The Value of Talent Development: Your Guide to Strategic HR Practices

The Complete eBook
Table of Contents

The Value of Talent Development: Your Guide to Strategic HR Practices ............................................. 3

Introduction .................................................................................................................................................. 3

Chapter 1: The 70/30 Paradigm in Action: Establishing a Vision for Talent Development ............... 4

Why develop your talent? ....................................................................................................................... 6
Measuring up ............................................................................................................................................. 6
Alignment ................................................................................................................................................ 6
Engagement .............................................................................................................................................. 6
Retention .................................................................................................................................................. 6
Development & redeployment ................................................................................................................ 7
Problems with fragmentation .................................................................................................................. 7
An integrated future: The benefits of integrated talent development ................................................. 7

Chapter 2: Trends That Shape Talent Development ............................................................................. 9

1. Organizations Are Tearing Down Old Walls and Silos ................................................................. 9
2. Talent Development Roles Demand Stronger Analytics Skills .................................................. 9
3. HR Goes Strategic with the Emergence of Evidence-Based Practice ....................................... 10
4. HR & Development Groups Face Marginalization Due to the Economy ................................ 11
5. Generalist Roles are on the Rise ............................................................................................... 11
7. Attention Focuses on Social Responsibility and Ethics .............................................................. 12
8. Globalization Increases the Complexities of Talent Management ........................................... 13

Chapter 3: Laying the Groundwork ....................................................................................................... 14

Aligning the HR Mindset: ....................................................................................................................... 16
Establish standardized job profiles with associated competency models ........................................ 17
Identify Critical Processes that Need to be Aligned .......................................................................... 19
Begin with the End in Mind: Forward-Looking Analytics ............................................................... 20
Define the New Skill Sets Needed Within Your Organization .......................................................... 21
Preparing the Rest of Your Organization ........................................................................................... 22

Chapter 4: Making the Business Case for Talent Development .......................................................... 23

Step 1: Draft the Vision ....................................................................................................................... 23
Step 2: Interview Various Stakeholders ............................................................................................ 23
Try to see the world from a manager’s point of view. ................................................................. 23
Have coffee with someone in IT ......................................................................................................... 24
Talk to an executive outside of HR ................................................................................................. 24
Step 3: Know What Matters in Your Organization ........................................................................ 24
Step 4: Benchmark and Research What Others Are Doing ..................................................... 25
Step 5: Show Them the Money—Calculating Potential ROI .................................................... 25
Step 6: Get a Senior Leadership Sponsor .............................................................................. 27
Step 7: Sell Your Business Case to the Rest of the Organization ........................................... 28

Chapter 5: How to Select a Talent Development System .......................................................... 30
Information to Have Ready from the Start ............................................................................ 30
Where to Start Looking for Vendors .................................................................................... 31
  • Current vendors. ......................................................................................................... 31
  • Industry analysts. ........................................................................................................ 31
  • Industry peers and associations. .................................................................................. 31
Issuing an RFP ....................................................................................................................... 31
Critical Vendor Evaluation Criteria ....................................................................................... 32
  How the vendor meets your requirements. ....................................................................... 32
  Product functionality and features. ................................................................................... 32
  Ability to avoid customizations. ....................................................................................... 32
  Vendor’s implementation and training process. ................................................................ 32
  Vendor support and documentation. ................................................................................ 33
  Technology requirements. ............................................................................................... 33
  System scalability ............................................................................................................ 33
  Ability to integrate with HRIS and other systems. .............................................................. 33
  System security and role management. ............................................................................ 33
  Global presence (if applicable).......................................................................................... 34
  Size and financial viability. .............................................................................................. 34
  Industry experience. ....................................................................................................... 34
  Future direction ............................................................................................................... 34
Speaking With References ..................................................................................................... 34
Conclusion ............................................................................................................................ 35
The Value of Talent Development:
Your Guide to Strategic HR Practices

Introduction

If you’re looking to boost the success of your talent development strategy, consider this eBook your how-to manual for achieving that goal. In these pages, you’ll learn how to rethink the approach and purpose of your HR practices and policies, drive new processes that are adopted by executives and managers alike, and align these newly integrated processes to drive business results.

You’ll also walk away ready to:

- Recognize the value of an integrated talent development process;
- Understand industry trends and best practices;
- Create a business case for implementing integrated talent development solutions;
- Calculate ROI and recognize what matters for various stakeholders; and
- Understand what factors to consider when selecting a talent development solution provider—and then make the right choice for your business needs.
Chapter 1: The 70/30 Paradigm in Action: Establishing a Vision for Talent Development

You might have heard that organizations tend to spend 70 percent of their budget on people and talent-related expenses. That might sound overwhelming—but consider these facts:

- Shrinking talent pools are building heavy competition for the best employees.
- Benefit expenses are on the rise.
- At the same time, companies are implementing numerous cost-control and operational efficiency measures.

Ultimately, this means a significantly smaller percentage of budget is being allocated for operations, while people costs—ironically considered too fixed to affect revenue—are actually creeping upward.

The result? The 70/30 paradigm.

Here’s the idea: People, or the source of 70 percent of the company’s costs and therefore its biggest asset, are really getting only 30 percent of the company’s attention when it comes to putting programs in place to support, develop, and maximize their value. In turn, the expenses that constitute the other 30 percent of a company’s budget are actually receiving 70 percent of the attention. Sure, there may be piecemeal systems and processes in place that appear, periodically, as if people assets are getting their fair share—such as annual performance appraisal time, training programs, quarterly employee recognition rituals, or (hopefully) annual bonus cycles. But the harsh truth is clear. None of those programs individually will have an ongoing, strategic impact on your ability to manage the company’s biggest asset.

It’s not a question of economic climate. Careful management of talent is important all the time. During downturns, you must elevate morale and learn which roles are indispensable. Likewise, during expansionary periods, you need to retain your star performers and use the expansion as an opportunity to develop employee skills.

The reality is that, regardless of the economy, the proper management and optimization of your talent will actually drive revenues and decrease expenses. Effective talent development creates a vision. It unifies many traditionally fragmented administrative processes, aligns them with organizational objectives and directions, and makes Human Resources (HR) and employee development more strategic. Talent development helps your organization focus a proportionate share of attention on deriving business value from the asset in which it’s most invested.
How do you get started? Simply buying software will not solve problems outright—but organizations run on data, so software is necessary. Disparate systems, however, can spell trouble. Couple them with organizational silos, and they almost always prevent organizations from strategically mobilizing their talent and systematically guiding the workforce toward unified objectives. The real solution, therefore, is a careful blend of clearly-defined business processes supported by best-in-class integrated software.

This chapter defines talent development and explores the reasons why talent development initiatives can best be served through unifying development programs, compensation, and performance management. A unified strategy enables these processes, with their respective systems, to work logically, cohesively, and symbiotically. With this approach, organizations gain a better understanding of their talent. They can also gauge their success in meeting strategic objectives, and in turn deliver better business results.

**What is Talent Development?**

Talent development is the strengthening of employee productivity through integrated development, performance management, and compensation processes to drive business results on a daily basis.

**Benefits include:**

*Workforce aligned to business goals:* Are all of your employees devoting 100 percent of their time to tasks that move your strategy forward? Integrated talent development strategies strive to optimize workforce productivity by ensuring every employee knows what is expected of them, by providing a roadmap for employee goals and how they relate to the organization’s mission, and by providing employees with the skills and development opportunities they need to achieve their goals.

*High-performance culture:* When organizations maximize the value of their employees, they can reduce employee turnover, reward star performers, respond faster to opportunities and threats, and improve customer service.

*Reduced risk:* Organizations can cut turnover in critical positions, manage succession plans to ensure that ongoing strategy never misses a beat, and reduce the risks associated with non-compliance, litigation, and lost business reputation.

**Systems that integrate in a talent development strategy:**

*Performance management system.* This system aligns the workforce to business goals while identifying skills gaps, automating appraisals (so managers can engage in performance management more frequently), and managing both career and succession plans.

*Learning management system.* Using performance assessments to establish needs, this system administers and tracks learning initiatives with immediate, actionable development in areas such as accelerating time-to-market and sales readiness, improving customer satisfaction, and reducing an organization’s regulatory compliance risk.

