not just high potentials, to unleash all the organisation's potential."

Research found that DDI's interventions led to three quarters of leaders demonstrating critical future-proof leadership skills, with 82 per cent of managers, peers and direct reports saying they had observed a higher frequency of positive leadership behaviours.

A global defence contractor, for example, reports having at least two ready-now leaders for 80 per cent of all its critical positions, as well as a significant increase in diversity in senior leadership and a rise in the successful internal promotion rate from 30 to 70 per cent. "We help companies gain a competitive advantage by having a different mindset to potential through an individual, team and organisation lens, and then enabling them to activate and accelerate that talent effectively," says Ms Creedy.

The benefits of investing in such initiatives are clear. "Ultimately it comes down to financial performance," she concludes. "You'll have a stronger development culture and positive impact on engagement, of course, but CEOs are losing sleep over this issue because they know it's going to limit their ability to financially mature as a business.

"The organisations that are tapping into individual and team potential across all levels are significantly more likely to outperform their rivals financially. That's the carrot – having ready-now talent to achieve your strategic goals."

To find out how DDI can help your organisation unleash leadership potential please visit www.ddiworld.com/thetimes2018



**OPINION** 

ompanies have been trying to measure their people for many decades. Fredrick Taylor, an industrial engineer, started this trend in 1911 when he published his report Scientific Management. which studied the movement and behaviour of factory workers in steel mills. Since then companies have deployed thousands of engagement surveys, studied the characteristics of top leaders, done countless reviews of retention and turnover, and built massive human resources data warehouses. All in an effort to figure out "what can we do to get more out of our people?"

Well now this domain is called people analytics and it has become a fast-growing, core-business initiative. A study, entitled *High-Impact People Analytics* and completed last November by Bersin by Deloitte, found that 69 per cent of large organisations have a people analytics team and are actively building an integrated store of people-related data.

Why the growth and why the business imperative? Several technical and business factors have collided to make this topic so important.

Firstly, organisations have more people-related data than ever before. Thanks to the proliferation of office productivity tools, employee badge readers, pulse surveys, integrated enterprise resource planning systems and monitoring devices at work, companies have vast amounts of detailed data about their people.

Companies now know who people are communicating with, their location and travel schedules, their salary, job history and training plans. New tools for organisational network analysis, built into email platforms, can tell leaders who is communicating with whom, new tools for audio and facial recognition identify who is under stress, and video cameras and heat sensors can even identify how much time people spend at their desks.

It could be argued that much of this information is confidential and private, but most employees don't mind organisations capturing this data, as long as they know it is being done to improve their work experience, as shown in 2015 Conference Board research, *Big Data Doesn't Mean Big Brother*. While European Union General Data Protection Regulation standards, enforceable from May 25, will put the burden of privacy and governance on



## 'People analytics can now become a strategic competitive advantage'

### Josh Bersin

Talent management consultant

HR departments, employers are stepping up to this and treating such data with great care.

Secondly, as a result of having access to all this data, companies can now learn important and powerful things. Not only are executives being forced to report on topics such as diversity, gender pay equity and turnover, but they can also now use people analytics to understand productivity, skills gaps and long-term trends that might threaten or create risk in their business.

One organisation, for example, found incidents of fraud and theft were "contagious", causing similar bad behaviour among other employees on the same floor within a certain distance. Another is using sentiment analysis software to measure "mood" in the organisation and can identify teams with high-risk projects just from the patterns of their communication.

Many organisations now study turnover and can even predict it before it occurs by monitoring email and social network behaviour, enabling managers to coach high performers before they resign. Organisations now use analytics and artificial intelligence or AI to decode job descriptions, identifying words and phrases that create biased recruitment pools and prevent gender and racial diversity. Manufacturers use people analytics to identify workers who are likely to have accidents, while consulting firms can predict who is likely to be burnt out from too much travel and automotive companies now know why certain teams get projects done on time when others are always late.

