

Talent and Talent Management Insights

Insight 1. Defining Talent and Talent Management

NHS Leadership Academy
2014



Introduction

It's critical to the success of the NHS that we develop, manage and retain talented people at all levels.

To support this, the NHS Leadership Academy has the objective of being a centre of excellence and beacon of best practice on talent management and leadership development by bringing together ideas from both within the NHS with those of other organisations.

The spread of knowledge about talent and talent management is one contribution to this objective.

This insight is the first of several around the subject. It will cover four important areas:

- What is talent- reviewing the various definitions of talent from organisations around the world and the evolution of the definition in the NHS
- What is talent management- the component parts of talent management using definitions advocated by professional organisations as well as how these are put into practice in the NHS
- Why are talent and talent management important to the NHS- the context within which talent management is taking place in the NHS including external and internal factors
- The role of talent professionals- the critical factors in how professionals involved in talent management go about their roles today and in the future

The review is intended to provide some knowledge and to provoke thinking. But it is dynamic given the pace at which all things talent are moving. And so, we intend to provide other similar insights on talent related issues in future.

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Defining Talent and Talent Management- Executive Summary

- The attraction, development, management and retention of talent is an important driver of success.
- A global and mobile workforce, multi- generational organisations and a more diverse, empowered workforce- have changed how talent management is done. Talent management in the 21st Century is different to talent management in the 20th.
- Talent professionals today work in a dynamic and ever changing environment- one of Volatility, Uncertainty, Complexity and Ambiguity- that requires a skilful crafting of talent strategy if the organisation is going to maximise the potential of its workforce.
- And so there is a need to create a definition of exactly what is meant by the term 'talent' and an organisation wide buy in to the definition. Once these are in place there will be greater clarity about where resources should be targeted in order to maximise the potential of talented people.
- Definitions of talent can vary. For some, talent is about high performance and potential of a selected number of people to move up the organization into senior leadership or managerial positions. For others, talent is an inclusive term which refers to all employees.
- Increasingly, 'talent' is becoming a non- hierarchical concept. There is a move towards inclusivity.
- Talent management describes the systematic attraction, identification, development, engagement, retention and deployment of those individuals who are of particular value to an organisation, either in view of their 'high potential' for the future or because they are fulfilling business/operation-critical roles.
- This activity is sometimes described as a 'talent loop' consisting of four key areas.
- Attracting talent- concerns how potential applicants view the organisation and whether they share enough of the values of that organisation to wish to join. The use of social media is an increasingly important part of the attraction process and knowledge of how the potential of this approach can be maximised is part of the role of the talent professional.
- Developing talent- is the second part of the talent loop and consists of the talent management activities designed to maximise the potential of individual employees. Possible development interventions include education to maintain or stretch performance; continuing professional development; formal programmes on leadership and management; coaching and mentoring and development projects.
- Managing talent- if there is a culture whereby managers care for the development of members of their teams then there is an increasing chance that the organisation will be able to deliver to its objectives.
- Evaluating talent- the final part of the talent loop is concerned with the evaluation of talent management processes. This is about the use of systems and processes for tracking talent and the development of measures of effectiveness of any talent management initiatives.
- Critical to success will be the alignment of the talent strategy with the organisation's strategy. This will provide a foundation on which successful talent management can be built and there is a strong business case for taking a strategic approach to talent management. Talented people could facilitate building a high performance workplace; encourage a learning organisation; add value to the 'employer of choice' and branding agenda and contribute to diversity management.

- The NHS perspective in 2014 is that talent management should consider the whole of the workforce. This is consistent with evidence from other global organisations where inclusivity is becoming the predominant talent philosophy.

What is talent and why is it important to success?

The context of talent and talent management in the NHS

Talent and talent management have rarely been as important to the success of organisations as they are today. A global and mobile workforce, multi- generational organisations and a more diverse, empowered workforce- have changed the workplace. Talent professionals today work in a dynamic and ever changing environment that requires a skilful crafting of talent strategy if the organisation is going to maximise the potential of its workforce. A key to this will be an understanding of the context within which talent and talent management take place. This knowledge will help to underpin the development of a talent strategy.

There has been a significant change in the way that talent and employee engagement are viewed. An environment that has been described as consisting of VUCA i.e. the Volatility, Uncertainty, Complexity and Ambiguity of the environment also impact how large organisations deal with their talent programmes.

A global and mobile workforce, multi- generational organisations and a more diverse, empowered workforce- have changed the workplace. Talent professionals today work in a dynamic and ever changing environment that requires a skilful crafting of talent strategy if the organisation is going to maximise the potential of its workforce.

Identifying the factors that result from these forces will allow the talent strategy to be placed in a realistic context. Those that impact on talent management in the NHS are a blend of those common to all large organisations- such as demographic change and competition in world labour markets- and a set of unique challenges which arise from the political and economic environment. Four contextual factors are important and these are discussed below.

- **Demographic change with particular reference to Generation Y**

Demographic change will affect both talent and employee engagement because declining birth rates and increasing longevity have created an unprecedented generational mix. Balancing the different development and career expectations of a multi- generational workforce affects the types of talent decision and hence the nature of talent management.

