

## KEEP YOUR EYE ON THE TALENT

In most organizations, human capital — the collective knowledge, skills, and talent of the employees — is the key to business success. At some level, we all know this. It's the reason companies spend billions of dollars each year on recruiting, training, and succession planning, and it's the reason Amazon carries more than 1,300 books on talent management.

Indeed, organizations that fail to make talent management a priority may very well be gambling with their company's greatest asset. They risk not only hiring sub-par performers and experiencing high turnover, but they may end up promoting executive leaders who are unprepared for the role, wasting money on training that doesn't meet business needs, employing workers who lack the skills necessary to achieve the company's goals, or losing critical institutional knowledge to the untimely departure of staff. Collectively, these scenarios can add up to significant losses.

Rather than leaving it up to chance, or addressing each of these risks individually, talent management experts recommend maintaining a robust, integrated talent management program to minimize losses and

capitalize on the wealth of opportunity afforded by amassing the right talent. Moreover, they say, an appropriately structured talent management program can be measured and its success proven.

In this issue of *Tone at the Top*, experts in recruitment, professional development, and succession planning offer 10 tips for strengthening your organization's approach to talent management.



### 1. Quantify the value of human capital.

Recognize the monetary value and fleeting nature of human capital. "Once you put an appropriate dollar-value on it, you can muster — in business terms — the support

needed to give this expensive asset its due," explains Riviera Advisors Principal Dan Kilgore, an independent consultant who specializes in teaching companies how to recruit.

### 2. Raise talent management to the C-suite.

Install a high-level leader who understands and speaks the language of business to spearhead the organization's talent management program. "That person should be held accountable for measuring, evaluating, and demonstrating how the talent

## A Holistic Perspective

Lynn Schmidt, co-author of *Integrated Talent Management Scorecards\**, identifies six key areas of talent management and recommends integrating the six under a common, high-level leader for optimal results:

1. Strategic workforce planning
2. Talent acquisition
3. Performance management
4. Learning and development
5. Succession planning
6. Engagement and retention

\* *Integrated Talent Management Scorecards* is scheduled for release Aug. 23.

management functions are helping the organization achieve its business goals,” explains Lynn Schmidt, a 26-year talent management professional who has authored several books on the subject.

**3. Align the talent strategy with the overall business strategy.** Analyze the company’s current workforce and assess whether additional talent is needed to realize short- and long-term strategic goals, a process Schmidt refers to as *strategic workforce planning*. “Mapping existing skill sets to the business strategy helps companies determine whether there will be a talent shortage in certain roles or jobs,” Schmidt says, adding that company leaders can then decide whether it’s best to “buy or build” the talent needed.

**4. Focus on better hiring.** Make selecting and hiring the right candidate a priority over developing existing employees. “If you messed up on the hiring, the rest is a waste of time,” Kilgore says. He recommends identifying the company’s “superstar” hiring managers and asking them to share their knowledge with other hiring managers across the organization. “Because they’re peers, they have instant credibility with the other hiring managers — as opposed to someone from HR holding a training session on hiring best practices,” Kilgore explains.

**5. Communicate well-defined career paths.** Identify and publicize behavioral expectations and the competencies employees need to climb the corporate ladder in the organization. “Many companies lack clear career paths, so workers are left guessing what they need to do to get promoted,” explains consultant Dan Tobin, formerly vice president of design and development for the American Management Association. “When that happens, people often end up jumping to another company to advance their career.”

**6. Get executives involved.** Hold quarterly “getting to know you” sessions where company leaders — both executives and board members — can interact with high-potential employees from various levels across the organization and answer questions. “These sessions are valuable for everyone; they get employees energized and get executives more connected with the front lines of the business,” Tobin says. “When company leaders get behind training and development, it sends the message that learning is important.”

**7. Create individualized development plans.** Recognize that every employee has different skills, experience levels, and educational backgrounds. “Personalized coaching, mentoring, and development plans build key skills and raise high-potential candidates to the next level,” says Tobin, who recommends assigning action-learning projects immediately after every education session to help employees apply and retain what they learned. “Action-learning projects also allow you to test people before you promote them, so you can avoid costly promotional errors.”

## Grooming Tomorrow’s Leader

In *Feeding Your Leadership Pipeline: How to Develop the Next Generation of Leaders*, author Dan Tobin describes a four-point leadership development model that combines formal education with action-learning projects, individual development plans, and coaching and mentoring.

*“Top leaders need to treat their human resources like they do any other valuable asset in the company — investing in talent development and retention just as the company invests in preventive maintenance for expensive assembly-line machinery.” — Dan Kilgore*

**8. Ensure that training aligns with business objectives.** Map every learning opportunity to a specific business goal or strategy, advises Schmidt, who calls this process *objective mapping*. “Too often, training programs are focused solely on learning objectives and fail to consider the company’s actual business goals,” Schmidt says. “When that happens, you can’t measure the program’s effectiveness or prove that it helps drive business success.”

**9. Establish appropriate reward structures.** When it comes to rewarding employees, one size does not fit all, Schmidt says. “If a particular skill set is in high demand, you might need a different reward structure to keep that skill set in place and avoid turnover,” she explains.

**10. Measure talent management performance.** Develop a scorecard to demonstrate that the talent management initiatives are benefiting the business. Experts recommend measuring specifics like employee performance, engagement, skills acquisition, turnover, and hiring quality. “You can demonstrate the financial impact of talent management initiatives by looking at the return on investment and performing a cost-benefit analysis,” Schmidt says. “You want to show that you’ve directly impacted the business’s goals.”

### New Quick Poll Question

How confident are you in your organization’s approach to talent management?

- 1 = Not at all confident
- 2 = Little confidence
- 3 = Somewhat confident
- 4 = Confident
- 5 = Very confident

Visit [www.theiia.org/goto/quickpoll](http://www.theiia.org/goto/quickpoll) to answer the question and see how others are responding.

## View From the Top

“Talent management is something you just don’t leave to the HR department and training and development team,” Tobin concludes. “Board members and senior executives have to get involved. They have to understand where their talent is coming from, how to develop talent for the future, who’s in the leadership pipeline, and who will be a good successor for the key positions in the company.”

Kilgore agrees that talent management has to be supported from the top of the organization. “The full appreciation for talent management has to start in the C-suite. It has to be a core value of leadership,” he asserts, adding that internal auditors have a role to play as well. “The auditor’s role is to keep the C-suite informed and forewarned so they can head off issues before they become disasters — and that includes intangible, difficult-to-measure areas like talent management.”

### Questions Boards Should Ask



- What value does the organization place on human capital?
- Does the organization have an integrated approach to talent management?
- Do company leaders play a meaningful role in the organization’s talent management efforts?
- Do company risk assessment models consider talent management?
- Does internal auditing include talent management in its audit plan?

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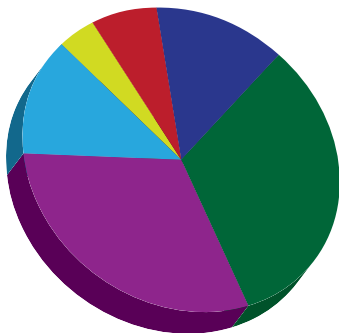
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## April's Quick Poll Results

### How prepared is your organization for a crisis?



- 7% – We have no plan; we are unprepared.
- 13% – We have done very little to prepare for a crisis.
- 33% – We have made some preparations, but there is a lot we haven't done.
- 30% – We have done a lot of work and covered most of our bases.
- 13% – We are as prepared as any organization can be.
- 5% – I don't know!