AI is, therefore, entering the domain, giving it even more power and scale. A new AI-based people analytics tool sends anonymous emails to a manager's peers asking simple questions to assess managerial skills. Through its carefully designed algorithms, it gives managers an unthreatening set of recommendations and has improved managerial effectiveness by 8 per cent in only three months. For human resources departments, people analytics is now the number-one reason companies

number-one reason companies want to replace or upgrade their HR software, according to the *Sierra-Cedar 2017 HR Systems Survey*. But for chief executives, chief

financial officers and chief operating officers, it's even more important. When a sales team is behind its quota attainment or a store's sales numbers fall behind, why wouldn't a leader ask "what's different about the people, practices and managers at those teams that we may be able to address?" Or an even bigger question is "if we want to grow our business by acquiring a given company in Germany, what will the cultural and organisational impact be?" These

managerial skills. Through its critical strategic questions can all carefully designed algorithms, it be answered by people analytics.

The history of this discipline is tactical and somewhat arcane. For years industrial psychologists led the effort and focused primarily on employee engagement and turnover. Today, however, the industry is taking on a new light, refocusing its energy on operational, sales, risk and performance measures. The technology tools are here and companies have AI engineers ready to analyse the data in a powerful and predictive way. And analysts say this domain will grow for years to come; remember that for most businesses, labour costs are the largest and most controllable expense on the balance sheet.

The bottom line is clear: people analytics can now become a strategic competitive advantage. Companies that focus in this area can out-hire, out-manage and out-perform their competitors.

## Getting it together for joined-up approach

With changes in employment and work practices, organisations are developing a new concept of total talent management

### LUCIE MITCHELL

he employment landscape has undergone a dramatic shift in recent years, with skilled talent often choosing alternative working models over permanent, full-time positions. In fact, research by Ardent Partners reveals that 40 per cent of the total global workforce consists of contingent workers, including contractors, freelancers and temporary workers.

In response to this trend, more organisations are turning to contingent talent pools to meet changing business needs. Yet while contingent workers help organisations compete globally, human resources leaders have traditionally geared their talent management strategies towards their permanent workforce, so they risk missing out on the expertise and flexibility that non-permanent workers can provide.

It's becoming clear that traditional talent management models are no longer viable for many organisations. Forward-thinking employers are therefore re-evaluating their talent strategies and developing a total talent mindset, enabling them to take a holistic view of their entire workforce. including permanent and non-permanent workers, and even non-human options such as robots.

Yet while the concept of total talent management is starting to gather pace, what does it really mean and how prepared is human resources for this truly integrated and modern approach?

Essentially, total talent management enables organisations to break down barriers between their permanent and non-permanent workforce, enabling employers to focus on the value a worker can

provide to the business, rather than their employment status.

'Total talent management requires the business to implement a universal, comprehensive programme that breeds consistency through using a blend of the different workers who exist in the modern working environment," explains Neil Pickering, customer and industry insight manager at Kronos

Taking an integrated approach to talent enables organisations to become more agile and efficient, so leaders are better equipped to make strategic decisions about acquiring talent from a range of sources.

many organisations, HR In has responsibility for permaemployees, while procurenent ment focuses on contingent talent, which often leads to both functions operating in silos, detached from one another. Yet when they align their strategies, using a joined-up, total talent approach, the benefits are significant.

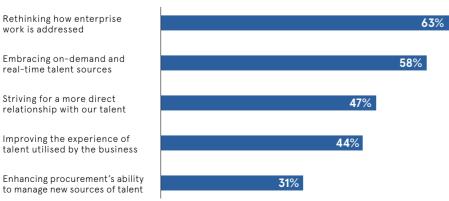
"When permanent and non-permanent workforces are no longer managed separately, employers can focus on attracting, engaging and retaining the right person with the right skills, regardless of how they need to be employed," says James Hick, managing director of ManpowerGroup UK.

This ability to attract and retain the best talent is often a key challenge for many organisations. Talent shortages can be seen as a major constraint on an organisation's ability to deliver on strategic objectives, with PwC's 2017 CEO Survey revealing that 77 per cent of global chief executives regard the availability of key skills as their biggest business threat.

"There are talent shortages in many sectors globally and it's pretty apparent that these shortages are not being met by traditional talent strategies,

### Top strategies for the changing talent environment

Global survey of procurement, finance and human resources professionals





human resource management at Dublin City University Business School.