The demographic make- up of the NHS and other large organisation workforces is likely to consist of traditionalists whose perceived goal was to build a legacy; baby boomers whose perceived goal was 'to put their stamp on things;' Generation X whose goal was to maintain independence and Generation Y whose perceived focus was to 'create life and work that has meaning.' (Buahene 2009) These different generational identities translated into distinct workplace behaviours in the relationship with the organization; the relationship with authority; the relationship with colleagues the preferred work style; the type of management style that is prevalent and the different learning styles.

Generation Y- also referred to as Gen Y, the internet or dot.com generation, millennials, generation next, echo boomers, generation net, and nexters- is a demographic group has attracted particular attention for those involved in talent management. They might constitute 10-15% of the NHS workforce and this group could be the largest ever to enter the workforce. They have shared social

and historical experiences which are different from their generational predecessors and may well become the most high-performing generation in history. Weyland (2011) The key for organisations is to find out how to unlock their potential and develop them in a way that maximises their potential

- **Labour markets and global competition for talent**

The second contextual factor concerns the competition for talent since there is a shortage of talent across the world. Even during the period of recession there was a demand for talented people and skills shortages in specific industries or professions were notable. Plus, there was a tendency for highly skilled people and specialists to remain with an organisation as economic uncertainty prevailed. But as the world economy has moved into a period of growth, this demand has increased. The outcome is an imbalance between the demand for talent and the supply for talent. Recognising such a trend is important for the NHS which itself competes on world labour markets for people with specialist skills.

Hence the combination of a diverse, multi- generational, mobile workforce with new demands on how they work within their organisations provides a compelling reason for organisations to ensure that they have an understanding of such labour markets and that these are factored into the development of a talent strategy

The implications for talent management of the global competition for talent are both internal and external. There will be a need to identify and retain talented people in specific technical or specialist areas; at the same time as offering a talent proposition that appeals to all members of the workforce in an inclusive way. The response will be a range of robust tools for the identification of talent whether this is internal or external and effective development once the talent is in place.

- **The importance of creating a strategic narrative within which talent can flourish**

Then third area of context arises because of organisational transformation and change. The changes in the demographics of the workforce and the competition to attract and retain talented people mean that the organisation has to put forward a powerful story about the prospects and opportunities that exist within its boundaries. This can be referred to as a strategic narrative and falls into the responsibility of the organisation's leaders and managers. Such a narrative will also have implications for employee engagement and this will be dealt with in a later NHS leadership Academy Insight.

As organisations go through change and transformation the importance of this narrative increases. The NHS is no exception to this principle and there will be a need for leaders and managers at multiple levels to drive through this change including that which is taking place in a wide range of business units, multi-disciplinary teams, departments, hospitals and of 'networks and systems.' In particular the creation of a culture, shared by all, focused on putting the patient first; the integration of essential common shared values into all processes, the development of 'fundamental standards;' accountability of leaders and senior managers, transparency and candour in the organisation and the enhancement of leadership recruitment, education training and support. (Francis 2013) Effective talent management can contribute to the identification and development of these leaders and managers as well as creating an environment in which all employees are regarded as talent and can support the changes that are taking place.

Identifying what leadership means in the NHS context and the competences required in each of the leadership groups will enable the supply of talent to fill these posts and the talent strategy to do so can then be focussed accordingly. The NHS Leadership Academy's new development programmes will provide the foundation on which the success of a future talent strategy will be built.

- **The need to respond to transformation and change**

In the light of significant external factors caused by demographic and labour market change, and the internal requirement to create a new strategic narrative, there is a need to ensure that talent strategy is aligned to organisational objectives as the organisation goes through transformation and change. Developing and delivering a talent strategy in this climate will require outstanding crafting skills and these will be discussed in a later NHS Leadership Academy Insight. For the NHS there are multiple pressures under this heading.

Talent management is taking place in an environment with a sharp focus on public sector spending. This has manifested itself in the call for more integrated services. The emphasis in the NHS is on outcomes, delivery and strong commissioning. The 'greater freedom, responsibility and ability to move the English NHS in a more public oriented, locally responsive and public health oriented direction,'

'if you give your people the chance to perform at their best; if they are engaged in what you're trying to achieve and if you have a workplace in which they can develop and shine; then you will have a powerful edge that no other organisation can copy. Your people can be your unique source of competitive advantage

(Geyer 2013) caused by the new processes will inevitably reflect on leadership skills and the competences of managers to achieve their objectives. Having talent at all levels that can deal with these complex issues will be a vital

factor in delivering success.

In addition, the need to engage managers in the transformation process and the emphasis on a 'values based' approach mean that all managers need leadership skills and finally, there is the emphasis on measures of effectiveness during public sector service transformation- with the implication that managers would have these measures as part of their performance. This context provides a dynamic background within which talent management in the NHS will take place.

Understanding how talent management can help the organisation to achieve its objectives in this environment will be important.

The importance of talent and talent management

That is why for all organisations, the attraction, development, management and retention of talent is an important driver of success. The context outlined above means that this is a vital assumption if the NHS is to achieve its stretching objectives. But there are many challenges.