---

1 In subsequent chapters, we will detail which groups need to come together and what critical processes are necessary prior to getting the most out of a talent development solution.
Compensation management system. This system automates the compensation adjustment process while linking pay adjustments to performance metrics and salary band, so companies can make more equitable adjustments, reduce employee turnover, and maintain a strong, productive workforce.

Why develop your talent?

There are two main reasons your organization should be concerned about developing its talent.

- **First, from an organizational perspective, development is key to becoming truly competitive.** When you develop employees properly, you position your organization to attract and retain stronger talent—so you can ultimately build a more competent workforce that thrives under the pressure of today’s prevalent workplace challenges, such as mergers and acquisitions or outsourcing. As such, your business is better equipped to seize opportunities quickly and expand into new markets.

- **Second, development stimulates each individual within the workforce.** When current trends such as flat organizations, internal knowledge networking, and multi-specialization put the spotlight on individual gaps in competencies, development strengthens employees with new skills and behaviors to fill those gaps, so they can accommodate rapid change and growth. At the same time, development provides individuals with the motivation and engagement needed to serve the mission of the organization as a whole.

Measuring up

Are you taking the steps necessary to align, develop, engage, and retain your employees? Neglecting your talent can cause significant business problems. How does your organization stack up?

**Alignment**

- Are all of your employees devoting 100 percent of their time to tasks that move your strategy forward?
- Are all of your employees’ performance goals consistent with your organizational goals and objectives?

**Engagement**

- Are all of your employees provided with the continuous, ongoing information and coaching they need to reach their maximum effectiveness?
- Do all your employees feel they are progressing in their careers and are acquiring new skills while doing their jobs correctly?

**Retention**

- Are you able to identify your top performers, AND do you have retention strategies in place to ensure they remain with your organization?
- Are you able to identify successors for your key leadership positions, AND do you have actionable development plans ready to avoid leadership shortage?
Development & redeployment

- Are you able to not only identify competency/skills gaps in key positions but also bridge those gaps through actionable learning plans that improve productivity?
- Are you able to identify your bottom performers, and do you have strategies in place to improve their situations or move them from their current roles?

You may find that this checklist brings to light the strategic impact HR can have on an organization’s goals. A unified approach to talent development can help ensure you answer these questions affirmatively.

Problems with fragmentation

Any business solution that is deemed *strategic* must house all its critical data elements in one place. Talent development should be no different—but until recently, best-of-breed integrated solutions did not exist. As a result, many organizations have only implemented *some* elements of learning, performance, and compensation management solutions, and most still suffer from the chore of managing their legacy artifacts with multiple systems.

To make matters worse, when incompatible organizations within a company have their own processes and rarely talk to one another, they lose out on the potential for significant advantages. For example, when HR has a stellar performance management process that identifies skills gaps, it does no good if a separate Learning and Development organization does not use that information to create individual development plans. Similarly, how effective can leadership development programs be when they’re not associated with succession plans or with HR’s efforts to identify and maintain critical leaders?

According to a recent survey, Bersin and Associates estimates that only five percent of organizations have a “clear strategy with mature and integrated processes.”

The same research also shows a strong correlation between organizational effectiveness and companies with mature talent development strategies.

An integrated future: The benefits of integrated talent development

An effective talent development strategy impacts employees’ performance from the moment they come into the organization until the day they depart. That’s because it brings together, or unifies, the aforementioned disparate processes to *create* business value that extends throughout the organization.

Think about it: Your critical talent processes—such as employee onboarding, setting of employee goals, assessing performance on those goals, and aligning development or incentives—stretch across the organization and throughout the lifecycle of each employee. It makes sense, then, that unifying these elements will deliver a greater impact on performance—*and* on your organization’s bottom line. In fact, when organizations reject coordinated efforts and continue using isolated systems for mere administrative purposes, they are essentially leaving significant money on the table.3

---

3 An upcoming chapter will focus on the ROI of Talent Development, and ways organizations can quantify its impact.
A consolidated system, on the other hand, provides the critical information needed to accurately evaluate and take action on the current state of your talent. Many workgroups, namely in HR or Organizational Development, traditionally don’t have the roles to manage the strategic questions this information can uncover. In a later chapter, we’ll discuss tactics organizations can use to equip themselves to make the most of this data. We’ll also show how this data can be worth millions to your organization when made easily accessible and put in the right hands.

With integrated talent development, you can assess:

- Whether your organization is meeting its goals;
- What aggregate skills gaps exist in your organization;
- Where skills gaps are present for each individual employee, and what subsequent development will most benefit both the individual and the organization;
- How effectively development budgets are driving change;
- Which employees have high potential and high performance and need to be elevated;
- Which employees have low potential and poor performance and need to have focused improvement plans—or be redeployed;
- Which employees pose flight risks and how their loss might impact the organization;
- Which roles need or already have succession plans;
- The organization’s status on mandatory compliance initiatives;
- How an employee is compensated relative to his or her position, peers, external salary data, and ongoing performance;
- Employee profile data (i.e., skills, education, work history, languages, etc.) that can be leveraged to help others throughout the organization;
- Individual career plans to partner with individuals personal development desires.

A complete, unified talent development solution—one that includes all the vital elements involved in assessing and developing your workforce—helps you take better control over how you disperse budget. You’ll find your attention-to-budget ratio more logical, with the right costs and focus dedicated to systems that enable you to improve employee engagement, align workers with business goals, reduce turnover, and resolve skill shortages at critical positions. Moreover, a unified strategy improves organizational efficiency and productivity, allowing you to clearly demonstrate the impact of your initiatives with tangible business results.

In short, your employees are your greatest business asset. Why not give them your full attention? Why not strengthen them into a higher-performing team? Through talent development, you not only improve individual employees, but you are also building collective, collaborative bench strength that can drive your organization’s success every day.
Chapter 2: Trends That Shape Talent Development

In upcoming chapters, we will provide specific suggestions for developing and implementing a talent development strategy. First, however, let’s examine some of the key trends informing and guiding talent development today.

1. Organizations Are Tearing Down Old Walls and Silos

   For years, software vendors have touted the merits of transitioning to integrated talent development solutions. However, there’s a vast divide between knowing the switch is beneficial and actually making it work. And the greatest challenge thus far hasn’t been the development of technology, but rather the alignment of people and processes that are more accustomed to working in silos.

   For a company to successfully transition to an integrated approach, its human resources (HR) and learning organizations must work together. They must create aligned processes, standardized competency models and job profiles, and complementary training programs that ensure all stakeholders are ready to use the integrated technology. This is no small feat, particularly for large organizations that have had departmental silos in place for decades.

   The good news is that many companies are, at last, reorganizing to eliminate the partitions that divided talent processes for so long. A number of organizations are introducing a new guiding role—such as Vice President of Talent Management—to pave the way and oversee the process of alignment between the training, compliance, and HR departments and functions. This leadership position unifies the previous roles of Chief Learning Officer and Chief HR Officer, helping to ensure that talent development processes are no longer disjointed.

   Still, a massive reorganization isn’t feasible for many organizations—and luckily it doesn’t need to be. In chapter three of this eBook, we’ll go into more detail about how you can work with such organizational challenges and what best practices should be used to ensure success whether you’re in HR, Learning and Development, or some other environment.

2. Talent Development Roles Demand Stronger Analytics Skills

   New, integrated talent development systems can provide a wealth of information about the status and needs of your organization. This information is invaluable for supporting business objectives—but next to impossible to obtain without integrated talent processes. Naturally then, as organizations begin to unify their talent development processes, much more empirical data will become available for analysis. This presents an important opportunity for companies that have successfully implemented an integrated talent development solution. The data gathered can ultimately be used to better understand the return on investment (ROI) of talent development processes and programs.
The problem? The skill sets needed to evaluate and take action on this data are often profoundly different from those which most talent management departments have readily available. Ideally, your integrated talent development processes will provide as much critical talent information as possible, so you can disseminate it to managers to take action as necessary. But lacking the skills to effectively analyze this data and generate useful reports puts organizations at a significant disadvantage.

Historically, HR has always needed skills for data analysis and report generation. The major difference is that talent development depends more on business-critical analytics than on the traditional process compliance reports to which HR is accustomed. That’s why today’s real-world HR skill set now includes understanding how to evaluate and interpret data and trends as they relate to organizational objectives.