Statistics shows that while employers are becoming more aware of integrated approaches to talent management, challenges still remain when it comes to implementation. For instance, a 2017 report by ManpowerGroup revealed that 89 per cent of HR leaders recognised the value of taking a more holistic view of their workforce, but just 44 per cent had started to adopt such an approach.

Professor Collings points out that most human resources departments are behind the curve with this because HR is still not seen as a strategic partner in the business.

This is highlighted in Mercer's 2016 Global Talent Trends report, which found that 85 per cent of organisations worldwide recognised that their talent management programmes needed an overhaul, but only 4 per cent of human resources professionals believed the HR function was viewed as a strategic business partner in their organisation.

"The first step for HR is working to reposition its contribution as strategic as opposed to operational," says Professor Collings. "HR needs to re-orient itself from a more downstream function that spends most of its time fire-fighting, to devoting more time to strategic issues.'

Another barrier preventing employers from developing a total

says David Collings, professor of talent model is that HR can sometimes struggle to push talent to the top of the agenda with the C-suite. This is where HR needs to lead the conversation around modern talent strategies and create awareness among executives of the benefits of total talent management.

> "In many instances, talent discussions come up in reaction to a particular issue, as opposed to the development of a proactive talent strategy," savs Professor Collings. "HR needs to frame the talent landscape in a way that resonates with leaders. There is little doubt that contingent approaches to talent should be part of this discussion for many organisations.'

> Kim Castelda, chief people officer at US-based software firm Bullhorn, adds that HR should be ready for all kinds of talent. "HR leaders need to lead the creative thinking around finding the best talent," she says. "We need to think outside traditional employment relationships and encourage our organisational leaders to do the same."

> Buy-in from stakeholders, developing a proactive talent strategy, and building relationships with key partners are all central to implementing a total talent management model. It's also crucial that employers invest in the technology that will support a fully blended approach.

Mr Pickering at Kronos believes that adopting automation and artificial intelligence, as well as having real-time insight through the use of data and analytics, are essential. "HR leaders need to understand how technology is shaping the way talent can be deployed to meet demand most effectively," he says. "Embracing this new technology to help drive and support business operations and decision-making is the only way to develop a total talent management model that benefits evervone."

of global chief executives regard the availability of key skills as their biggest business threat

CEO Survey, PwC 2017

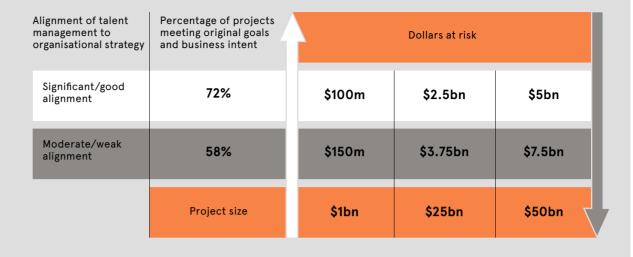
Organisations can gain complete oversight of their workforce by streamlining the three elements of talent sources, analytics and technology, adds ManpowerGroup's Mr Hick. He concludes: "In unifying and connecting these three areas, organisations have a single point of truth, the intelligence they need to make more informed, strategic choices about acquiring, developing and retaining all talent types."

Ardent Partners 2016

## **Critical link** between strategy and talent

Investing in hiring and developing talent should be a strategic priority, says Mark A. Langley, president and chief executive of the Project Management Institute

**Financial benefit of talent management** Aligning talent management to organisational strategy



PMI Pulse of the Profession® In-Depth Report: The Competitive Advantage of Effective Talent Management. March 2013

irtually all organisations or £97 million for every £1 billion recognise two things talent is one of their most prized assets and, to succeed, they need a winning strategy. What often isn't recognised is the link between talent and strategy, and how the link between an organisation's project management talent and its strategy impact the bottom line.

Research consistently confirms that the connection between talent management and successful strategy implementation often goes unrecognised. In Rally the Talent to Win, an Economist Intelligence Unit study for the Project Management Institute (PMI), just 41 per cent of respondents said their organisation has a clear, accepted approach to strategic talent development. A fraction of those reported their organisations provide sufficient financial resources, C-suite attention or employee time for the management and development of the project management talent needed to implement strategy

This critical link between project management talent and strategy has a direct impact on any organisation's bottom line. On average, 9.7 per cent

invested in projects and programmes is wasted due to poor performance, according to PMI research released in 2017. While this figure represents an improvement over the data from the previous five years, it is still too high. Talent deficiencies are linked to unsuccessful strategy implementation efforts 40 per cent of the time.