The belief that ' (Turner and Kalman 2014) can be enhanced by having effective talent management. For many organisations talent and talent management are high on the corporate agenda. There is a good business case for a strategic approach and CEOs as well as HR directors regard talent management as a priority.

In the first place an organisation's strategy will be difficult to achieve without the right people in the right place at the right time with the right skills. Talent management is crucial to this assumption. Secondly, talent management can deliver operational benefits. In the NHS, McKinsey (2008) found that effective talent management was one of the factors that could be positively correlated with a range of performance indicators. Supporting and developing the NHS workforce through inclusive talent management processes will ultimately have a positive impact on patient care.

But to deliver a talent strategy effectively will require skilful crafting on behalf of talent professionals. A worldwide shortage of talent; an imbalance between the demand for talent and its supply- no one country has the ability to 'grow enough'; key skills shortages caused by the huge demand of knowledge economies and significant changes in workforce demographics have combined to form a perfect storm of factors that will influence the approach to talent.

Organisations will need a clear definition of what they mean by talent and talent management; a case that outlines the reasons for prioritising talent as a business critical issue and talent/HR professionals who can provide insights into the benefits to the organisation of a strong talent focus. This will require talent management in the 21st Century that is different to talent management in the 20th Century.

Hence, to be successful in this type of volatile environment will require talent professionals who can provide insights into the dynamics of labour markets and the implications on the ways in which talent can be managed; ensure that talent management is aligned to the organisation's business strategy and build a talent strategy that takes account of a diverse, flexible, multi- generational mobile workforce in a way that is on time and in budget. This is a significant challenge. A start point for this is having clarity about what is meant by the term talent in the unique context of the organisation.

Definitions of talent

Talent strategy and its implementation will vary, depending on what definition is chosen. One that applies to

Talent has been defined as 'those individuals who can make a difference to organisational performance either through their immediate contribution or, in the longer-term, by demonstrating the highest levels of potential.'

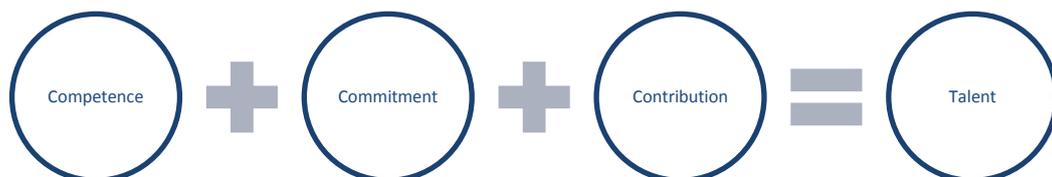
those at the top of the organisation and those defined as high potentials for example is very different to one in which all employees are regarded as talent regardless of role or organisational level. There are implications for individual development, performance enhancement, workforce planning and succession planning.

And so there is a need to create a definition of exactly what is meant by the term 'talent' and an organisation wide buy in to the definition. Once these are in place there will be greater clarity about where resources should be targeted in order to maximise the potential of talented people. But there are a wide variety of definitions in place.

At one level, talent has been defined using the classic performance/ potential interchange that is a feature of, amongst other things, the nine box talent grid and consists of 'those individuals who can make a difference to organisational performance either through their immediate contribution or, in the longer-term, by demonstrating the highest levels of potential.' (Tansley et al 2007) This might be seen as the core definition of talent.

Whilst both performance and potential are important, Ulrich (2011) felt that a further contributor was that of a person's commitment. At another level therefore, the key component parts of what makes up talent in an individual can be seen in the formula shown in figure 1.

Figure 1
The Talent Formula (After Ulrich 2011)



In both of these definitions, talent is characterised by the skills and contribution of an individual and how they relate to the achievement of the organisation's objectives. Whilst these may appear to be a framework within which it will be a straightforward matter to define talent, the reality can be different. The unique experiences of each organisation will also influence how talent is defined.

The point was reinforced in a review of talent management in European organisations (Turner 2012) which found that HR professionals and business managers had a range of views about what constituted talent and concluded that:

'For some, talent is about high performance and potential of a selected number of people to move up the organization into senior leadership or managerial positions. For others, talent is an inclusive term which refers to all employees.'

Further evidence of the disparity of views about talent definition was provided by McKinsey in their follow up to the ground breaking 'War for Talent' research of the late 20th Century. They also found that there were several variants of how talent was defined. Each had implications for focus, resource allocation and management (McKinsey 2009).

