

IBM Global Business Services



IBM Institute for Business Value

Integrated talent management

Part 3 – Turning talent
management into a
competitive advantage:
An industry view

Human Capital
Management

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IBM Global Business Services, through the IBM Institute for Business Value, develops fact-based strategic insights for senior executives around critical public and private sector issues. This executive brief is based on an in-depth study by the Institute's research team. It is part of an ongoing commitment by IBM Global Business Services to provide analysis and viewpoints that help companies realize business value. You may contact the authors or send an e-mail to iibv@us.ibm.com for more information.

Human Capital Institute

Strategic Human Capital Management is the most powerful lever for innovation and growth in today's knowledge economy. Corporate market value is increasingly defined as the sum of human intangibles – ranging from the public perception of a company's intellectual capacity, to its perceived ability to create new solutions, enter new markets and respond to change. In this new world, new leadership models are emerging. The

Human Capital Institute is a membership organization, think tank and educational resource for the professionals and executives in management, HR, OD and recruiting, who are at the forefront of this new movement.



Integrated talent management

Part 3 – Turning talent management into a competitive advantage: An industry view

By Tim Ringo, Allan Schweyer, Michael DeMarco, Ross Jones and Eric Lesser

Many organizations believe that effective talent management practices can be a critical source of differentiation in today's highly competitive, globally integrated economy. At the same time, industries face their own set of unique challenges – a situation that has led enterprises to focus on different pieces of the talent management “puzzle.” Our recently completed study highlights how knowledge- and service-intensive industries tend to spend significant time and attention on talent management activities, while not-for-profit organizations appear to struggle to make the most of their workforce.

How does the application of specific talent management practices vary by industry? In this report, we examine that basic question, and explore how organizations across industries can turn talent management into a true competitive advantage in today's global economy.

This is the third in a series of three reports derived from recent research conducted jointly by the IBM Institute for Business Value and the

Human Capital Institute on the current state of integrated talent management across a range of organizations. It builds upon themes discussed in the first report, “Integrated talent management: Part 1 – Understanding the opportunities for success.”¹

IBM and the Human Capital Institute surveyed 1,900 individuals from more than 1,000 public and private sector organizations around the world about their organization's talent manage-

ment capabilities. The respondents varied by position, and included people involved with HR and non-HR functions. The surveyed companies represent a variety of industries, geographies and sizes.²

(See Appendix 1 for details on our research methodology and demographic breakdown of our respondents).

This study captured responses from 19 different industries. Among those, 11 showed significant differences in the application of four or more talent management practices. The 11 industries – Banking, Consumer Products, Education, Electronics/Technology, Financial Markets, Government, Healthcare, Industrial Products, Professional Services, Retail and Telecom – provide a unique window into the patterns and trends across multiple industries. From this initial analysis, two important themes arise:

- *Overall, knowledge-intensive industries (Electronics/Technology, Professional Services and Telecommunications, for example) as well as service-intensive industries such as Financial Services and Retail are more likely to apply talent management practices across the board. Our study suggests that knowledge-intensive firms tend to focus on development and collaboration, while financial services companies concentrate primarily on employee attraction/retention.*

- *Non-profit organizations (government agencies, educational and health care institutions, for example) appear to be significantly deficient in their use of talent management practices. Our findings suggest that limited budgets, regulations and inertia are hampering this group's efforts to build a high-performance workforce. We believe that this situation could result in public-sector agencies having difficulty in both fulfilling their existing missions and providing for the educational, medical and social needs of the future private-sector workforce. Both of these issues threaten the prosperity of those nations that fail to overcome them.*

As organizations change or refine their focus – moving in and out of industry niches within which they compete – they should reconsider the applicability of existing human-capital practices to their new business strategies and adjust accordingly. For example, we recommend that:

- Companies looking to migrate towards more knowledge- or service-intensive business models should consider their current talent management practices and identify potential gaps in investment or focus areas.
- Public sector organizations striving to become more effective should consider the human capital practices of industries that are taking more proactive approaches to talent management and applying these relevant practices.

Integrated talent management

Part 3 – Turning talent management into a competitive advantage: An industry view

Introduction

As world-class companies develop within emerging economies and begin to compete with more familiar global corporations, the competition for top talent intensifies. Yet, as we see through our study, different industries are responding to the need to more effectively manage talent with varying degrees of intensity. To understand where the differences in talent management approaches lie, we designed a survey instrument to capture valuable information about how organizations around the world are addressing their talent management challenges (see Appendix 2 for the list of questions).