On the positive side, the impact of aligning talent management and organisational strategy is substantial. When organisations excel at such alignment, they waste 50 per cent less on their projects, giving them a strong competitive advantage. They also have an average project success rate of 72 per cent. By contrast, organisations that have not effectively aligned strategy with talent management have an average project success rate of 58 per cent.

A significant issue related to project talent is supply. As far back as 2014, four out of five respondents reported that their organisations struggle to find qualified candidates to fill open project management positions and the situation may well get worse. Findings released in Project

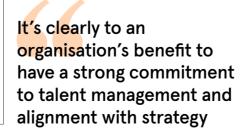
Management Job Growth and Talent Gap 2017-2027 showed that by 2027 the project management labour force is expected to grow by 33 per cent across 11 countries - the UK, Australia, Brazil, Canada, China, Germany, India, Japan, Saudi Arabia, United Arab Emirates and the United States - analysed in the study

Within the UK, the project management profession is expected to have some 168,196 new job openings between 2017 and 2027.

While the career outlook for the project management profession continues to outshine the overall labour market, this fact also means there is a serious gap in available talent to fill these positions. The talent gap puts at risk £2.09 billion (\$2.7 billion) in the UK alone and poses a severe risk for organisations worldwide that need qualified talent to implement their strategic initiatives, the projects that drive change in organisations.

The challenge in hiring can be exacerbated by difficulty finding project management professionals with the right combination of capabilities. Historically, when evaluating project management skills, the greatest emphasis has been placed on technical project management and sector-specific product knowledge. However, it has become evident that leadership skills and strategic and business management expertise are equally important, if not more so.

The organisations that have the greatest success with strategy implementation and managing talent look for project management personnel who can demonstrate the combination of technical, leadership, and strategic and business management expertise, what we call The PMI Talent Triangle<sup>®</sup>.



It's clearly to an organisation's benefit to have a strong commitment to talent management and alignment with strategy. Those that demonstrate this commitment have higher success rates with projects and waste 33 per cent less money on strategic initiatives

To help boost an organisation's talent management capability and strengthen its strategic capability, we suggest a focus on the following five practices:

◆ Moving resources from current assignments to next opportunities effectively. This helps facilitate knowledge transfer and boost employee engagement;

◆ Identifying replacement candidates needed because of turnover or churn. Periodically assess your talent pipeline, and adjust your recruitment

practices and processes as required; Creating broad succession plans across organisational boundaries. Organisations that have strong alignment of talent and strategy have multiple project management career paths, including ones that are more project focused and more business oriented:

◆ Integrating talent management across the organisation. This means a focus on performance management, learning and training, leadership development, and recognition rewards;

◆ Hiring not just for technical skills. Business strategy and leadership skills along with technical skills form The talent triangle - the combination of skills most in demand for project management.

UK organisations that follow this approach are already seeing positive results. "Talent development is a high priority for us and our Project Programme Management and Development Needs Analysis programme has won top industry awards for its capability to help project management professionals improve," says Tomas Appelgren, head of PPM Academy at DXC Technology.

Project PMI's "Additionally, Management Professional<sup>®</sup> certification provides us with a consistent framework and knowledge base for



Mark A. Langley President and chief executive Project Management Institute

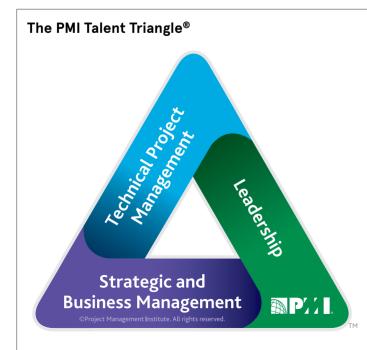
our project managers across the globe, who embody the qualities of The PMI talent triangle. Our project managers, equipped with these skills, are able to execute successfully against projects and programmes, and contribute to accomplishing overall strategic goals."