Compensation professionals—who are accustomed to interpreting empirical data from multiple survey sources, and who work to map salaries with market pressures, business needs, and an organization’s salary strategy—are often a good starting point for helping develop the skills for a more analytic role. Consider this: it’s not a coincidence that most VPs of HR were compensation executives at one point in their career.

3. HR Goes Strategic with the Emergence of Evidence-Based Practice

HR practitioners have fought a non-strategic stigma for years. That’s because, generally speaking, talent development functions have been traditionally transaction-oriented and consequently viewed as cost centers. Not surprisingly, then, training budgets are traditionally the first to get cut in a downturn, and HR has often struggled to find a place at the table when business strategy is discussed. But recent changes in focus and organizational approach are succeeding at making HR functions more strategic—thanks largely to talent development. This change in methodology and mindset is starting to show organizations that “when HR practices align with strategies, goals are met and sustained.”

The Conference Board business management practice think tank is conducting research regarding the adoption of Evidence-Based Human Resources (EBHR)—a practice of using both empirical analysis and evidence to help organizations plan strategic talent development initiatives. This trend toward using empirical analysis to develop evidence-based best practices will help provide talent development practitioners with improved guidance and support in the implementation of programs and practices.

As discussed in the previous chapter, HR should logically contribute to organizational strategy in a variety of areas, including goal alignment, employee skills development, or workforce and succession planning. The development of evidence-based practices in which rigorous empirical methods have been used to validate the positive organizational impact of HR process and practices may help HR leaders take a valued place at the strategic table in many organizations.

---

4. **HR & Development Groups Face Marginalization Due to the Economy**

There’s a definite downside to not effectively championing talent development throughout the organization. For example, it’s not uncommon these days for HR groups to be commandeered by the finance department. This is being done in a variety of ways. HR budgets and programs are being cut. Transactional functions, such as benefits administration and payroll, continue a long trend toward cheaper outsourcing. And, worst of all, many companies report that HR is being ignored altogether during reduction-in-force decisions.

None of these trends is good for talent management groups. Even worse, these trends are bad for business. Companies that fall prey to such inequities put themselves at risk, particularly because finance and other areas are not well-versed in various legal issues surrounding employment. They have little, if any, insight into what employees are doing well, which positions are truly critical to the organization, how disruptions can ruin networks and rapport, and which development programs are mandatory. Such short-sightedness usually comes back to haunt an organization.

The best way to protect against these risks is to prove HR’s value in quantifiable ways. HR departments need to show how they are more than a cost center, and how they are developing talent to achieve business objectives. Learning and Development groups need to prove that their programs are necessary to accomplish strategic objectives and improve organizational competency. There is no better way to do this than by obtaining indisputable ROI data from strategically-aligned talent development processes.

Trend 2, or the lack of analytic skills in HR, also relates to HR’s marginalization. HR organizations without essential analytic skill sets often depend on resources in Finance or other areas to help interpret the implications of their talent data. While this dependence can be necessary for your organization’s process—and is typically more benign than the other trends—talent groups should still strive to have top-notch analytic capability within their workgroups.

5. **Generalist Roles are on the Rise**

Traditionally, professionals in HR have focused their expertise in very specific disciplines. It has not been uncommon for individuals to have spent their entire careers within a single area, such as recruiting or training. Yet since talent development is both more strategic and better integrated across talent processes, organizations are now developing more Talent Management Generalist roles.

According to research conducted by Bersin & Associates, the Generalist position “is a general support role often created to support line business leaders directly. These individuals are expected to know ‘a lot about a lot’ and work with corporate processes experts to translate programs into business implementation.” Developing this role is an important component of your organization’s talent development transformation, primarily because these individuals will drive a new strategic attitude within your HR group and will be the ambassadors of talent development initiatives throughout the organization.

---


Organizations looking to get the most out of a revamped talent development process, particularly those organizations with distinct separation among functions, would be well-served to consider rotation programs throughout various talent management functions to improve the depth of understanding and to get individuals more involved with various unit-level processes. Following a true Talent Development best practice would encourage growth and opportunity for promising talent — and better-equip them for future leadership roles.

6. Demographics Send Mixed Messages: What’s Really Happening with Baby Boomers?

During 2007, everyone in HR fretted over pending demographic gloom—baby boomers were about to walk out in droves, leaving half of most organizations’ chairs empty, taking vast organizational knowledge with them. By 2009, that message has changed in some minds, with many believing that the current economic climate will force Baby Boomers to extend their working years. Turnover reduction and knowledge transfer worries are now being replaced by the implications of managing an aging workforce. Regardless of which trend proves to be true, however, the truth is that this sentiment is likely to vary continually with economic cycles—and the variation will differ across specific industries. As such, be prepared to craft a talent development strategy that accommodates both scenarios. You can do that by evaluating factors, including specific distribution of talent within your organization, the number of critical roles filled by baby boomers, and the type of knowledge transfer and succession strategies that are in place.

7. Attention Focuses on Social Responsibility and Ethics

Organizations around the globe are seeking to do more with less and to reduce their impacts on the environment, along with reducing their carbon footprints. In the same manner, organizations are renewing focus on social responsibility, ethics, and good governance. With headlines around the world blaring the latest corporate scandal or atrocity, many companies are realizing how important sustainable, socially responsible, and ethical practices are to maintaining brand relevance and market share. Both of these emerging organizational trends can be supported and enabled with the implementation of a well-developed and integrated talent development system.

The creation of low-impact, sustainable systems and processes is easily facilitated through talent development solutions that enable goal setting, accountability, and learning and knowledge management. In conjunction with an integrated and centralized talent development system, these capabilities allow organizations to communicate change initiatives and monitor for employee accountability. These systems also allow companies to target learning and development activities toward the expansion of any necessary skills identified during change management assessment processes.

If your organization is looking for ways to rapidly and efficiently adopt change related to social responsibility and ethical practices, there is no doubt that this need can be supported, managed, and tracked for effectiveness and accountability through the use of an integrated talent development suite.

---

8 For more information on how HR is changing due to Corporate Social Responsibility see: The Workplace Trends List. The Top Trends According to SHRM’s Special Expertise Panels. SHRM, 2008.
8. Globalization Increases the Complexities of Talent Management

Shrinking boundaries and the growth of global markets and supply chains have changed the way many organizations view the world. In the past, organizations tended to cluster into geographically independent units, but in today’s networked world this tendency is disappearing. In fact, many organizations are scheduling work across locations in different time zones to enable a 24-hour work cycle that can achieve productivity levels undreamed of in the past. In the face of these realities, organizations are seeing both increasing global labor mobility and an explosion of multiculturalism in their organizations—new realities that have generated an increasing need to communicate and manage talent in an integrated, global manner.9

The trend toward globalization is driving two key organizational needs that directly relate to integrated talent development system capabilities:

- First, organizations are seeing an increasing need to have a “one-stop” system to manage the process of matching talent with the work demands coming into the organization. Within a global labor pool, organizations need the ability to seek and find the best-suited talent to effectively plan and manage their customer needs and demands.
- Second, the need to develop cross-cultural understanding and business know-how has never been greater. Leaders and professional staff must be developed and made accountable for their abilities and performance as they work across cultures and boundaries. Organizations undergoing globalization must be able to leverage feedback to manage and accelerate competency-based cultural awareness development, and link that feedback to a well-defined and monitored performance accountability method.

We can attribute these evolving trends to a number of factors, including economic conditions, the changing face of workforces, and new business models. However, the most prevalent trend in HR these days is simply the rapid adoption of integrated talent development functions. According to Bersin & Associates, the number of firms “developing strategy with some mature processes” has leapt to 46 percent10—up from just a handful of organizations a few years ago.

---

9 For more information regarding Globalization’s impact on HR see: SHRM® Workplace Forecast. SHRM. June 2008.

Chapter 3: Laying the Groundwork: HR Process Changes for Talent Development Success

In this chapter, we’ll look at a model for identifying your organization’s talent development maturity—and then identify the steps HR organizations need to take prior to implementing a talent development solution.

These steps center on the challenge of aligning organizations along a single, unified strategy—one of the greatest barriers to success when implementing a talent development initiative. Despite the difficulty involved, HR processes need to converge and work together. Organizational politics need to be understood and overcome. And staff members may need to start working with individuals or teams with whom they haven’t worked previously. Having a technology solution alone will not guarantee success.