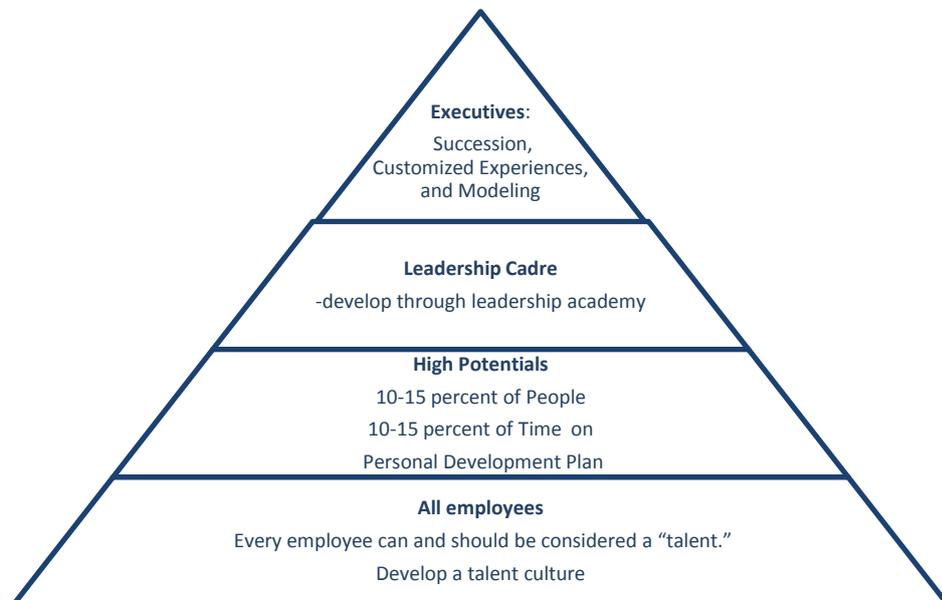
- The first definition was one in which it was assumed that **everyone in the organisation should be regarded as 'talent.'** This option provides for 'leverage of the full potential of the workforce,' with an upside of inclusivity and no discrimination. There is a complexity to this view based on the sheer number of employees that may be included in the process. There is also a process management and cost issue.
- The second definition was that **'talent includes employees on various career tracks and levels.'** In this type of definition talent management is dealt with by a process of segmenting the workforce and targeting each segment with a variety of strategies and practices.
- The third defined talent as **top management, high potentials and specialists** on all levels. Early identification of talent is a characteristic of this approach. This could be viewed as an 'exclusive approach' and had the same philosophy as their **fourth definition which was high potentials independent of hierarchy level.**

- The fourth definition was more inclusive and referred to all those with **high potential as part of their talent programme regardless of where they sit in the organisation and at what level.**

A most comprehensive perspective on how an organisation could segment its workforce to ensure a breadth of talent development was offered by Ulrich and Smallwood (2011) who proposed a model (figure 2) for segmenting the workforce to facilitate the development of a talent strategy. They worked on the assumption that everyone who worked in the organisation should be considered to be a talent. Nevertheless, there would need to be different interventions for specific groups such as:

- **Executives-** would require customised learning experiences including participation in external groups, executive coaching and targeted training. They would also have a particular interest in succession planning
- **Leadership cadre-** this is the next generation of executives who would have development activity focused on subject areas such as shaping the future, making things happen, engaging today's talent and building the next generation of talent
- **High potentials** are those 'in key positions throughout all levels of the organization. They may be technically proficient or they may be in key front line managerial roles. They have a large capacity for future growth.' For this group of talent task forces or special projects; mentoring by executives and specific targeted skills training are features of talent development
- **All employees** have talent. That is why it is important that a talent culture permeates throughout the organisation and that the opportunity to develop further is available to all.

Figure 2
What is Talent?
(After Ulrich and Smallwood 2011)



What becomes clear from this discussion is that there is no one 'correct' definition of talent that can be applied to all organisations. A growing opinion is that the diverse nature of the modern workforce means that the choice between either inclusive or exclusive, as extremes on a talent continuum looks

increasingly anachronistic. Instead, organisations will try to adopt both positions simultaneously. Such an approach means having policies and practices that maximise the development of all employees whilst at the same time ensuring that there are enough people developed specifically for senior management or technical roles. Talent is becoming a non- hierarchical concept.

The many different interpretations of what talent actually means suggests that the definition of talent should be specific to the context of the organisation in which talent management is taking place.

Defining talent in the NHS

The concepts of talent and talent management in the NHS have evolved over time.

The NHS recognised that a systematic approach to the management of talent would address three of the key leadership challenges of ‘recruiting and retaining Chief Executives; a more diverse or inclusive leadership or an ‘NHS of all the talents’; and benefits in terms of organisational performance,

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as organisations can achieve competitive advantage through people.’ (Powell et al 2012)

On the one hand there is a perspective that leads to a commitment to support the development of talent which focuses on top management and high

potential individuals. The NHS uses an evidence based approach to the identification of people at this level. But on the other hand there is recognition of the need to maximise the potential of all members of the NHS workforce. And hence the interpretation of talent in the NHS in an ‘inclusive’ way applying to everyone who works in the organisation. The argument for an exclusive approach is to ensure a pipeline of those able to fill leadership and managerial positions; the argument for the inclusive approach is that ‘organizations reach prime performance when they recognise, value, develop and use the unique talents of all their people in the delivery of their objectives.’ (Wilson 2012)

In recent times there has been an inclination towards inclusivity whilst not neglecting the need to develop senior managers.....’among the many things that contribute to the success of the NHS is willingness by managers to identify and nurture talent... there will always be employees who have skills, talents and potential, which if encouraged could make a significant contribution to the organizational vision. It is no exaggeration to suggest that everyone employed within the service has something to offer.’(Birchenall and Parrish 2004).

Hence many considered that the NHS should adopt a broad approach to talent (where development should be cascaded throughout the workforce) in addition to that of focusing on leaders and managers. In this respect the NHS appear to be in the position that was advocated by Ulrich and Smallwood and shown in Figure 2.