Strategic change happens through projects and programmes. I like to remind fellow chief executives that if they can't see their organisation's future in their portfolio of strategic initiatives, they have no hope of achieving that future. And the corollary to this statement is there is no possibility of achieving that future without the talent to execute those initiatives.

Whether the goal is improving the bottom line, returning more money to shareholders or staying ahead of your competitors, it all comes down to making the appropriate and necessary investments in talent in accordance with your strategy.

Given there is already a shortage of qualified project talent and projections are for even greater demand for project talent going forward, I recommend that every organisation make investing in hiring and developing talent a strategic priority.

For more information please visit PMI.org/Pulse



# Are we comparing apples with pears?

Measurement of productivity is at best an inexact science, which loses meaning as the economy becomes more complex, so why is it deemed so important?

### ALISON COLEMAN

n recent years the UK's economic performance has outshone that of other countries, with steady growth in jobs and new businesses. However, one area where the UK is lagging behind other major economies is in its productivity, a key metric of future prosperity.

Given the UK's otherwise strong economic outlook it is a source of concern and frustration, but there is more

International comparisons of productivity

to this than meets the eye. Measuring productivity is at best an inexact science and becomes more difficult as the economy becomes more complex. Comparing levels of output between countries, for example, may not be the most accurate method, while some critics have suggested that too much focus is placed on UK comparisons with the rest of Europe and the United States.

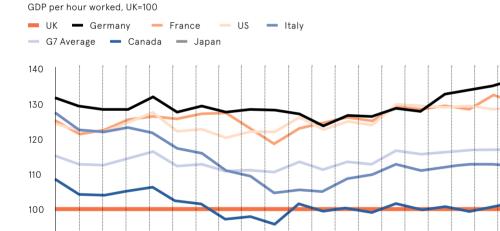
Are different countries even measuring productivity in the same way? According to a report by Close

of 1,400 UK, French and German small and medium-sized enterprises (SMEs), nearly three in ten are not measuring it all, while one in twenty SMEs don't understand what productivity is. Given the radical changes in the way that people work it may be time

Brothers Group, entitled The Power

of Productivity, based on a survey

 way that people work, it may be time for a rethink on how we measure UK
 worker productivity, and how we
 compare it across regions and international borders.



2004 2005 2006

### UK compared worldwide

1998 1999

90

80

995

996 1997

Figures from last October's Office for National Statistics and Organisation for Economic Co-operation and Development (OECD) comparisons of GDP per hour worked between the UK and other global economies were stark. They showed UK productivity as 21.8 per cent lower than that of the US; 22.3 per cent lower than France and 25.6 per cent lower than Germany. UK productivity also trailed the rest of the G7 by 15.1 per cent.

2000 2001 2002 2003

But as Joe Nellis, professor of global economy at Cranfield School of Management, points out, international comparisons are fraught with problems. "These involve differences in the structure of economies, for example, the size of the service sector versus industry, the size of the public sector, educational attainment, working hours' regulations, the scale of corporate investment, technological investment, infrastructure investment and so on. Comparing productivity across countries is akin to comparing apples with pears," he says.

Yet this still doesn't explain why France, where workers take more holidays and put in fewer hours each week than the British, is more productive than the UK. Office for National Statistics/OECD 2017

2014 2015 2016 2017 2017

2013

"Over many years, France has put in place restrictions on the number of hours worked and has much stronger trade unions than in the UK that have successfully defended workers' pay and conditions of work," says Professor Nellis. "There is also considerable resistance to redundancies in France. These factors combined have resulted in higher labour employment costs for the business sector. To counteract the higher costs, business has tended to invest more in the latest technology and machinery, thus supporting higher labour productivity compared to the UK."

2010

2011

2012

2007 2009

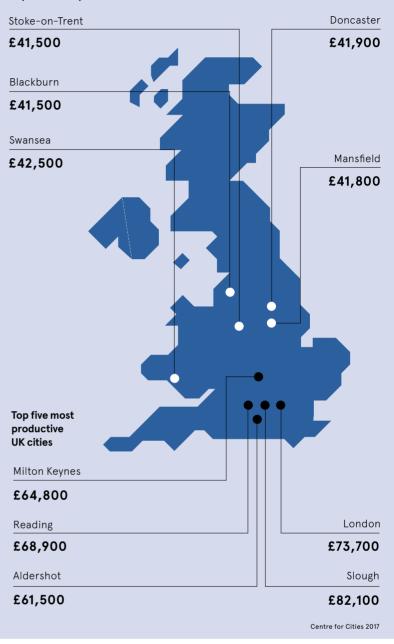
The downside to this trend, however, is that employment growth in France has been more limited than in the UK. Unemployment in France has been around 10 per cent over the past decade while in the UK unemployment has fallen to around 4.3 per cent.