The practices examined in our survey are based on the six categories shown in Figure 1.

Knowledge- and service-intensive industries are more likely to invest in talent management practices, while the public sector lags

Figure 2 (page 4) depicts the 11 industries (out of the 19 analyzed) that showed significant differences in the application of four or more talent management practices. To the right of the vertical median, six industries – Financial Markets, Banking, Telecom, Retail, Electronics/Technology and Professional Services – are significantly more likely to demonstrate certain talent-management practices. To the left, we find the five industries – Healthcare, Industrial Products, Consumer Products, Government and Education – that are significantly less likely to apply these practices.

FIGURE 1.
Six dimensions of talent management.

Talent management dimensions	Description
Develop Strategy	Establishing the optimal long-term strategy for attracting, developing, connecting and deploying the workforce.
Attract and Retain	Sourcing, recruiting and holding onto the appropriate skills and capabilities, according to business needs.
Motivate and Develop	Verifying that people's capabilities are understood and developed to match business requirements, while also meeting people's needs for motivation, development and job satisfaction.
Deploy and Manage	Providing effective resource deployment, scheduling and work management that match skills and experience with organizational needs.
Connect and Enable	Identifying individuals with relevant skills, collaborating and sharing knowledge, and working effectively in virtual settings.
Transform and Sustain	Achieving clear, measurable and sustainable change within the organization, while maintaining the day-to-day continuity of operations.

Source: IBM Institute for Business Value/Human Capital Institute.

Our findings show that knowledge-intensive industries such as Telecommunications, Electronic/Technology and Professional Services build talent by supporting collaboration and knowledge-sharing among individuals and across the enterprise.

In the next section, we highlight some of the differences in how these industries apply talent management strategies, and review their rationale for adopting these practices to varying degrees.

Knowledge-intensive industries tend to focus on developing and connecting their employees

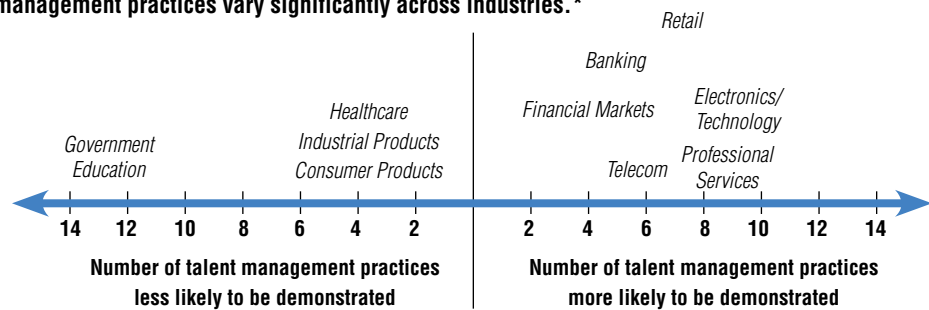
We describe the group of industries shown to the far right of Figure 2 – Telecom, Electronics/Technology and Professional Services – as being “knowledge-intensive industries.” Given the need to rapidly apply new insights to new markets, and the continuing reduction in the lifespan of both high-tech products and ideas, each of these industries is heavily reliant on the “edge” they can get from their people – the capital that walks in and out of the building each day. As one professional services interviewee states, “We are in a perfect storm for employee turnover. All of our competitors are looking for the same people we’re looking for ... [but there is a] very limited pool of qualified candidates.”

Of course, once an organization has those desirable candidates, it wants to get the most out of them, and use their talents and skills to carve an edge in the ever-changing global economy. Figure 3 suggests that knowledge-intensive organizations focus on motivating and developing talent at the individual level, as well as connecting and enabling those individuals across the enterprise.

Consider the Electronics/Technology industry. Over 64 percent of our study’s Electronics/Technology respondents believe that employees have career options and pathways that encourage the development of relevant skills. This is 10 percentage points more than the overall sample. Google, for instance, provides an interesting example of how a company can create career opportunities by paving non-traditional advancement paths (see sidebar, “Motivating and developing talent at Google”).

FIGURE 2.

Talent management practices vary significantly across industries.*



* Industries where four or more talent management practices are (not) being demonstrated at a statistically significant level.
Source: IBM Institute for Business Value/Human Capital Institute.