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What is Talent Management?

Definitions of talent management

It has been argued that the need to identify, develop and retain talent has never been more important. This reality forces organizations to approach talent as a critical resource that should be 'managed' in order to achieve optimum results. Hence the process of talent management has been defined by the CIPD as:

'the systematic attraction, identification, development, engagement, retention and deployment of those individuals who are of particular value to an organisation, either in view of their 'high potential' for the future or because they are fulfilling business/operation-critical roles.'

The US Society for Human Resource Management (Lockwood 2006) explained talent management as:

'...the implementation of integrated strategies or systems designed to increase workplace productivity by developing improved processes for attracting, developing, retaining and utilizing people with the required skills and aptitude to meet current and future business needs.'

In these scenarios, talent is described in a broad sense, but there is still fairly selective and leans towards high potentials and those in business critical roles. A view reinforced by the definition of talent management that included 'all organizational activities for the purpose of attracting, selecting, developing, and retaining the best employees in the most strategic roles (those roles necessary to achieve organizational strategic priorities).' Vaiman et al (2012) In these definitions the need for a systematic, integrated approach to talent management with the implication of measureable outputs has been identified. Nevertheless, there has been a broadening of the definitions of talent and talent management which has led to an expansion of both the scope of the subject i.e which people are covered; and the scale of the subject i.e. what is included in the term talent management.

Whereas once 'talent management' was mainly concerned with recruitment of those in leadership positions and high potentials, it is now a much broader 'essential management practice' covering organisational capability, individual development, performance enhancement, workforce planning and succession planning at multiple levels. Developing a talent strategy that is inclusive in its scale and scope is at the heart of Human Resource Management and the role of people in delivering competitive advantage or organisational success at the heart of business management.

Amongst the ways in which talent management can be part of this strategic narrative are:

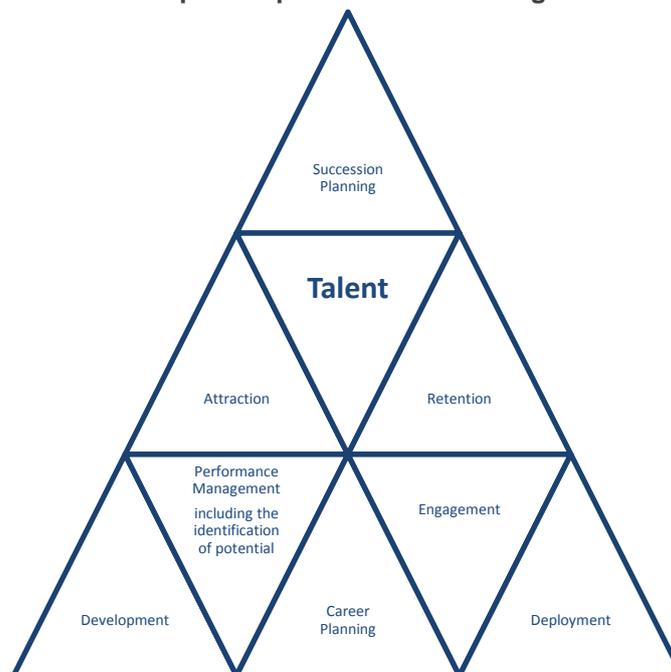
- Having a clear definition of talent for the purposes of talent management and ensuring 'buy in' throughout the organisation
- Ensuring that there is an evidence based business case for investment in talent management that includes quantitative and qualitative labour market data, demographic analysis, benchmarking and where possible a Return on Investment in Talent (ROIT)
- Having a dialogue at Executive level about talent management and ensuring that this is a strategic process
- Engaging all of those in the HR community to talent management to deliver efficiently and in a 'joined up' way

- Respecting the different experiences in the various parts of the organisation but trying, where possible, to have agreement on the fundamentals including talent definition, talent development criteria, and an employee value proposition based on the benefits of joining and staying with the organisation

These approaches will support the preparation of a compelling case to develop a planned and systematic methodology to talent management.

In complex organisations the business case will take account of the differences in strategic priorities as well as the differences across national or regional contexts for how talent should be managed in the areas where they operate. In this respect getting the balance between national and regional requirements requires some skill. It was because of this complexity that the conclusion was reached that ‘while firms tend to recognise the importance of talent management, they often fail to manage it effectively.’ (Vaiman et al 2012) Talent management requires expert crafting if it is to be implemented successfully in large organisations.

Figure 3
The component parts of talent management



A more inclusive definition of talent management ie a whole workforce approach brings with it additional considerations. Amongst these are the necessary tools to facilitate talent processes to ensure that all individuals have the opportunity to maximise their potential. These include regular conversations between members of the workforce and managers; mentoring or performance coaching; and skills and knowledge development for future roles

The component parts of talent management across a broad range of definitions are summarised in figure 3.