The Talent Development Maturity Model

To assist HR and Organizational Development (OD) professionals in better understanding their organization’s current talent development state and the steps needed to improve their current processes, SumTotal has created the Talent Development Maturity Model™. This model outlines four different quadrants associated with various stages in the talent development process.
The horizontal axis represents an organization’s level of development sophistication. Organizations that are just starting out, or that have just begun implementing development programs, tend to focus initially on compliance-based training programs. Over time, this focus will shift to include more skills-oriented development that is based on gaps in competency performance. The most sophisticated organizations utilize integrated development programs and have talent pools created as part of the succession planning process.

The vertical axis represents the level of process complexity. This starts out with few or no systems in place. Over time, organizations will employ more systems, and will begin to automate HR processes. Along with these systems comes a level of reporting that ultimately becomes more forward-looking and analytic in nature compared to simple compliance and demographic information reporting.

The combination of these two variables results in four end states, represented by the four quadrants in the model.

1. **Administrative:** Organizations in the Administrative quadrant of the Talent Development Maturity Model tend to have very limited HR systems in place, and they do little to develop employees beyond the bare minimum.

2. **Efficient:** Organizations in the Efficient quadrant have implemented several HR systems, and they have a variety of reporting tools, some of which use analytics. However, these organizations’ development programs are still rather simple, focusing primarily on compliance-type training.

3. **Tactical:** In contrast to those in the Efficient quadrant, those organizations in the Tactical quadrant do not employ many HR systems, and may do only straightforward reporting. However, their development programs are more mature and sophisticated.

4. **Strategic:** Finally, those organizations in the Strategic quadrant combine the best of both worlds. They have a high degree of system utilization and make good use of analytics, while also having sophisticated development programs.

Talent development is one of the few true differentiators left for companies, so it is imperative for organizations to identify areas for improvement. As they mature in their strategic integration of processes and development, companies will also improve their ability to attract and retain the talent they need to execute their missions. That’s because talented employees are motivated best when surrounded by other talented employees, and they thrive when strategic learning opportunities are readily available. These engaged and focused individuals not only are productive, but they also tend to have higher levels of both motivation and retention.

Inevitably, the goal of your organization should be to reach the Strategic quadrant. The following sections of this chapter will outline critical steps to making HR groups more strategic.
Aligning the HR Mindset: Getting Core HR, Compensation, and Learning and Development on the Same Page

HR not only needs to align processes with organizational strategy and the various business units, but also within its own groups as well. For many organizations, various groups within HR have held distinct, often autonomous roles.

*Traditional Talent Development Silos*

<table>
<thead>
<tr>
<th>Core HR/HR Generalists</th>
<th>Compensation</th>
<th>Learning and Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Onboarding</td>
<td>Set compensation strategy and pay structures</td>
<td>Mandatory compliance Training</td>
</tr>
<tr>
<td>Benefits administration</td>
<td>Market survey analysis</td>
<td>Sales/support readiness</td>
</tr>
<tr>
<td>Performance appraisals</td>
<td>Compensation adjustment process management</td>
<td>Employee development plans/leadership development training</td>
</tr>
<tr>
<td>Succession plan maintenance</td>
<td></td>
<td>360-Degree Feedback</td>
</tr>
</tbody>
</table>
<pre><code>                                                             | Mentoring and Coaching |
</code></pre>

As discussed in our first chapter, the integration of these silos makes HR more strategic and relevant to the organization. Each of these groups needs to be aligned and working together for a talent development initiative to be successful. The good news is that talent development, when implemented correctly, will benefit everyone involved. For example, compensation strategy becomes more quantifiable with integrated performance data—and easier to manage as an overall process. Learning programs become better aligned to organizational needs and thus their associated budgets are less likely to be reduced during lean times. The challenge lies in minimizing organizational politics and organizational reluctance to change.

To ensure success:

1. **Get approval and sponsorship from the head of HR (and a Chief Learning Officer if present in the organization).** Talent development initiatives require a great deal of collaboration among departments. To succeed within HR, you almost certainly need the backing of the department head, just as to succeed organizationally you’ll need executive support throughout the organizational units.

2. **Collaborate with others throughout HR to develop a talent development plan and strategy.** According to Bersin & Associates, a talent management analyst firm, “research has continuously reinforced the need to create an HR and talent management strategy before selecting software systems.” In addition to getting agreement, establish clear project goals, define clear roles and responsibilities among job functions, follow through with the pre-selection processes outlined in this paper, and draw up a business case that you can explain throughout the organization.

3. **Promote the benefits of talent development.** Again, there is usually something for everyone in a collaborative “win-win” process. To combat any politics opposed to potential change, stay focused on the similarities and overwhelming value to be achieved by revamping current processes.

---

Establish standardized job profiles with associated competency models

Your job profiles and competency models guide the end-to-end management of your organization’s talent base—from performance assessments and goal achievement, to training and development, workforce planning, and recruiting. More than any other department, HR has the power to leverage a well-built competency plan to generate high-impact reports and analytics. This data provides tremendous value to executives and significantly improves an organization’s ability to identify needed skills and attract key employees. As such, your job profiles and competency models should be the cornerstone of your organization’s talent development strategy.

Here’s how to establish a complete set of organizational competency models:

1. **Consolidate the core.** Core competencies apply to all employees and typically relate to the organizations’ high-level values. Examples include items such as communication, integrity, and innovation. Begin by taking an inventory of any existing core competencies used in your organization and consolidate down to a manageable list of 10 to 15. Your final list should reflect the most high-impact competencies that tie in well to your organizational culture.

2. **Specialize.** With core competencies established, you can now delve into the detail of functional competencies. As their name implies, these competencies are more inclusive and apply to specific job functions. For example, functional HR competencies might include those items that represent the basic tasks within HR, such as employee relations, benefits, and compensation.

   Obviously, creating these lists for each job function can be a daunting task. Start small, focusing on a single department or on jobs that have the highest number of incumbents. Enlist a sponsor to assist in the project—ideally someone with specific knowledge of the department or job under discussion.

3. **Develop profiles.** Your next step is to use the information you’ve developed to draft job or role profiles linked to competencies. Each profile reflects a combination of the core and functional competencies specific to a department or job. For example, a simplified profile for an HR Manager II might list the following:
   - Communication (core)
   - Decision-making (core)
   - Conflict resolution (core)
   - Employee relations (functional)
   - Compensation (functional)
   - Hiring (functional)

   How your organizations’ core competencies relate to all departments or jobs is up to you. Remember, however, that limiting the overall number of competencies in a profile will make performance appraisals more manageable. For the simplest approach, start with one profile per high-level department. Over time, dig deeper and develop profiles for each job code. The more profiles you develop, the more efficient your performance management capabilities will become.
4. **Establish proficiency levels.** After completing your job or role profiles, you might consider adding the next level of detail: proficiency levels for each competency. For some organizations, this step is optional, but those looking to generate greater success within an overall talent development strategy should pay close attention. Why? Because proficiency levels represent your organization’s leadership expectations for mastery across all of the different competencies within a profile—and armed with this information, employees are better prepared to make progress in their careers.

Proficiency levels will vary by position, and will also vary within the same position over different job levels. For example, an HR Manager III with 14 years’ experience is expected to perform at a higher level than an HR Manager II with only six years under the belt. Compare the two simple profiles below, which indicate proficiency level expectations on a scale from 1 (beginner) to 5 (mastery):

<table>
<thead>
<tr>
<th>HR Manager II</th>
<th>HR Manager III</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communication (core) - 4</td>
<td>Communication (core) - 4</td>
</tr>
<tr>
<td>Decision-making (core) - 3</td>
<td>Decision-making (core) - 4</td>
</tr>
<tr>
<td>Conflict resolution (core) - 4</td>
<td>Conflict resolution (core) - 5</td>
</tr>
<tr>
<td>Employee relations (functional) - 5</td>
<td>Employee relations (functional) - 5</td>
</tr>
<tr>
<td>Compensation (functional) - 2</td>
<td>Compensation (functional) - 3</td>
</tr>
<tr>
<td>Hiring (functional) - 1</td>
<td>Hiring (functional) - 1</td>
</tr>
</tbody>
</table>

Although counterintuitive, some proficiency level expectations will actually decrease as the position becomes more strategic and less tactical. This is particularly true for functional competencies. A vice president within the HR department, for instance, might only require a basic skill level for compensation administration, as the HR staff below the executive will likely deal with the details of compensation-related processes. Compiling these details is, no doubt, time-consuming—but ultimately, the process is worthwhile if the organization uses the data to develop become more valuable resources.
Identify Critical Processes that Need to be Aligned

Now that everyone is in agreement on the merits of talent development, you’ll want to identify which processes should come together. At this point, don’t worry too much about detailed specifics—but focus more on key process milestones and co-dependencies. Below are some common areas that need consensus.