FIGURE 3.

Knowledge-intensive industries focus on motivating, developing, connecting/enabling their employees.

Name	Talent management practice					
	Develop Strategy	Attract and Retain	Motivate and Develop	Deploy and Manage	Connect and Enable	Transform and Sustain
Professional Services	✓		✓✓✓	✓✓	✓✓✓	
Electronics/Technology	✓✓	✓✓	✓✓	✓	✓✓	
Telecom	✓	✓	✓✓		✓✓	

✓ = Number of practices statistically significant higher in use.
 Source: IBM Institute for Business Value/Human Capital Institute.

Another goal for many organizations is to make the sum of all talent greater than the individual parts. As *BusinessWeek's* Peter Engardio writes, "The challenge now is to weld these vast, globally dispersed workforces into superfast, efficient organizations."³ For Electronics/Technology firms, collaboration among geographically distributed groups appears to be an area of specific attention. For example, these companies are more likely to state that employees collaborate and share

knowledge in a way that contributes to organizational success (68 percent vs. 58 percent of the total sample) and are much more apt to provide tools, resources and metrics to foster collaboration and knowledge sharing (62 percent vs. 49 percent). As a case in point, Nokia is one technology firm that has focused its time and resources on supporting collaboration within its global teams (see sidebar, "Connecting and Enabling at Nokia").

Motivating and developing talent at Google

Much has been written about Google's unique approach to business, including the way that the company seeks to motivate and develop its talent. As founders Sergey Brin and Larry Page have written, talented people are attracted to Google because "we empower them to change the world" through the many "data-democratizing" endeavors the company pursues.

Google allows every developer to "change the world" as they see fit by devoting up to 20 percent of his or her time to non-core initiatives of their own choosing.

Google also motivates its talent through its "learn fast, fail fast" approach to experimentation. Motivated employees can try something new with few sign-offs, but they must develop ideas that generate positive feedback from colleagues in order to garner significant resources for their initiatives. Since the notion of changing the world is built into Google's culture, the ideas that get the most positive feedback tend to be the type that might eventually attract millions and millions of users.

Motivating employees to find the next big market winner is further enhanced through multi-million dollar stock grants called "Founders Awards" that are granted to individuals or teams that make outsized contributions to Google's success. So far the approach has worked, with non-core projects consistently resulting in new product launches for the company.⁴

Connecting and enabling at Nokia

The Finnish telecommunications giant's global marketing and product development teams consistently prove extremely effective, even though they involve scores of people working in several countries. According to London Business School professor Lynda Gratton, the reason for their success relates to the way the teams are formed and led.

For one thing, only people with a "collaborative mindset" are chosen for the teams. Furthermore, the teams are made up of task forces carefully blended to include a range of nationalities, ages and education levels. Additionally, teams include some people who have worked together in the past, and others who have never met. Finally, members are encouraged to get to know one another by networking online through the sharing of their biographies and photographs.

Inherent in the way these teams are formed is diversity – crafted to generate innovation, not to satisfy quotas. By seeking different perspectives and different passions, Nokia obtains different ideas – the kind that can lead to the big breakthroughs, not just incremental steps forward.

Gratton also found that the teams that succeed either avoid or overcome "fault lines" that can emerge when subgroups or coalitions form within teams. Because Nokia invests so much time in building the right teams upfront, leaders are better able to focus on building relationships with cooperative team members.⁵

The focused application of talent management practices might best be captured in the attitude of a professional services executive, who stated that "We constantly look at better ways to engage and utilize our internal talent... we utilize an internal Leadership Council to engage our high performers, give them projects to work on, and use them as sounding boards across the corporation." Or consider the words of a recruitment director of a large technology company who told us, "For a large corporation that is as diverse as we are, we are fairly effective [at connecting individuals and collaborating across the organization]; however, we have initiatives underway to make it even better."

Financial services companies tend to focus on employee attraction and retention

While "knowledge-intensive" industries seek to optimize the skills of the talent they attract through motivation, development, collaboration and enablement, we found a different but very intense focus in both the Banking and Financial Markets industries. Generally speaking, financial services firms pay significant attention to attracting human capital and then hanging on to that talent, as opposed to focusing on employee development and collaboration.

The Banking industry provides a good example of this trend. We found that 67 percent of banking respondents believe that

We found that Financial Services firms focus more on attracting and keeping superior talent, rather than developing top-tier skills and capabilities “in house.”

