



# **The Current State, Impact and Future Direction of Integrated Talent Management**

**Patrick Hauenstein, Ph.D., President  
& Chief Science Officer**

**OMNIview**

620 Mendelssohn Avenue North, Suite 156 Golden Valley, MN 55427

[www.theomniview.com](http://www.theomniview.com) 877-426-6222

# The Current State, Impact and Future Direction of Integrated Talent Management

Patrick Hauenstein, Ph.D., President & Chief Science Officer

---

## Current State

Currently, there is a lot of buzz concerning social media, mobile devices, and big data in the talent management media. However, one might wonder about the true state of talent management processes in organizations today. Back in 2009, Bersin and Associates surveyed 773 companies concerning their talent management practices. They reported 40% of companies were in the novice stage in which they are just starting to develop talent management strategies; 41% were in the intermediate stage where they are developing and implementing strategies and have some mature processes in place and 15% reported they have not started on talent management strategies.

Another survey of 1000 organizations conducted by IBM and the Human Capital Institute during the same period reported a similar theme. They indicated, “While companies clearly recognize the value of integrated talent management, their ability to execute various talent management practices remains challenged.” Clearly, these reports suggest few companies had mature, integrated talent management processes in place at that time.

After four years, one might wonder how much progress has been made in implementing and aligning integrated talent management processes. Silkroad conducted a series of surveys of 5,753 HR professionals during 2012 and found that the norm was still for most organizations to use mostly stand-alone single function software applications or spreadsheet solutions. Talent management processes were not integrated nor necessarily aligned with business strategies and goals.

In a recent Buck Consultants survey, 78 percent of respondents said their goal was to integrate most or all of their talent management programs. In reality, only 33 percent say most or all programs are integrated.

Bersin has proposed a four stage maturity model for looking at the state of integrated talent management:

- **Level 1** – Siloed HR Processes (may have systems in place but not connected)
- **Level 2** – Standardized Talent Processes (processes are consistent and tailorable, with some integration. Several systems connected through manual processes)
- **Level 3** – Integrated Talent Management (Heavy focus on connecting systems and processes; single person/team responsible for talent initiatives)
- **Level 4** – Strategic Talent Management (Fully integrated processes and systems are used to make business decisions; talent management is business driven)

Using this model, it would appear that while most companies aspire and are working toward levels 3 & 4 in 2013, many are still at level two and some are still at level one.

## Barriers to Execution

So why has such little progress been made? There are probably a number of factors but I would offer the following as primary barriers:

- **Lack of a Foundation for Integration** – Talent management integration starts with having consistent competency models in place for all pivotal positions. Competencies are the glue for integration. While there are other factors and content needed to support talent management processes, competency models are at the core. They define the behaviors that should be evaluated as the basis for selection, development, promotion, and succession decisions. Too many organizations have either only partially put in place competency models, put in place flawed models, or have failed to put any models in place.
- **Lack of Resources** – The economy has likely played a big part in the lack of progress. In tough times, organizations have scaled back staff. Employees are being asked to shoulder increased workloads and multiple priorities. There may simply not be sufficient resources to significantly improve the state of talent management. This is somewhat of a paradox. With more and more companies facing skill shortages and staffing constraints, the importance of integrated talent management becomes increasingly important.
- **Lack of Senior Leadership Support** – Too often, talent management is seen as solely an HR function with an expectation that HR can lead the charge in driving wide spread adoption of

talent management processes. The truth is that line management and, in particular, senior leadership must lead the charge. Senior leaders must reinforce the importance of talent management and model the behaviors, actions, and decisions that are needed to fully implement talent management processes. Without their support and involvement, it is impossible to align talent management processes with business goals and strategies.

- **Silo Structures and Accountabilities** – Even within the HR function, there are too often solo structures, mentalities, and accountabilities. Each function looks to improve its own talent management process without an attempt to integrate practices across functions. A cross functional approach should be used for system design as well as the selection of enabling technologies.
- **Lack of a Roadmap & Change Management Plan** – Although a cross functional approach to design should be followed, there should be clear accountability and ownership for the talent management function. An individual should be placed in charge of the ownership for talent management and held accountable for a clear, coherent roadmap for integrating talent management including the inclusion of a change management plan. This roadmap should reflect a staged implementation approach.
- **Lack of Metrics to Guide Process Improvements** – In order to improve talent management processes, you need key process measures to indicate how well they are performing. Too often, organizations fail to measure the effectiveness of their talent management processes or rely on easily gathered metrics that provide limited insight into process effectiveness. Solid metrics can be put in place but again it requires an investment of time and resource to make them a routine part of integrated talent management.

## Business Impact

There are organizations that have made sizeable investments in integrating their talent management processes and aligning those processes with business goals and strategies and they are worth studying. It is particularly revealing to compare their business results with similar companies that have not made such investments. A 2009 study from Ernst and Young found that “companies whose talent management programs are aligned with their business strategy deliver a return on common equity that is, on average, 20% higher over a five year period than companies

without such alignment. Among companies that integrate key elements of their talent management programs, the results are even more dramatic: ROE over a five year period averages 38% higher than among those who do not.”