- **Appraisals with a single development plan of record.** Many organizations are unknowingly managing simultaneous development plans: one tied to their performance reviews, and one tied to the learning management system. A single plan aligned with employee goals and appraisals is better for the individual, the various HR units, and the organization as a whole.

- **One portal of record for development opportunities and training resources.** Just as employees should have a single development plan, they should have a single system of record to facilitate that plan. To truly transform your performance management process into a forward-looking development process, employees need to be able to take action on their competency gaps immediately—within the same system. Conversely, one of the greatest failures of learning management system implementations is that users don’t log in to take advantage of non-compulsory, developmental training—and then low utilization leads these programs to be cut. The problem is not that the programs are not valuable, but that they are not ubiquitous. Individuals already have too many systems to log into. If you want your programs and opportunities to be visible, your learning catalogue should be front and center during a time when individuals are thinking about their development.

- **Universal visibility of goal and aggregate competency data.** Your new talent development system will provide a wealth of information that is valuable to different HR groups and various business units. Traditionally, a lot of this information is trapped in one group and not accessible. Universal visibility of goals and aggregate competency needs provides organizations with the transparency they need to ensure their programs are relevant to the organization’s strategy. However, not all data should be accessible by all. The latest and greatest systems will have appropriate levels of security and controls to ensure the right people see the right information. During this process mapping, you should begin to gather requirements and agreement about accessibility and security levels.

- **Succession plans with leadership development programs.** Career and succession planning has progressed over the past decade. Now, with the ability to more systematically identify critical roles that have permeated throughout the organization, talent development programs are providing significant return on investment (ROI) by reducing voluntary turnover rates and the cost of replacing an employee when there is turnover. Leadership development programs, often administered by a separate Learning and Development group, can now link up with succession plans—providing more strategic, tailor-made programs instead of traditional ones that focus only on generic management competencies, which may or may not be necessary for the individual.

- **Compensation planning system linked to performance systems.** Implementing a performance-oriented compensation system means compensating individuals based on their performance. Aligning this talent development process often entails including compensation adjustments within a focal review process, so managers can adjust salaries and provide bonuses using relative performance scores, market data, and goal attainment information.

---

12 Once you begin documenting this with your coworkers you’ll begin to appreciate the value of systems. Integrated talent development has evolved over the past 10 years mainly because we have the systems in place to facilitate the flow of such information. In future chapters, we’ll discuss system selection and what considerations should be made to facilitate these often complex processes.
Begin with the End in Mind: Forward-Looking Analytics

As talent development grows more strategic, reporting and analysis will require a new approach to looking at data. It’s important at this point to think about measuring what’s important – not just what’s easy to measure. Your focus shifts from the traditional process of compliance and exception reporting (which is still important and relevant in HR) to focus more on trending and human capital analytics. Before selling a new talent development process throughout your organization, however, it is critical that you craft a solid blueprint for the types of talent metrics you’ll be tracking. This foresight will also help you make the most of any software you choose to support your process. Below are some examples of commonly-tracked talent metrics. Your organization may have additional needs based on your circumstances.

Goal attainment reports: These not only track employees’ goals and their performance ratings relative to their goals, but also the actual, ongoing supervision of how departments and the organization alike are meeting goals.

Performance vs. potential: Commonly known as the 9-box grid, this metric helps organizations better understand who their star performers are and which individuals need to be redeployed from their current positions.

Attrition risk/Attrition impact: This 9-box analysis identifies employee flight risk relative to the importance of the role played. With this data, organizations can create stronger succession plans and work to mitigate risk associated with important personnel walking out the door.

Resource forecasts/Succession plan reports: These analytics focus on resource needs and succession plans. Workforce planning and talent development should remain tightly integrated.

Succession plan skill gaps: These metrics mark specific gaps for named successors that the organization must address as soon as possible to avoid risk.

Aggregate competency deficiencies: These are organization-wide snapshots of which skills or competencies are lacking. These reports make the learning department more relevant to organizational strategy as a whole and ensure individuals focus activity where most needed.

Development resource ratings: These are feedback ratings specific to various developmental activities that provide employees, managers, and the learning organization with valuable insight on what is and what isn’t working.

Development program impact: This is a cause-and-effect analysis of development plan activities and how they impact employee behavior.

Compensation vs. performance vs. market rates: This metric helps organizations understand the distribution of employee pay and how it relates to market data and relative performance ratings.

Career path and employee engagement reports: These track longevity, career paths, employee recognitions, and performance ratings trends over time.
Define the New Skill Sets Needed Within Your Organization

Several times, this book has alluded to the importance of bringing new skills into the HR organization. This point cannot be emphasized enough; transforming HR from a cost center into a strategic arm of the organization requires having capable people tasked with managing human capital information.

Below are two roles essential to the success of your talent development efforts. The first is the strategic analysis role, or the person who will interpret many of the forward-looking analytics referenced above. The second, a talent development system analyst, may be an individual already working in your organization if you’ve implemented a Learning Management System or have previously automated performance management. While administration tasks may be similar, however, this individual may need to obtain a broader understanding of the organization than he or she had in previous roles.

<table>
<thead>
<tr>
<th>HR Talent Development Strategy Analyst</th>
<th>HR Talent Development Analyst</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Must be able to:</strong></td>
<td><strong>Must be able to:</strong></td>
</tr>
<tr>
<td>▪ Collect, interpret and report key</td>
<td>▪ Determine and analyze these training needs, develop curriculum, and deliver courses</td>
</tr>
<tr>
<td>human capital data</td>
<td>▪ Identify managerial and organizational effectiveness training needs, managing training vendors and promoting HR sponsored training offerings</td>
</tr>
<tr>
<td><strong>Must have:</strong></td>
<td><strong>Must have:</strong></td>
</tr>
<tr>
<td>▪ 8 years of related financial analysis, business/strategy analysis experience</td>
<td>▪ Proficient computer and software skills (experience administering SumTotal software highly desirable)</td>
</tr>
<tr>
<td>▪ Proficiency in financial concepts such as net present value (NPV) and ROI</td>
<td>▪ Training curriculum design/development employment experience through either internships/cooperative education or work experience</td>
</tr>
<tr>
<td>▪ Superior communication skills (written and verbal); ability to develop concise and effective communications tailored to specific audiences</td>
<td>▪ Experience or education in human resources or talent development</td>
</tr>
<tr>
<td>▪ Experience with sourcing data from organization database applications and with manipulating large datasets</td>
<td>▪ Ability to identify training needs, vendor management, analytical and program evaluation skills</td>
</tr>
<tr>
<td>▪ Access and query knowledge</td>
<td>▪ Cross-disciplinary talent development domain expertise across three or more of the following areas: Recruiting; Competencies; Talent Assessments; Succession Management; Development Planning; Compensation; Learning Management; Workforce Analytics; Performance Management; Talent Management Governance; Talent Mapping</td>
</tr>
<tr>
<td>▪ Ability to synthesize data and summarize findings into effective presentations</td>
<td></td>
</tr>
<tr>
<td>▪ Superior analytical skills and attention to detail</td>
<td></td>
</tr>
<tr>
<td>▪ Ability to manage several projects concurrently</td>
<td></td>
</tr>
<tr>
<td>▪ Strong and demonstrated organizational partnering skills, especially in cross-functional teams</td>
<td></td>
</tr>
<tr>
<td>▪ Ability to logically structure analytical problems and use critical reasoning skills to evaluate financial opportunities/ issues</td>
<td></td>
</tr>
</tbody>
</table>
- Strong organizational partnership and influencing skills to gain alignment on project requirements and obtain resources and information
- Capable of communicating in terms of big picture, but working with close attention to detail and accuracy
- Bachelors degree or higher in Business, Human Resources, or Education

Depending on your organization’s IT policies, you may need additional software management personnel. Luckily, with recent advances in Software-as-a-Service—or the ability to have your solution hosted externally and accessible via a Web site—organizations are no longer required to have all these skills in-house.