FIGURE 4. Financial Services firms tend to concentrate on attracting and keeping top talent.

Name	Talent management practice					
	Develop Strategy	Attract and Retain	Motivate and Develop	Deploy and Manage	Connect and Enable	Transform and Sustain
Banking		✓✓✓				✓
Financial Markets		✓✓✓	✓			✓

✓ = Number of practices statistically significant higher in use.
 Source: IBM Institute for Business Value/Human Capital Institute.

they recruit employees in a timely and consistent manner. That is a full 14 percentage points more than the overall sample (53 percent). Banking is almost as impressive on the other side of the talent management lifecycle. We see that 62 percent of these respondents believe they are doing a good job in terms of identifying high-potential and key employees and having programs to retain them, compared to 50 percent for the overall sample.

One financial institution that has invested significantly in workforce analytics to improve its ability to recruit and retain staff is Capital One (see sidebar, “Attracting and retaining at Capital One”).

Overall, it appears that firms in the Financial Services industry are more likely to focus on attracting and/or retaining individuals who already have a specific set of skills and capabilities, and much less likely to invest in either

Attracting and retaining talent at Capital One

Capital One is a diversified financial services company with more than 21,000 associates in the U.S., Canada and the UK. Relatively early in its growth cycle, the company recognized the requirement to create a lean, engaged and productive workforce. Given the turbulent environment in which it operates, Capital One saw the need to align its organizational design and staffing to meet current and future business requirements while accommodating rapid and unexpected changes.

To meet this challenge, Capital One developed an integrated workforce-planning framework using a cross-functional team that honed in on both the staffing mix and staffing dynamics of the business. Using multi-dimensional scenario modeling, optimal mixes of internal and external human capital could be determined – laying out the number of positions available at each level for Marketing, Operations, IT and Staff groups. The modeling helped identify which groups should focus on attracting talent at any given time, and helped establish ceilings on attrition rates by allowing for greater control over promotion rates.

The impact on the company has been positive and measurable. Not only has Capital One been able to better maintain stable executive headcount levels, it has also broadened its control over staffing issues and set a floor for promotion rates. The latter has had a positive effect on retention.⁶

Retail companies saw a strong correlation between their success in managing talent and the success of their overall business strategy.

developing individuals or enabling them to work together as part of a larger global enterprise. This may be related to the “free agent” nature of financial service firms, where individual contribution is strongly rewarded and compensation is a key driver of employee mobility. However, given the desire of many financial services institutions to build a truly globally integrated footprint, the ability to develop individual talent (particularly within emerging markets) and the need to connect talent around the globe would appear to be areas where financial industry organizations will need to focus in the future.

Retailers apply a notable number of talent management practices overall

Hovering very close to the knowledge-intensive cluster, the Retail industry shows significant adoption of a number of talent management practices. As Figure 5 illustrates,

these companies appear to have invested across the board in many talent areas.

As an example, we found that 72 percent of Retail respondents believe that their workforce strategy is linked to their business strategy – a full 12 percentage points more than the overall sample (60 percent). Almost as impressive is the ability of retailers to accurately forecast demand for labor over various time horizons, with a 51 percent result that is 11 percentage points higher than the overall sample.

Given the high number of employees with direct contact with customers, as well as factors like global competition and the relatively thin margins across their industry, retailers are looking for ways to make the most of their talent pool. This has led firms such as Best Buy to invest more heavily in a variety of talent management approaches (see sidebar, “Tapping into talent at Best Buy”).

FIGURE 5.
Retailers are particularly interested in developing first-class talent.

Name	Talent management practice					
	Develop Strategy	Attract and Retain	Motivate and Develop	Deploy and Manage	Connect and Enable	Transform and Sustain
Retail	✓✓	✓✓	✓✓	✓		✓

✓ = Number of practices statistically significant higher in use.
Source: IBM Institute for Business Value/Human Capital Institute.

Tapping into talent at Best Buy

In the retail industry, the most influential ideas are often generated from the front-line managers and employees who interact with customers daily. With over 900 stores, Best Buy – a major U.S. retailer – has focused on tapping into and incorporating the ideas of every on-the-ground employee. Part of Best Buy’s four-year-old “customer centricity” strategy is to ask its employees to spot fresh customer groups – North Carolina retiree clubs and newly returned soldiers in Georgia, for example – that would otherwise fall far below the radar of headquarters-based strategists. Based on these insights, Best Buy stores are able to adjust offerings and product placements to best appeal to these uniquely local groups.