Other research supports these findings:

- A 2009 study by the Hackett Group compared companies with high talent management maturity with peers that were not. They found that the talent management maturity leaders outscored peer-group companies on all but one of 19 different measures of performance and benefits to organizations, in some cases by triple-digit percentage margins. They also achieved better results than the peer group in several key financial performance indicators. Among them were net profit margin (NPM) and earnings before interest, taxes, depreciation and amortization expenses (EBIDTA).

**“Even investments in single talent management processes can yield great returns.”**

- Organizations that apply talent management practices demonstrate higher financial performance compared to their industry peers (IBM/HCI Research 2008)

- Companies with superior human capital practices can create more than double the shareholder value than companies with average human capital practices (Watson Wyatt Research 2008)
- A 2006 research study from McBassi & Co. revealed that high scorers in five categories of human capital management (leadership practices, employee engagement, knowledge accountability, workforce organization, and learning capacity) posted higher stock market returns and better safety records.

Even investments in single talent management processes can yield great returns. For example, improving selection practices to increase the percentage of top performers hired in an organization can have a sizeable impact on productivity. A recent study published in *Personnel Psychology* looked at the impact of top performers in several industries. They reported that the top 5 percent of the workforce at the researched firms produced 26 percent of the firm’s total output. The top-performing 5 percent produced 400 percent more than non-top performers.

It is clear that there is real value in implementing integrated talent management processes but if the future is going to change at a faster pace, we are going to need help.

## The Future and the Role of Technology

In order to accelerate integration and alignment, we are going to have to look to technology but not the technology of the past. Two changes are going to have to occur.

- **Moving from Efficiency to Effectiveness** – In order to accelerate adoption of integrated talent management, technology providers are going to have to deliver on the promise of effective talent management. To date talent management software providers have focused on automating processes that were seen as being at the core of talent management.

While these solution platforms have contributed substantial efficiency gains through process automation, they have had limited impact on increasing talent management effectiveness. Line management will only become champions and drive the initiative for integrated talent management if it helps them make better talent decisions.

That is not happening today. The big problem with talent management applications today is the data. Companies do not have the content or data they need to make informed evidence based decisions. The concentration on process automation has neglected generating the talent measurements needed for effective talent decision-making.

For Example, the Aberdeen Group conducted research on talent measurement strategies in over 400 organizations in 2010. Their research highlighted the importance of talent measurements in making talent decisions and showed a clear connection between use of talent measurements and “best-in-class” organizational performance.

Big data and analytics will be part of this focus on predictive data and evidence based decision-making. Technology has the potential to deliver great data directly to line leaders.

- **Moving Software Design from HR Focused to Leader Focused** – As line leaders increasingly become the consumers of these data and the users of technology, software design strategies will have to shift. Design will have to be highly intuitive and not require much training. There will increasingly be younger generation individuals in leader level roles and their expectations

and experiences will have to be accommodated. Mobile device interfaces will have to be supported and there will likely be greater leverage of graphic rich dashboards, social media integration, interactive experience, and gamification strategies. Data will be delivered fast and in a form that drives decision making. The combination of rich data, powerful analytics, and an intuitive fun user experience will help talent management platform providers finally deliver on the promise and power of integrated talent management processes.

## References

---

O'Leonard, Karen (2009 July) *Talent Management Factbook: Best Practices and Benchmarks in Talent Management* Bersin and Associates.

*Integrated talent management part 1: Understanding the opportunities for success.* (2008 July). IBM Institute for Business Value.

*The State of Talent Management 2013 Winning in the new HR environment: Innovating to engage employees and drive business results.* (2013) A SilkRoad TalentTalk Research Report.

Hicks, Michelle (March 2013) *Talent Management is a Critical Strategy* Idaho Business Review. Reference to Buck Consultants survey findings.

*Managing today's global workforce Elevating talent management to improve business* (2010 May) Ernst & Young.

DiRomualdo, T., Joyce, S., & Bression, N. *HR ExecutiveInsight Key Findings from Hackett's Performance Study on Talent Management Maturity* (2009 October) Hackett Group.

Bassi, L. & McMurrer, D. (2006 April). *Human capital and organizational performance: Next generation metrics as a catalyst for change.* McBassi & Company white paper

O'Boyle Jr., E., & Aguinis, H. The best and the rest: Revisiting the norm of normality of individual performance. *Personnel Psychology*, vol. 65(1), Spring 2012.

Lombardi, M. *Talent Assessment Strategies: A Decision Guide for Organizational Performance* (2010 March) Aberdeen Group.



## About OMNIview

---

**OMNIview** was created around the belief that talent selection and talent management is critical to the success of any organization. Founded by internationally recognized business leader and leadership talent management authority, Dr. Lowell Hellervik, **OMNIview** is supported by more than 90 years of academic experience by behavior science business experts. We know effective selection and talent management requires measurement and support that drives game-changing talent decisions for organizations.

**OMNIview** is all about making your life easier by giving you the data you need to make smart, effective decisions regarding talent at a fraction of the cost of other HR software companies.

Contact us at 877-426-6222 or visit us at [www.theomniview.com](http://www.theomniview.com).