"A higher 'natural rate of unemployment' is the price that France has had to pay for its higher labour productivity," adds Professor Nellis. "For comparison, the latest employment rate for the UK is just over 75 per cent, while in France it is only 65 per cent."

### **Productivity map**

Based on the financial output per worker, productivity is much lower outside London and the South East

#### Top five least productive UK cities



### North-south divide

Within the UK, drivers of productivity vary between regions and therefore contribute to the productivity gap that exists between the north and south. A key finding in a report published by think-tank Centre for Cities was that the UK's top five most productive cities are based in the South East while the five poorest performers are located in the Midlands, North West and Wales.

Factors such as effective transport links and quality digital infrastructure, as well as good secondary education and employees' basic skills, and businesses' managerial quality all have significant influence on productivity performance, explains Yael Selfin, chief economist at KPMG UK.

"Businesses in London, for example, are on average more export-oriented than the rest of the UK, which facilitates their access to best practice. The capital also has the best transport links, and is a leader in innovation, alongside the South East and the East of England," she says.

"Northern regions and the Midlands perform relatively worse on innovation and educational attainment than the South East and London. Moreover, businesses in the North express a relatively higher degree of dissatisfaction with the local transport infrastructure, crucial for ease of access to the best workers and managers."

The geographical spread of industry sectors could also be a contributing factor. While London has a large share of financial, information and communication services in its regional economy, all requiring high-skilled and relatively more productive workers, areas with poorer average productivity performance, such as Wales and the North East, have a relatively high share of public sector activities, which tend to be less productive.

"If the UK is to improve its productivity performance to match that of its Western peers, every region nationwide needs to play its part in addressing weaknesses where they exist and boosting the region's existing strengths," says Ms Selfin. "Initiatives should include developing a fit-for-purpose local infrastructure, encouraging innovation and the adoption of best management practices, and promoting a higher level of skills and education in the local workforce, starting at the earliest possible age."

### **Working hours**

simple as counting the hours that people spend at work. If the Americans are considered workhorses for putting in an average of 1,783 fundamental. Traditional indushours a year, the Germans might be seen as slackers with their annual ing, are seeing declining producaverage of 1,363 hours. Both have higher GDP per hour worked than of its GDP on infrastructure, innothe UK, where the average annual hours worked is 1,676. Employees in France and Germany may spend fewer hours at work than the British, but while they are there the data suggests they are more efficient and more productive.

There are two estimates of productivity, output per hour and output per worker, and employers in the UK are now looking more closely at the worst literacy and numeracy workplace behaviours to get a better understanding of the factors that influence worker productivity.

Vicky Pryce, chief economic adviser at economics consultancy CEBR, says: "In some organisations, HR watchers have started to look at whether work habits, particularly 5 per cent." ♦

Measuring productivity is not as those of young people, or negative attitudes to learning 'trades', offer part of the explanation."

> But in truth the reasons are more tries, such as mining and quarrytivity, and the UK is spending less vation and research and development, both at government and business level. Manufacturing tends to be more export oriented and invests more on balance, but its share in the UK economy is small, while less productive services dominate. The UK also lags behind on skills, a major contributor to productivity.

Ms Prvce adds: "We have one of records for 16 to 18 year olds among the advanced nations, and a small and underperforming technical education sector. The OECD has calculated that raising UK skills level to best country practice would raise UK productivity alone by

### Hours worked/GDP per hour worked

### ◆ Average annual hours worked

♦ GDP per hour worked

.713 \$63.3 \$59.8 \$60 \$48.9 \$47.9 \$47.6 Germany Canada France Japan taly ¥ S OECD 2017 MARLIN HAWK THE LEADERSHIP ADVISORS

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