Best Buy executives also want to give local managers leeway in setting sales strategies, inventory levels and product mixes. Local store managers are even influencing Best Buy’s merchandising tactics.⁷

Away from the stores, at corporate headquarters, another talent-focused endeavor is underway. With ROWE (Results Only Work Environment), all 4,000 corporate staffers are free to work wherever they want, whenever they want – as long as they get the job done.

The company is planning to take ROWE to stores where employees involved in the “customer centric” campaign might benefit from increased flexibility, just like their headquarters cohorts. Since ROWE’s implementation, staff retention has been much higher and productivity in departments participating in ROWE is up 35 percent.⁸

Best Buy offers a compelling example of how talent management initiatives can tie directly into the strategic plans of a company. While Best Buy did not invent the concepts behind ROWE, allowing customer-facing retail talent to embrace such a flexible approach is very much outside of the “big box”.

Government agencies, educational institutions and some healthcare firms fall short in managing talent and sustaining change

If intense competition forces many sectors to adopt leading talent management practices, then the flip side – a lack of intense competition – ought to be associated with much less

talent management adoption. Indeed, our results show that three industries that are not engaged in the sort of short-term, day-to-day competitive dynamics common in today’s global companies – Education, Government and Healthcare – are significantly less likely to practice enlightened talent management practices (as shown in Figure 6).

FIGURE 6.
Public sector agencies face a myriad of talent management challenges.

Name	Talent management practice					
	Develop Strategy	Attract and Retain	Motivate and Develop	Deploy and Manage	Connect and Enable	Transform and Sustain
Education	xx	xxx	xxxxxxx	xx		xxxx
Government	xx	xxxx	xx	xx	x	xxxx
Healthcare		xx	xx			

x = Number of practices statistically significant lower in use.
Source: IBM Institute for Business Value/Human Capital Institute.

Our study confirmed that public-sector institutions face numerous challenges, including motivating and developing talent, and dealing with change.

Across the board, government agencies and educational organizations face the most challenges, particularly in the area of motivating and developing the workforce. For example, within the Education sector, only 45 percent of respondents believe that leadership identifies and uses competencies to develop the workforce. That is 21 percentage points less than the overall sample (66 percent). Hence, it's not surprising to hear an interviewee from an education institution say, "For me, our structure, which is a unionized environment, is not a help at all in developing employee skills and capabilities... We have to do voluntary training and not make it part of day-to-day regular work. We can't enforce training because then we get into labor bargaining."

These agencies also struggle to "Transform and Sustain" change, which we believe is a critical capability for the public sector in the 21st century. Consider the Government sector, where only 43 percent of respondents believe that recent major business changes have been driven by a relevant and understood vision of the future. This compares poorly with 59 percent for the overall sample.

Although many government agencies and educational organizations are facing notable talent challenges, there are some that are acknowledged for their efforts in this area. For example, the National Aeronautics and Space Administration (NASA) has been recognized by the Chief Human Capital Officers of major

U.S. government agencies for its ability to develop leaders and share formal and informal knowledge across the organization (see sidebar, "Employee development at NASA"). NASA provides an interesting public-sector example; it often looks to tap into the same pool of knowledge workers that are being recruited by companies in the Electronics and Technology industries. Therefore, to keep pace with the private sector, it has begun to adopt talent management practices that mirror those found in more high-tech firms.

Recommendations

In our previous executive briefs on Integrated Talent Management, we highlighted that overall, the application of talent management practices makes a difference in organizational performance. In this report, we see that different industries, given their heritages and industry dynamics, are more likely to have put different talent management practices in place.

For example, we see that knowledge-intensive industries tend to focus on developing and connecting their employees. At the same time, Financial Services companies tend to concentrate on attracting and retaining employees, with little attention given to development or collaboration. Retailers focus heavily on talent strategy, in addition to applying a notable number of talent management practices overall. Further, we see challenges across a number of public sector institutions related to their talent management capabilities.

Employee development at NASA

The President's Management Agenda, announced in 2001, is an aggressive strategy for improving the management of the Federal government. As a result of this initiative, U.S. Federal agencies have pursued various improvements to operations. Each agency receives a rating of green (good)/yellow (caution)/red (bad) in areas such as Human Capital, Competitive Sourcing, Financial Performance and e-Government. NASA's "green" rating across Human Capital Planning, Human Capital Implementation and Human Capital Evolution highlights its success in displaying many of the behaviors that other Federal agencies have yet to embrace.