The tools are used to support a process by which talent management takes place in talent loop (Tansley et al 2007) consisting of:

- **Attracting talent-** concerns how potential applicants view the organisation and whether they share enough of the values of that organisation to wish to join. In the modern organisation there is a strong emphasis on two elements- the Employee Value Proposition and the Employer Brand- which have a strong influence on the image that the organisation projects to the labour market. The leadership Academy Insight 2 will deal with these two elements in more detail. The use of social media is an increasingly important part of the attraction process and knowledge of how the potential of this approach can be maximised is part of the role of the talent professional.
- **Developing talent-** is the second part of the talent loop and consists of the talent management activities designed to maximise the potential of individual employees. Possible development interventions include education to maintain or stretch performance; continuing professional development; formal programmes on leadership and management; coaching and mentoring and development projects.
- **Managing talent-** if there is a culture whereby managers care for the development of members of their teams then there is an increasing chance that the organisation will be able to deliver to its objectives. Hence there is the need to link talent management to wider

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performance management processes. Being effective in this is important because the manager is often the interface between talent management systems and their implementation. Success is dependent on both being effective.

An inclusive approach to talent management means that managers will be skilled in constructive conversations from which will stem development activity and ultimately the maximisation of individual performance

- **Evaluating talent-** the final part of the talent loop is concerned with the evaluation of talent management processes. This is about the use of systems and processes for tracking talent and the development of measures of effectiveness of any talent management initiatives.

A critical determinant for the success of talent management, whether it is through the talent loop or other talent processes, is to ensure that whatever activity is undertaken it is aligned to the organisation's overall strategy.

Talent on demand- aligning talent strategy to the organisational strategy

In 2010 the World Federation of People Management Associations together with Boston Consulting Group concluded in their Creating People Advantage report (WFPMA/BCG 2010) that an effective talent strategy would help organisations to deal with the 'new state of high volatility' and that it was imperative that the talent strategy was aligned with the wider organisational strategy. This alignment is a foundation on which successful talent management can be built and there is a strong business case for taking a strategic approach to talent management. Talented people could facilitate building a high performance workplace; encourage a learning organisation; add value to the 'employer of choice' and branding agenda and contribute to diversity management.

To do so there is a case for building processes that supply 'talent on demand' in recognition of the need for a constant source of talented people to create and deliver strategy. The implication is that an organisation that has talented people whose objectives are strategically and operationally aligned will deliver business or service benefits. These include:

- For investors because their perception of talented people running the organisation would give them confidence that their investment would lead to a good return
- For clients and users of the organisation's services; there is evidence of correlation between employee performance and 'customer' attitude- talent management can contribute to the maximisation of performance and at the same time the maximisation of potential.
- For the organisation since the implementation of business objectives and strategy in a complex world would be better delivered by talented people
- Community Reputation would be enhanced and protected if the organisation was run by well developed talented people.

The critical importance of talent means that organizations can no longer be reactive in its supply to deliver business strategy. 'Tackling the current talent management challenges requires organisations to view talent management as a critical activity aligned with the organisation's business strategy that aims to attract, develop and retain talented employees. Talent management incorporates several critical system components such as workforce planning, hiring and recruiting, career development, performance management and succession management, to name but a few. True integration of these system components is crucial to getting the most of the talent management process.' The conclusion is that organisations need strategically to manage talent flows so that appropriately skilled individuals are available and aligned with the right jobs.

Aligning talent strategy to organizational strategy in the NHS

In the context of the NHS this alignment is important for the continuing delivery of excellence in NHS services as well as the relevant development of leaders and managers and succession planning. Figure 4 shows the relationship between talent and organisational strategy.

Figure 4
The alignment of talent strategy with organisational strategy in the NHS



From the range of talent management studies in the NHS amongst which that of Powell et al (2012) is the most prominent, it's possible to reach conclusions about how alignment of talent strategy with the NHS organisational strategy can be achieved. Amongst these are:

- The need for clarity about who takes responsibility for talent management in the NHS. The transformation of all organisations creates shifts in responsibilities and accountabilities. It's important that at these times some clarity about talent responsibility during and after the transformation is important. In a later NHS Leadership Academy Insight we will talk about talent management during transformation and change that covers how this might be achieved.
- The move towards taking a more inclusive approach to how talent is defined. The demographic make- up of the NHS means that talent management will need to address development and retention in a multi- generational, mobile workforce in a competitive labour market. Such an environment favours inclusivity and talent management that addresses a broad section of the workforce rather than a narrow one.
- An awareness of, and belief in the benefits of talent management at all levels
- A critical part of an inclusive talent management process will be effective performance management which includes elements of appraisal and personal development. Since performance objectives and targets will be aligned to those of the organisation as a whole, then it is important that every member of the NHS workforce has the opportunity for a two way conversation to allow the maximisation of performance and potential.
- It is possible to include a wide variety of talent management and development activities to enhance the prospect of alignment. During times of organisational transformation such activities as coaching and mentoring, membership of change projects and development roles can be powerful contributors to change. It is possible to converge talent objectives- leadership or manager development; opportunities to maximise potential through job rotation or skills development- with organisational objectives- skilled people in project roles to manage change.

From the above we can see that there has been progress in ensuring that talent strategy in the NHS is closely aligned with the organisation's strategy.