**Preparing the Rest of Your Organization**

After you’ve completed the milestones outlined in this chapter, you will have cleared a momentous hurdle. Your aligned HR department should now be equipped to go out and transform the organization as a whole.
Chapter 4: Making the Business Case for Talent Development

If you look back at your most successful projects and initiatives, you’ll likely note one thing they have in common: Their merits were effectively communicated to key decision-makers.

Good communication is imperative to project success because it smoothes over a number of organizational hurdles. This is particularly true—and important—in a cross-functional initiative such as talent development. If you want to give your project a fair opportunity for approval and implementation, you need to go beyond aligning your HR department (as discussed in the previous chapter). You must also communicate with various key stakeholders to obtain buy-in to your vision as you evangelize its benefits. And that means you need to draft a business case for the rest of your organization, with particular attention to finance and procurement.

This chapter will outline critical steps to building a strong case for talent development, so your great idea does not go to waste.

Step 1: Draft the Vision

Collaborate within the HR group to begin mapping out your new process flows. Be sure to highlight areas of improvement, changes to the current processes, and the new process controls that will ensure success. Highlight the linkage between current business challenges, the organizational strategy, and your enhanced talent development process. Drawing from the strategic metrics discussed in the previous chapter, identify clear objectives and the talent attributes that will be monitored going forward. Later, we will discuss ways to quantify the return on investment (ROI) for a talent development process.

The importance of this step is not so much to have a formal business case in hand—at least not yet—but rather to be able to clearly articulate your vision and its benefits as you begin to sing the praises of talent development throughout your organization.

Step 2: Interview Various Stakeholders

After gathering consensus among HR stakeholders, venture out into other departments. Remember that talent development processes are inherently cross-functional in nature, and as such, they carry significant weight throughout the company. Before you can sell your vision, you want to intimately understand your entire organization. Spend some time discussing talent challenges—and be sure to keep an open mind.

Here are a few hints to get you started:

*Try to see the world from a manager’s point of view.*

The processes you change will impact everyone across the organization, but few will be impacted more than business unit and line managers. Chances are they don’t think very highly of current disparate performance management processes and mandatory learning activities. Nevertheless, you’ll likely struggle to get their buy-in to an enhanced process—especially as new processes are apt to require more attention and effort than the ones they are replacing. Asking managers and employees to constantly update the status of their goals, for example, will probably impact their current schedules—so they’ll need to understand the significant benefits of proactive goal management. Try to look at talent challenges directly from a managerial vantage point. You’ll get a better grasp on system requirements and process flows, and you’ll increase your odds for gaining their approval.
**Have coffee with someone in IT.**

Before you make a business case for a solution, you need to have a good understanding of your information technology (IT) department’s policies, procurement processes, and the level of involvement they will want to have in the talent development process. Bear in mind that IT philosophies and strategies vary widely. However, technology decisions should never prevent a talent development initiative from getting started. There are solutions that will accommodate your organization’s particular needs regardless of whether IT wants to be deeply involved (and possibly manage the software in-house) or if you need to have the solution hosted and managed externally [such as a Web-enabled Software-as-a-Service (SaaS) solution]. Understanding your organization’s IT policies and strategies will prevent future problems and enable you to develop and communicate a better business case. Plus, understanding IT’s needs and sore spots early on will make any system acquisition start off on a good foundation.

**Talk to an executive outside of HR.**

You are not only trying to get progressive talent development practices adopted, but you also want them to be successful. Unfortunately, this isn’t always going to be the easiest sell outside of the HR organization. First—given the cost of human capital and the value of its input to any organization’s success—you need to address the perception of HR’s role and convince others that you deserve a strategic seat at the table. Solicit a candid perspective on others’ perceptions of current processes, your roles and responsibilities, what is working, and what is not. Get an understanding of the issues that worry your senior leaders. Most importantly, find out what needs to happen, politically or otherwise, to implement a successful talent development process. If you are able to ultimately solve some of their problems with your new solutions, they will be on your side going forward.

**Step 3: Know What Matters in Your Organization**

Change management is most effective when it is relevant to organizational issues and strategy. Talking with managers and executives outside of HR should give talent development champions a crystal-clear understanding of what is most important to the organization and how everyone could be persuaded to move forward. It is absolutely critical that your business case aligns talent development with the organization’s strategy; after all, talent development facilitates that very strategy by aligning everyone’s goals and by developing the infrastructure to enable employees to reach their objectives.

Learn how your organization’s strategic planning process works, and discuss talent development with those who own these processes. You don’t want to interfere with their responsibilities, but understand how talent development will tie in to the process and support the strategy’s implementation. At the end of the day, you’ll want a talent development process that is managed in line with your organization’s needs.

You will also want to be aware of other major initiatives and how they could impact the talent development process. Find out if there are any upcoming changes in company-wide systems or knowledge management processes, or if there are any pending reorganizations of people and processes. Often, talent development process changes have been effective when implemented or introduced in tandem with other broad-sweeping organizational reform.
Step 4: Benchmark and Research What Others Are Doing

In addition to this strategy guide, numerous industry resources and survey knowledge banks can help you present an unbiased, well-researched case. Data from these organizations confirms the talent development best practices outlined earlier in this book; you can also find pertinent information regarding the adoption of integrated talent development within your industry.

You can find more information on these sites:

- Society for Human Resource Management: shrm.org
- American Society for Training and Development: astd.org
- i4cp: i4cp.com
- Bersin & Associates: bersin.com
- Talent Development University: talentdevelopmentu.com

Please also take advantage of the many white papers and case studies available on www.sumtotalsystems.com to get a better understanding of how organizations are getting the most advantage from their integrated talent development processes.

Step 5: Show Them the Money—Calculating Potential ROI

As with any investment, you will want to quantify talent development’s favorable impact. There is likely no better place within your organization to cut costs and improve efficiencies. That’s because human capital expenditures are such a large part of your budget. For example:

- Reduce turnover by just 5 percent, and you’re likely to save millions of dollars
- Empower your organization to identify which employees are critical, and systematically determine where process improvements can be made. As a result, staff reductions during tough times won’t be as great a setback
- Ensure every employee is working on exactly what they should be, 100 percent of the time, and imagine how that could shape business results.

Clearly, the ROI of investing in a nominal talent development infrastructure almost always makes sense. The most powerful impact is made in the strategic alignment of your organization’s talent and strategy, although talent development can also provide modest operational gains as well, so there is no simple ROI calculator that is pertinent to all businesses. It is important that you evaluate your current organizational structure, and apply a specific ROI model to your situation.
### ROI Opportunities

<table>
<thead>
<tr>
<th>Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Increase goal alignment</strong></td>
<td>Improving employee efficiency by one percent is equal to saving one percent of your payroll expense. It also often leads to increased revenues.</td>
</tr>
<tr>
<td><strong>Reduce voluntary turnover</strong></td>
<td>Staffing and onboarding alone cost organizations millions of dollars — not to mention productivity losses. Reduce the rate of voluntary turnover, and you will be able to forego a great deal of your staffing expenses.</td>
</tr>
<tr>
<td><strong>Reduce the cost of turnover</strong></td>
<td>For unpreventable turnover, succession plans keep organizations from skipping a beat and ensure smooth transitions within key positions.</td>
</tr>
<tr>
<td><strong>Improve compensation alignment</strong></td>
<td>Organizations waste resources when their compensation strategies get distorted from market realities, especially if they do not align merit increases with performance metrics.</td>
</tr>
<tr>
<td><strong>Constantly keep the best team in place</strong></td>
<td>Better 9-box analytics reveal which employees to keep and who might be better to redeploy.</td>
</tr>
<tr>
<td><strong>Better align development programs</strong></td>
<td>Training budgets become more efficient as they truly align with an organization’s developmental needs.</td>
</tr>
<tr>
<td><strong>Improve deployment of programs</strong></td>
<td>Blended learning and use of technology can drastically reduce learning delivery costs.</td>
</tr>
<tr>
<td><strong>Raise operational efficiencies</strong></td>
<td>Automating talent development activities such as learning, performance, and compensation management can save a considerable amount of time for administrators and managers. Numerous costly errors (e.g., erroneous compensation adjustments) can be avoided with better systems controls.</td>
</tr>
<tr>
<td><strong>Improve and maintain compliance</strong></td>
<td>Keeping in compliance with performance, learning, and compensation requirements reduces fines, limits legal exposure, and reduces operating downtime.</td>
</tr>
<tr>
<td><strong>Focus employee development to reap better organizational rewards</strong></td>
<td>Employees are among a company’s most strategic investments. Focused career development plans in areas that make sense are likely to produce the best long-term return on all the talent development metrics by supporting increased engagement, a stronger leadership pipeline, increased tacit knowledge, and reduced replacement risk.</td>
</tr>
</tbody>
</table>

---

13 For more in-depth Talent Development ROI calculations, visit [www.sumtotalsystems.com](http://www.sumtotalsystems.com) for specific ROI white papers.
Tips for presenting ROI calculations:

- **Make the ROI calculation relevant to your organization:** Depending on your organization, some of the approaches listed above will be more applicable than others.