Areas in which NASA has exhibited improved performance include leadership development, performance management, training effectiveness and distance learning.⁹ NASA supports leadership development and has sought to develop benchmark-strength capabilities in this area throughout the organization, including in the technical community. NASA has an overarching leadership development "life cycle" strategy that spans multiple levels, as well as an internal development program for high potentials. NASA has also instituted a mid-career program for managers to help further develop critical leadership skills.

NASA fosters collaboration among its employees and supervisors in several ways. For example, each of the three formal leadership programs requires feedback mechanisms for participants and supervisors, as well as for higher-level managers. A new performance measurement system has "built in" training and development that includes training for both supervisors and employees. NASA also maintains very active mentoring and coaching programs.

NASA uses a variety of methods to analyze each course. For long-term developmental programs, it tracks employees' success through indicators that include promotions and expansion in scope of work. NASA also provides distance learning opportunities in a variety of ways – including e-learning, video conferencing and WebEx Web conferencing – as part of its individual development plan (IDP).

Given these findings, we offer specific guidance in addressing two situations:

- Companies looking to migrate towards more knowledge- or service-intensive business models should consider upgrading their overall talent management practices, with a specific focus on motivating, developing, connecting and enabling their workforce
- To achieve their mission, public sector organizations need to consider the human capital practices of industries that are taking a more proactive approach to talent management.

Consider current talent management practices and identify potential gaps in investment or focus

In today's fast-moving business world, companies are looking to add new capabilities to their core business or change their business model altogether. Consider Apple Inc., now operating retail stores to sell its expanding line of consumer technology products. This major shift in how the company's products are sold to consumers creates new talent management challenges for the business. Or consider Amazon.com, a pioneer in providing online business-to-consumer sales, moving

There is an opportunity for organization across sectors to follow the examples of leaders in talent management practices.

into offering warehouse services to other businesses. What new ways of looking at and managing talent do these transformations require? Our research can provide a starting point for analyzing the talent management ramifications of such shifts.

Moving to a more knowledge- and service-intensive business model requires new approaches across the majority of the talent management dimensions, but specifically in the way that individuals are motivated, developed and connected across traditional business lines. Tapping into the organization's knowledge base requires an understanding of the areas of organizational competence, access to individuals with specific expertise, and the ability to allow talented individuals to collaborate, regardless of physical location.

Leaders must be able to select the areas where the organization has a critical mass of these capabilities, and then evaluate the tradeoffs associated with building new competencies, buying skills from the outside labor market, or partnering with organizations to tap into outside capabilities. Further, shifting to a more service-intensive model often demands changes to the way that individuals are motivated (selling products vs. solving client needs), how they identify colleagues who can help solve customer issues, and how they partner with others in the organization to best serve client needs.

Public sector organizations should consider the human capital practices of proactive leaders in talent management

In the public sector, weaknesses in talent management exist. And yet the challenges of 21st century public service require governments and educational institutions to look for novel approaches to their talent issues. While it only makes sense that these particular "industries" are free from some of the short- and long-term competitive pressures that characterize profit-oriented businesses, we believe that nations that ignore the need for change within their Education, Government and Healthcare workforces do so at their own peril.

Without effective talent management practices, schools, hospitals and government agencies can place themselves at risk – faced with increasing attrition, the inability to attract the talent needed to backfill departing baby-boomers and, more seriously, challenges in achieving their mission. Failure to execute their missions may also place the next generation of their workforce at risk as they compete globally. Without effective institutions to deliver healthcare, social services and education, future workers may end up on the short end – lacking the basic skills and capabilities they need to be successful in today's economy.

Though government and educational institutions may be hampered by limited budgets, formal rules and cultural norms, having the information to understand the composition

and demographics of the existing workforce can be the first step in understanding where to prioritize their talent agenda. Without this data, organizations with limited resources are often left to guess at, rather than support, the need for change. Once the organization can prioritize its recruiting and development needs, it can focus its time and attention on hiring and building individuals capable of carrying out the institution's mission. In addition, public administrators can take advantage of a number of collaborative tools and processes to foster both intra-and inter-agency sharing of knowledge and expertise, since collaborating with a variety of stakeholders will become an increasingly important capability.