The importance of the measurement of talent management initiatives- relevance, alignment and measurement

Evidence based HR is gaining in importance and there is pressure on those responsible for talent management to make sure that effective measures are in place. Organisations are increasingly looking to demonstrate 'analytical literacy' in their strategic decision-making. The CIPD's RAM approach (CIPD 2013) concluded that the effectiveness of talent management activities could be summarised as needing:

- **Relevance:** how talent management could meet new opportunities and challenges;
- **Alignment:** because 'alignment with organisational strategy and its marketing and finance strategies and other dimensions of corporate strategy gives focus, purpose and relevance'
- **Measurement:** which may be 'a mixture of evaluation methods such as return on investment (ROI) and broader measures of expected change and improvement such as return on expectation, and to link learning outcomes to key performance indicators (KPIs).'

There are sound organisational reasons why consideration should be given for better measurement of the financial and non- financial return on investment in talent. And this is why 'talent intelligence' is gaining increasing traction; in particular because 'HR departments are under more pressure than ever

to justify any investment in new systems or initiatives. Accurate, accessible and relevant data is therefore a must for any HR director looking to secure support for new projects.' (Snell 2011) There are various approaches that HR professionals can take to evaluate whether their investment in talent is delivering value for the business

In the first instance, financial measures should be complemented by 'more intangible benefits, such as improved levels of morale, employee engagement, retention or market reputation.' (Yapp 2009)

Secondly those interested in measuring the benefits of talent management were advised to 'bring the outside in' and look beyond traditional HR measures, such as retention and diversity, in order to embrace outcomes from outside HR, such as business performance metrics including productivity, revenue or margin, and from outside the organization, such as reputation with customers, competitors and potential employees, market share or market capitalization.'

It is possible to categorise these various measures into four areas; process; internal benefits (tangible), internal benefits (intangible) and external benefits as shown in Table 1.

Table 1
Talent Intelligence
Potential measures used in determining the progress or success of talent management initiatives

Process Advantages	Internal Benefits- Tangible	Internal Intangible benefits-	External Benefits
-difference in the cost of talent management against cost of recruitment -better tracking of organisational talent to fill critical roles -better alignment of individual resource allocation against organisational objectives and KPI's -segmentation into talent pools for more efficient management	-availability of talent to deliver business strategy -increase success in achieving project outcomes -improvements in productivity -Return on Investment in Talent (ROIT) -availability of talent to deliver business strategy -improvement of retention rates -lower turnover at senior levels of management -increased employee satisfaction -increased diversity of leadership group	- facilitates 'a focus on strategic capabilities and strategic jobs as the focal point of workforce management' -facilitates the answer to the question; 'What are the key strategic positions in our organization, and how should they be managed?' -better succession management to senior positions -increased creativity and innovation to solve organisational challenges	-improved corporate reputation -improved patient care -Improved external stakeholder relations

In conclusion, the measurement of talent management remains an area where neither academic research nor organisational practice has made sufficient headway to deal with the necessary 'business' case increasingly demanded by organisations. Progress in measurement will be necessary to complete the process of talent management.

The role of talent professionals

Strategic Positioners and Change Champions

Critical to the success of the development and delivery of talent management during organisational transformation is the role played by talent professionals. To help in the achievement of this it's important that there is role clarity and an agreed modus operandi between three key stakeholders in the talent management process; these are talent and leadership professionals; HR business partners and line managers (on this latter point Cheese (2008) has suggested that amongst the key processes to enhance the talent approach is an understanding of how to encourage and reward line managers for nurturing talent.)

It's imperative that there is a common understanding of this point to ensure that the organisational outcomes from its talent management initiatives are achieved.

Successful talent management will occur when there is a convergence of talent management knowledge, HR or People Business partner insight, specialist HR expertise and business objectives.

A framework for clarifying the new role of HR in defined six new HR competency domains has been outlined by Ulrich et al (2013) as critical components of the delivery of effective human resources

strategy. Of these, three in particular are relevant to talent management during organisational transformation and these are discussed below; (the others being credible activist, capability builder and technology proponent.)

- **Strategic positioner**

Talent professionals will need to ensure that talented people are regarded in a strategic way i.e. they are critical to the achievement of the organisation's long term objectives. The role of talent and indeed HR professionals will be to make that there is a persuasive argument of acceptance for this. This will include drawing in knowledge and evidence from outside the organisation- 'since high performing HR professionals think and act from the outside/in...they understand the general business conditions (e.g. social, technological, economic, political, environmental and demographic trends) that affect their industry and geography,' they focus on the need to serve key customers by knowing their expectations, and aligning organization actions to meet customer needs. It will also involve an understanding of the internal culture and dynamics of the organisation. For the NHS this means recognising the transformation that is taking place and taking account of their implications for talent and talent management.

Combining outside in thinking and internal insight will facilitate the talent professional acting as a strategic positioner.

This observation applies to both commercial organisations but is as relevant to those in the public sector too and determine strategic responses to customer expectations.

