

How Top Companies Manage Talent Development

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Globalization, demographic developments, the credit crisis and global warming have all created the need for a shift in strategic management. Organizations are now faced with the need for continuous adaptation to changes in the markets and the world in general.

Leadership is the most important condition for success in organizations. Organizations which treat development of executives and managers as an integrated part of company strategy have a distinct advantage over those that do not manage leadership development actively.

Together with [Dave Ulrich](#) of the RBL Group, Hewitt Associates examined how successful companies structure their management development practices and identify and develop their current and potential future managers and leaders. This research is carried out once every two years, and the outcome and the rankings were [published in *Fortune Magazine*](#) in November, 2009.

A closer look at the research shows a nice overview of the practice of leadership development and the importance which global companies attach to it. The inventory of the programs and instruments used by an array of companies operating globally was compared with the financial results of those companies, and gives some insight into the most effective approaches. The “Top Companies for Leaders” are the most advanced in talent management and leadership development, and have a real leadership culture, according to the researchers.

Over five hundred companies have taken part in this research. Every company completed an exhaustive questionnaire, which was analyzed and compared to other companies by the researchers. Afterwards, a selected group of companies was more closely studied through interviews with HR professionals and top managers. To see profiles of the Top Ten, click [here](#).

Main Conclusions

The research shows clearly that successful companies continue to invest in leadership

development despite the economic situation and the enormous strategic issues which companies face. Here is an overview of the most important elements which make a difference at “Top Companies for Leaders.”

- **Strategy** - There is a clear link between the strategy of the company and the strategy of leadership development. Successful organizations closely examine which talent programs are needed and which interventions are necessary to realize their company strategy.
- **Involvement** - The responsibility of talent development lies at the top of the organization, and top management is also actively involved in the development of future management. The top managers themselves are frequently active as mentors, coaches or trainers, and frequently share their experiences and insights. Often the CEO plays a prominent, active role in training or action learning, i.e., using high potentials coupled with experienced leaders on essential questions. Also, CEO's are involved in the programs by means of internal communication.
- **Talent Pipeline** – Talent development is considered as a “mission-critical” company process. The best performing companies see the filling of the talent pipeline organization-wide as a necessity. They use sharp definitions of talent (high potentials), measurable criteria and a rigorous process for to determine who belongs in the talent pool and who does not. The outcomes of this are measured with KPIs.
- **Ongoing Processes** – The Top Companies for Leaders have incorporated management development in their business cycles. The companies think about ongoing, recurring development processes instead of one-time initiatives. Talent management has a high priority in these organizations. Much attention is given to identifying high potentials, determination of specific career paths for these high potentials, coaching and their active contribution to training and development programs. High potentials are assisted in their development by means of training, e-learning, coaching and job rotation, as well as action learning. Thanks to this approach, leadership and company development evolve continuously together.
- **Behavior** – In these Top Companies, leaders are significantly more aware of which behavior is expected of them. This also becomes apparent in all aspects of the organization: performance management (leaders are rewarded for the degree desired behaviors are demonstrated), promotion decisions (people are only promoted when the desired behaviors are shown), recruitment and selection (leadership behavior is an essential selection criterion) and communication from the top of the organization.
- **Critical Objective** - High potential talent is considered as a strategic advantage and the development of this talent is and the development of a robust talent pipeline is considered a critical objective for the organization's top management.
- **Leadership Programs** – Only leadership programs with high added value for talent development are organized. Programs whose content is linked with organizational needs are chosen. The leadership programs are fully integrated with other human resources processes, such as performance management, promotion policy, training and development, reward, succession and career planning, and are coordinated from one central point in HR.

- **Implementation** – Leadership is a mindset. It is included in the day-to-day of the business. The Top Companies distinguish themselves by making talent management a regular part of operational management. All the leaders of the company are responsible for managing talent within the organization. Also, they are responsible for continuing the implementation of talent management in the organization. This infrastructure is embedded in the daily leadership culture and managers develop the necessary competencies to be able execute talent management effectively.

Author's Observations

Based on the findings of the Hewitt/RBL Study, we at Human Resources Boosters have developed a model to achieve excellence in integrated talent management. This model comes in three phases:

1. **Structure** - Companies should introduce functional profiles, competency models, describe paths for growth, implement a yearly performance management cycle with clear achievable targets and incentive structures, career- and succession planning and the maintenance of this system (talent management infrastructure).
2. **Process** - Companies should embed talent management in the organization. The total infrastructure should be part of the day-to-day leadership culture. Managers should develop coaching and training skills and experience to be able to execute talent management effectively.
3. **Selective Development** - Successful organizations closely examine which talent programs they need and which interventions are necessary to realize the company strategy. Examples of selective development are tailor made leadership programs, management development initiatives like inter-company exchange of talent, market and product oriented development, etc.

Conclusion

Hewitt showed with this research that companies, even in time of great uncertainty, are able to counter market and economical challenges by maintaining or even increasing efforts in talent management. Most of the companies even invested anti-cyclic, i.e., when markets were relatively calm companies invested more time and resources in people development. This also anticipates better times.

When talent development is really embedded in the organization and seen as an ongoing *rhythm*, the total processes in an organization will not only run more smoothly, but also more effectively, generating shareholder and stakeholder value. To become a top listed company may be a bridge too far for some organizations. However, with relatively simple actions, some investments, and strong convictions that people development should be part of your routine activities, your company will develop in a sustainable way.

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