Key questions to address

- To what extent is the migration towards a more knowledge- or service-intensive business model part of your organization's business strategy (or mission)?
- Do you understand the composition, capabilities and potential of your current workforce?
- Are you prepared to prioritize your organization's "talent agenda"?
- Regarding your current talent management strategy, can you identify potential gaps in terms of investment and focus?
- How can lessons learned from some of the leading industries be applied to the talent management challenges facing your industry?

Conclusion

Given the distinct challenges facing different industries, it is natural to assume that the talent management practices they are implementing also follow unique patterns. Indeed, our study supports this notion. However, there is significant value in understanding the overall drivers of these practices, and why companies looking to migrate into (or away from) different industries should understand the impact of these decisions from a talent management perspective. We also emphasize the need for public sector agencies to look to their private sector colleagues in terms of their talent practices, and mitigate the potential risks associated with an undeveloped and unprepared workforce.

Sponsoring executives

Tim Ringo is a Partner and the Global Leader of the IBM Human Capital Management consulting practice. In his 17-year consulting career, Tim has helped clients across many industries on a variety of topics – including talent management, workforce transformation strategy and solutions, learning and development and learning outsourcing – creating bottom-line results using innovation in human capital solutions. Tim is based in London and can be reached at tim.ringo@uk.ibm.com.

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Study team

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Ross Jones is a Senior Researcher/Analyst for the Human Capital Institute. He has more than 20 years of experience in research and analysis in scientific and social science fields, including almost two years focused on human capital and talent management with the Human Capital Institute. Dr. Jones is widely published in a variety of fields, including in more than 25 white papers and articles on the subject of talent management. He can be contacted at rjones@humancapitalinstitute.org.

Eric Lesser is an Associate Partner with over 15 years of research and consulting experience in the area of human capital management. He is currently responsible for research and thought leadership on human capital issues at the IBM Institute for Business Value. He is the co-editor of several books and has published articles in a variety of publications, including the *Sloan Management Review*, *Academy of Management Executive*, *Chief Learning Officer*, and the *International Human Resources Information Management Journal*. Eric is based in Cambridge, MA, and can be contacted at elesser@us.ibm.com.

Appendix

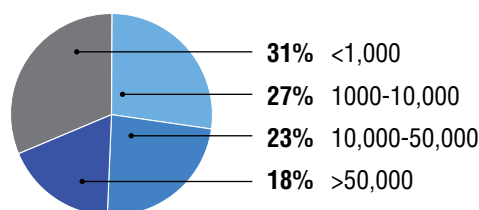
Methodology

Our research findings are based on the results of a Web-based survey conducted between February and April 2008. We e-mailed invitations to participate in the survey to the Human Capital Institute membership and received 1,900 completed responses. We also conducted in-depth follow-up interviews with 49 respondents, representing a cross-section of the complete sample, to explore specific topics in more depth.

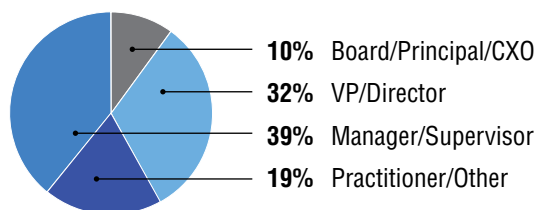
Figure A-1 highlights the important demographic features of our sample. While 67 percent were from the United States and Canada, approximately 30 percent were relatively evenly divided among Europe (primarily the United Kingdom), and Asia and the Pacific (predominately India and Australia). Although our sample included respondents from 56 different countries, 93 percent were from the United States, United Kingdom, Australia, India and Canada.

FIGURE A1.
Breakdown of study participants.

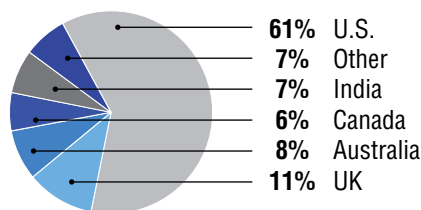
Company size



Respondent title



Geography



Industry

Banking	4%
Chemicals/Petroleum	2%
CPG	2%
Education	5%
Electronics/Technology	12%
Financial Markets	5%
Government	7%
Health Care	7%
Industrial Products	3%
Insurance	3%
Media/Entertainment	1%
Pharmaceuticals	2%
Professional Services	18%
Retail	5%
Telecommunications	4%
Transportation/Logistics	2%
Travel and Tourism	2%
Utilities	1%
Other	12%

Source: IBM Institute for Business Value/Human Capital Institute.