- **Change champion**

The second role for the talent professional will be that of change champion with specific reference to talent. This will be concerned with ensuring that the change processes put in place to ensure a smooth transition to the new organisational structure will take account of talent management

requirements (such as maximising potential), utilise talent during the change process and ensuring that development in change management is included as part of the talent 'curriculum.' The key activities of the role will be:

- To ensure that organisation's actions with respect to talent are integrated and sustained through disciplined change processes. The appointment process is normally used as an example of this point. The change champion role of the talent professional will be to devote energy to the change whilst advocating consistency in the identification of talent for line or project roles.
- Secondly the change champion role will be to 'make an organization's internal capacity for change match or lead the external pace of change....to make change happen...' Effective talent management and development can create individuals with the capacity, knowledge, skills and behaviours to make change happen at pace when it is necessary to do so.
- Change champions also initiate change i.e. they 'build a case for why change matters, overcome resistance to change, engage key stakeholders in the process of change, and articulate the decisions to start change.'
- Finally they then put effort into sustaining change by institutionalizing change through putting resources into developing talent with the ability to adapt to change, knowledge of organisation development that will be agile enough to deal with change and communication of talent messages that emphasize the importance of change.

As change champions, talent professionals will contribute to the creation of an organisation that is 'agile, flexible and responsive' through outstanding talent management. They will do this by using talent management to facilitate change to build sustainable, long term value for the organisation. For the NHS this means using talent management in support of transformation.

- **Human resource innovator and integrator**

And the third aspect of the role of talent professionals can be derived from the proposition that those involved in talent management should be both innovators and integrators through building innovative practices into 'unified solutions that solve business problems.' They must have the latest insights on key talent practice areas -talent sourcing, talent development; the performance management process, and organisation design through teamwork and organisation development.

These three constitute three of the most important areas of focus on the part of talent professionals and will be critical during times of transformation.

Key conclusions

There are a range of dynamic forces that will have an impact on the way in which talent is defined and managed in the NHS, the type of strategies that are adopted and the systems used for the implementation of the strategy. There has been considerable research that has covered several of the issues highlighted by the contextual analysis and from these it is possible to conclude the following:

- There is evidence to support the principle that the systematic identification of talent, the development of tools and techniques for talent management and the adoption of such techniques throughout the NHS will be important in the delivery of the organisation's objectives. These objectives can be external such as customer or stakeholder satisfaction; or internal such as the delivery of financial targets, the achievement of workforce engagement or managing the organisation through transformation. It is important to 'develop an integrated, proactive talent management strategy.'
- Understanding of the context within which talent management and employee engagement are taking place is important to deal with both 'linear' and discontinuous aspects of today's and tomorrow's challenges. For successful talent management to take place one should 'know the company's business environment and plans—the competitive climate: Know plans for growth, merger, divestiture, new products or technologies and project their impact on immediate and longer-term talent needs.' (Lockwood 2006) The sentiment behind this observation applies equally to the NHS and there are several points for further discussion. First, what will be the key requirements of future NHS leaders to deal with the new 'business' environment; how does current leadership supply match up to these? This will involve close alignment of the talent strategy with the NHS organisational strategy. Then, how can the identified leaders be developed to undertake the challenge of workforce engagement in a multi- generational, multi- disciplinary, multi- unit environment. This latter point is critical since high levels of employee engagement drive organisational performance.
- Research highlights that the development of leadership talent is a challenge that many organisations face as they seek to operate on a global scale and management decision making in the area of global leadership is a critical area for talent management. Decision making in this area needs to be strategic and effective in order for organisations to implement their objectives successfully.
- On the understanding that talented people can drive productivity; improve performance and can be a competitive differentiator then the business case for taking a strategic approach to talent management is a persuasive one. In the NHS, there is the need to retain and develop talented leaders and managers and to ensure that an inclusive approach to talent delivers maximum performance. Talented people, effectively developed and deployed will facilitate building a high performance workplace; encouraging a learning organisation; adding value to the 'employer of choice' (and the Employee Value Proposition) and branding agenda and contributing to diversity management. Each of which will be critical to employee engagement. This definition of talent could apply both to talent at all levels.
- A definition of talent in a way which is specific to the NHS will form the foundation on which future talent strategy is crafted is critical. There is a trend towards greater inclusivity in talent and talent management and clarifying who takes 'ownership' for aligning each of the talent groups with each other and within an overall framework will be important.
- Gaining organisation- wide 'buy in' to this definition will be critical to its success. Given the dichotomous nature of both leadership and talent definitions, this phase of the process is

likely to be a challenge requiring excellent organisational skills.

- Once agreement has been gained on what type of leaders are required and how a comprehensive talent strategy can answer this, then outstanding implementation of talent management will be expected. The execution of a talent strategy in the NHS will be as critical as its development.
- Part of this implementation will be the creation of talent metrics which will be used to track progress of the strategy and its contribution to organisational success. Such metrics might include the Return of Investment in Talent (ROIT) or a Talent Balanced Scorecard highlighting talent KPI's. HR analytics, and the creation of 'talent intelligence' are further areas of possible research.

A final point concerns the conventional wisdom of aligning talent strategy with the business strategy, which is a consistent feature of the talent literature. Capelli (2008) has urged organisations to build processes that supply 'talent on demand' in recognition of the need for organisations to provide a constant source of talented people to create and deliver strategy. argued that the objectives of talent management included identifying and developing future generations of leaders; planning for the succession of key positions; reduced executive recruiting and training costs; the ability to staff the right person in the right position at the right time and smooth leadership transition and less disruption.

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