- **Use as many hard, concrete numbers as you can:** It’s easy to become enamored with this process’s potential impact. Hard-to-believe numbers may cause your entire project to seem fanciful.

- **Be conservative when estimating:** Again, your objective is simply to prove this is a favorable investment. It’s likely the most conservative models will suffice.

- **Include a timeline for results:** Show a realistic timeline. Once implemented, returns should be quickly realizable.

Now that you’ve mapped an improved talent development process and calculated relevant ROI calculations around that process, you should have the elements necessary to sell talent development throughout the organization.

**Step 6: Get a Senior Leadership Sponsor**

Numerous case studies show that it is nearly impossible to successfully implement a project of this magnitude without having a senior leadership sponsor. Projects die without the support and authority of leadership. While making your case, you’ll need to communicate the changes to your entire organization. The closer this initiative is to a top desk, the more likely the rest of the organization is to follow suit.

You’ve already met with other senior leaders to discuss talent development. In addition to gaining support from your key senior leader (e.g., SVP of HR), you may want to also partner with a business unit leader—preferably someone close to the business strategy who has responsibility for a significant percentage of your organization’s workforce. Review your business case and proposed process enhancements with them, refine your selling points, and make sure you and your sponsors are on the same page. From there, depending on your processes, you’ll be able to begin promoting talent development throughout the organization. Again, senior leadership support is essential to making a project of this magnitude work.
Step 7: Sell Your Business Case to the Rest of the Organization

Now it’s time to take your case to the rest of the organization and to solicit broad support. Approval methods differ across organizations, so there is no surefire way to ensure success. Regardless of your organization’s model, it is important to sell talent development to all the stakeholders below. Again, it’s not only important to get your project approved—you want to make talent development an engrained part of the business. That will require buy-in from everyone! Fortunately, talent development can provide the positive answer each of these constituents will want to hear. This is why you want to acknowledge your audience and what is important to them as you champion the cause. Below are common concerns:

*The Many Pains of Managing Talent*

<table>
<thead>
<tr>
<th>CEO</th>
<th>CFO</th>
<th>VP of HR</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Show me how talent development is going to ensure that every employee is working 100 percent of the time toward the organization’s strategy.”</td>
<td>“Show me the money — give me a compelling case around how talent development will reduce part of my biggest expense areas: employee staffing and onboarding”</td>
<td>“Solidify the strategic importance of my department, and get us a seat at the table, so I can be the strategic enabler of all things related to talent and align all employees to company objectives — without losing ground on current HR processes and obligations.”</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>COO</th>
<th>Employees</th>
<th>Line Managers</th>
</tr>
</thead>
<tbody>
<tr>
<td>“When selecting a system, play by my rules. Don’t overburden my staff with unnecessary overhead. Keep me in the loop. We need to ensure that all this sensitive employee data is secure.”</td>
<td>“As my employer, you owe it to me to continuously tell me where I stand by giving feedback; to show how I can contribute to our mission; to provide a developmental roadmap for my career plan; and to allow me every opportunity possible to promote my successes, grow, and develop!”</td>
<td>“Don’t give me more busy work. Support me in a manner that actually helps me manage the ongoing performance of my employees. I’m not a talent development expert. Transform current learning and performance processes into something that makes sense.”</td>
</tr>
<tr>
<td><strong>CLO</strong></td>
<td><strong>HR Staff</strong></td>
<td><strong>Learning Administrator</strong></td>
</tr>
<tr>
<td>---------</td>
<td>-------------</td>
<td>---------------------------</td>
</tr>
<tr>
<td>“Protect me from getting my budgets cut. Learning is always the first to go in a downturn. I want to show the strategic relevance of my programs and prove the impact they’re making.”</td>
<td>“Don’t make my job any more difficult. The current performance and compensation processes are brutal. I feel like I’m herding cats, and the rest of the organization just doesn’t care. Give me the systems support to administer these processes easily, the process controls to keep things moving, and the organizational backing to make talent development relevant.”</td>
<td>“Managing learning and development is a lot more complicated than anyone gives me credit for. Give me a powerful and flexible talent development system, so I can manage my programs and report on results without having to do everything manually.”</td>
</tr>
</tbody>
</table>

Selling the case simply means showing these key individuals how talent development will address their issues. By doing this, making the case will be a lot easier, regardless of your organization’s change management process. You’ll also be equipped with an arsenal of supporters that will make the necessary change contagious.
Chapter 5: How to Select a Talent Development System

Now that you’ve defined your transformational talent development process, calculated the merits of the initiative, and determined how you’ll staff it, it’s time to select a software partner to run the foundation of your talent development program. This section will explain the nuances of vendor selection, help identify a partner that is a good match, and showcase some common pitfalls to avoid.14

Before you begin the selection process for a talent development solution — particularly if your organization has multiple divisions or units — you should consider establishing a representative group of key stakeholders to govern the differences and competing priorities that will inevitably arise as you strive to make a solution decision. These key stakeholders play a critical role in supporting the consistent adoption and usage of a cross-functional system.

At the same time, you need to develop a set of ground rules and standards for expected time commitments, as well as for how decisions will be made in the group. When possible, strive for decision by consensus. Set expectations for individuals with regard to representing their entire organizational units. Be sure they understand that they will serve as key resources for accessing information and individuals within their groups. Consider also that you could transition this group into a governance council to support your implementation after your solution decision is made.

Information to Have Ready from the Start

Before getting too far into the project, prepare yourself to answer a variety of questions that will repeatedly come up during discovery sessions with potential partners. To help them better understand your requirements, keep this key information at hand:

- A detailed representation of your current process and proposed process enhancements, ideally in flowchart form;
- Any regulatory and certification requirements you expect from the solution
- Deployment options to which you and your IT department are open (e.g., SaaS, hosted by vendor, installed locally behind your firewall, etc.);
- Specific IT requirements and considerations (e.g., database, Web server preferences);
- Your procurement process and expected selection protocol;
- A list of the key internal influencers and final decision-makers;
- Available budget;
- Previous experience with various talent management and HRIS systems;
- Other third-party solutions in use (e.g. eRecruiting solutions, eLearning content vendors, virtual meeting software);
- Expected number of administrators and end-users;
- A list of the most important functions needed in your solution.

14 This topic is ironically one of the most-requested from individuals considering purchasing SumTotal solutions. The intent of the material in this eBook is to provide unbiased, straightforward information. Please contact us at www.sumtotalsystems.com if you find any of this material to be SumTotal-biased. We’ll update future editions.
Where to Start Looking for Vendors

You have a variety of resources available to help you identify the best shortlist of vendors specializing in your specific needs. To avoid spending months of upfront market research, try starting your search from these recommended jumping-off points:

- **Current vendors.** Chances are, your current HR technology vendors are knowledgeable in the emerging talent development technology space. Ask them for their thoughts on which peripheral vendors are appropriate for your initiative.

- **Industry analysts.** Many analysts cover the talent development and talent management industries. Below are a few with proven market expertise and industry experience:
  - *Gartner, Inc.* – a large international consultancy that covers IT vendors and emerging trends with focused analyses in learning, performance, and talent management.
  - *Forrester Research, Inc.* – a large international consultancy that covers IT vendors and emerging trends with focused analyses in learning, performance, compensation, and talent management.
  - *Bersin & Associates* – focused specifically on talent management solutions; a research and advisory service that provides research on industry dynamics, best-practices, trends, and strategies.
  - *Knowledge Infusion* – a talent management industry consultancy with market research and online communities focused on talent management solutions.