In addition to the regional variation, respondents represented a well-distributed range of organizational size – including Smaller (<1000 employees), Mid-size (1,000 to 10,000), Larger (10,000 to 50,000) and Enterprise (>50,000); as well as relative position in the organiza-

tional hierarchy, from Board/President level to Practitioner. Finally, our sample included a wide range of organizations – from small and large business involved in many types of commercial activities, to public service organizations such as colleges, government agencies and public health facilities.

Summary findings

FIGURE A2.

Develop Strategy dimension.

(Percent)

Senior management views workforce effectiveness issues as important in delivering business results



The organization knows what critical positions/roles help to differentiate itself in the marketplace



The organization has a workforce management strategy that is explicitly linked to the overall business strategy



Metrics are used to provide input into strategic workforce planning decisions



The organization accurately forecasts the demand for labor (size and skills) over various time horizons



■ Strongly agree/Agree ■ Neutral ■ Strongly disagree/Disagree

Source: IBM Institute for Business Value/Human Capital Institute.

FIGURE A3.

Attract and Retain dimension.

(Percent)

The organization is able to bring new recruits on board effectively



The organization attracts, retains, values and fully utilizes a diverse workforce



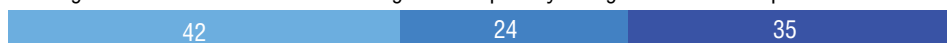
The organization is able to recruit desired employees in a timely and consistent manner



The organization identifies high potential and key employees and has programs to retain them



The organization has a succession management capability that guides the development of leadership talent



■ Strongly agree/Agree ■ Neutral ■ Strongly disagree/Disagree

Source: IBM Institute for Business Value/Human Capital Institute.

FIGURE A4.
Motivate and Develop dimension.

(Percent)

Employees understand their job responsibilities and how roles contribute to the goals of the larger organization



The organization identifies and uses competencies to develop the workforce



Employee and workgroup incentives are aligned with appropriate business goals



Employees have career options and pathways that encourage the development of relevant skills



The organization understands and addresses workforce attitudes and engagement levels



Managers devote sufficient time/attention to people management activities



Employee development needs are identified and met in an effective and timely manner



■ Strongly agree/Agree ■ Neutral ■ Strongly disagree/Disagree

Source: IBM Institute for Business Value/Human Capital Institute.

FIGURE A5.
Deploy and Manage dimension.

(Percent)

Managers are able to assign employees to work schedules in a flexible and efficient manner



The organization is able to complement its workforce by using flexible sources of labor



Department leaders support the deployment and use of employees across departments



People and resources are available to address workforce management/deployment issues at an organizational level



Metrics exist to measure/model effective workforce management and deployment decisions



■ Strongly agree/Agree ■ Neutral ■ Strongly disagree/Disagree

Source: IBM Institute for Business Value/Human Capital Institute.

FIGURE A6.
Connect and Enable dimension.

(Percent)

Employees collaborate and share knowledge with others in a way that contributes to the organization's success



Employees are able to identify relevant skills in the organization in a timely manner



Tools, resources and metrics exist to foster collaboration and knowledge sharing across the organization



The organization promotes virtual/remote working to improve flexibility and/or reduce costs



■ Strongly agree/Agree ■ Neutral ■ Strongly disagree/Disagree

Source: IBM Institute for Business Value/Human Capital Institute.

FIGURE A7.
Transform and Sustain dimension.

(Percent)

The workforce is capable of adapting to changing business conditions



Organizational communications are aligned with leadership actions and behaviors



Recent major business changes have been driven by a relevant and understood vision of the future



Recent major business changes to the organization have been successfully sustained



■ Strongly agree/Agree ■ Neutral ■ Strongly disagree/Disagree

Source: IBM Institute for Business Value/Human Capital Institute.

About IBM Global Business Services

With business experts in more than 160 countries, IBM Global Business Services provides clients with deep business process and industry expertise across 17 industries, using innovation to identify, create and deliver value faster. We draw on the full breadth of IBM capabilities, standing behind our advice to help clients innovate and implement solutions designed to deliver business outcomes with far-reaching impact and sustainable results.

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