- **Industry peers and associations.** The following associations will help you connect with peers in your industry and potentially identify those experiencing a similar talent development transformation:
  - *SHRM* – Society for Human Resource Management
  - *ASTD* – American Society for Training and Development

Issuing an RFP

Depending on your company’s procurement policies, and whether or not you already have a preferred vendor to manage your talent, you may want to begin the vendor selection process by issuing a Request for Proposal (RFP). An RFP is an invitation for multiple vendors to propose their talent development solution. As part of this invitation, you will submit the functional and service requirements for your initiative and request that the vendors respond with their plans for meeting each criterion.

Benefits of an RFP:
- Informs vendors that you are serious about purchasing a solution;
- Allows you to save procurement efforts by systematically evaluating multiple providers;
- Helps disqualify poor fits early;
- Provides a competitive selection environment;
- Offers a structured evaluation process that will show impartiality.

---

15 This is not an exhaustive list; there are countless analysts & consultants in this market space. Depending on your specific industry and talent needs, you may want to look for additional resources.
Drawbacks of RFPs:

- RFP purchase process is typically lengthier than others;
- Enables suppliers to build differing levels of creativity into their proposals, thereby hampering the decision-making process by making it difficult to capture consistent information among bidders;
- Unnecessary functionality checklists can lead to unintended results; for example, you may select a vendor who claims a wide functional breadth, but doesn’t have the deepest solution to truly manage your talent challenges.

Effective RFPs typically reflect strategic and business objectives, providing detailed insight upon which suppliers will be able to offer a matching perspective. Be certain that your RFP truly reflects your organization’s needs as they relate to the proposed talent development processes you’ve sold internally. A well-managed, structured RFP process can help you uncover your ideal partner — a step that is critical to succeeding with talent development within your organization!

Critical Vendor Evaluation Criteria

Whether or not you’ve arrived at your decision with an RFP process, it’s now time to interview your shortlisted vendors, review demos of their software, and work with them to understand the areas in which they can help you succeed in talent development. Below are components to critically evaluate:

**How the vendor meets your requirements.** First and foremost, the solution you choose should be able to meet your organization’s business and technical requirements. Be wary of vendors that try to expand or change project scope. As part of your preparation for this process, you should already know exactly what will help your organization achieve its desired results.

**Product functionality and features.** The system you purchase should be robust enough to handle your talent development process without excessive patchwork or manual intervention. You also want to ensure the reporting infrastructure is capable of retrieving the data you need and of tracking the metrics you want to monitor.

**Ability to avoid customizations.** Sometimes customizations make sense due to your organization’s specific circumstances or its complexity. However, you should avoid customizations wherever possible. Why? Your software support team will have an easier time diagnosing and mitigating issues when working on a standard platform, thereby increasing your long-term customer satisfaction. You’ll also have greater upgrade flexibility when new features roll out. And you may be able to take advantage of a Software-as-a-Service (SaaS) implementation, which provides auto-updates for customers without customizations, and provides a lower total cost of ownership.

**Vendor’s implementation and training process.** Implementations are often a great source of headaches during any system procurement process. To mitigate the risk of not achieving your deadlines, or of not implementing what was anticipated, spend some time beforehand to learn each vendor’s implementation methodology and timelines. Look for a history of on-time, on-budget projects. And spend time with your references asking about the lessons learned from their implementations. Take note: Regardless of which vendor you select, a portion of the implementation responsibility will fall on your team. You’ll need to line up your

---

16 To download an RFP template that you can use for your selection process, visit: [www.sumtotalsystems.com](http://www.sumtotalsystems.com)

configuration requirements, approved migration dates, and training sessions. The more you can organization upfront, the more likely your implementation will be a success.

**Vendor support and documentation.** First impressions of an organization’s support function will give you insight toward ongoing customer service levels. Review with the vendor how support is provided. Is it onsite, online, by phone, or all of the above? Find out if support is provided at the hours you need it and in the languages you prefer. Available documentation and help functions are also a major component of support. Each vendor should show you their documentation repository where you will see what sorts of user guides, tutorials, and user communities are available.

**Technology requirements.** To be an effective partner, a vendor’s technology requirements must mesh with your organization’s policies and systems. If you’re installing the software on site, have your IT department review additional software that might be required, and which database technology the solution can leverage. Determine whether there is any special programming necessary to either administer the software or run reports. If you choose a SaaS solution, be critical of the solution uptime Service Level Agreement (SLA) and ask about typical maintenance and upgrade windows. Finally, regardless of deployment, you’ll want to ensure your solution is implemented with world-class data security (i.e., data encryption, data backup utilities, virus protection, physical data center security, and disaster recovery procedures).

**System scalability.** If you foresee your system will be used by hundreds of users concurrently at any given time, you want to ensure the software is engineered to handle your organization’s capacity requirements. Many talent development providers have fallen short in this area. Ask the vendor to review stress test data with you, and look for scalability clauses within the SLA.

**Ability to integrate with HRIS and other systems.** As enterprise resource planning (ERP) providers have not yet proven their ability to provide best-of-breed talent development software, chances are you’ll need to consider system integrations. Typically, your human resources information system (HRIS) will continue to be the system of record for employee names, contact information, and other transactional records. Thus, you’ll want to have each talent development vendor explain its integration options to you and your technical liaisons. Depending on the complexity of your process, you may require integration with other systems as well (e.g., portals, scheduling, customer relationship management, talent acquisition). Vendors should be able to provide examples of how they’ve performed these integrations in the past, and show documentation on application programming interfaces (APIs) that can be integrated via Web services (if available).

**System security and role management.** Talent development processes in general are complex, cross-functional, and carry a lot of sensitive data. In addition, your specific circumstances may require fragmented areas of your organization to handle different portions of your end-to-end process. For example, you may have performance management administrators, compensation administrators, and learning professionals who each have particular administrative rights but who shouldn’t be able to manipulate the entire talent development process. Most likely, you’ll want to have secure role management within the system so that sensitive information isn’t seen by all (e.g., coworkers can’t view performance criteria and development plans), but at the same time you’ll retain the flexibility to map viewing rights and data access to the complex needs of your organization. In other words, you don’t want the system so rigid that managers can’t work down-line with their employees’ performance information. Have each vendor spend time outlining and demonstrating system security and how roles will work with your organization’s administrative and process needs.
Global presence (if applicable). If your implementation requires a multinational presence or if you’re located outside of North America, you’ll want to put heavier scrutiny on a vendor’s ability to install and support the solution and to provide the necessary supported language, currencies, and legislative requirements. Ensure demos are provided in the languages you’ll be using, and look for around-the-globe technical support presence.

Size and financial viability. You want a partner that can stick with you for many years to come. Viable vendors will have hundreds of customers that they can readily review. Look for public companies with readily available financial data that proves profitability or private companies that can prove they have the institutional backing necessary to be successful. Don’t be afraid to ask for help from someone in your finance department. If you have any doubts, ask a vendor to set a meeting between you and a member of their finance department to explain the solvency of their business.

Industry experience. Nobody wants to be an experimental subject, and you shouldn’t have to be one with your talent development initiative. Even as the industry is evolving at a rapid pace, and more strategic solutions are evolving from their tactical predecessors, you should be able to find a vendor with deep domain expertise in your industry and that can provide references from your industry.

Future direction. During your selection process, you should ask all serious contenders to review their product roadmaps with you. In addition to seeing upcoming features and functionality, you can learn a lot from these documents. The roadmap review will show you whether a vendor is committed to development around your areas of interest, how rapidly the organization is able to respond to market demands, and how well this vendor really knows the needs of the talent development industry as a whole. External fads and analyst pressure can drive some organizations to spend time developing solutions that may look pretty but provide little value to real-world talent development processes. Stay away from vendors that seem to consistently succumb to such pressures.

Speaking With References

After you’ve sorted through your list of potential vendors, you’ll want to speak with some references that are currently using the preferred vendor’s solution. This will give you peace of mind that the solution you’re investing in can provide the intended results.

Here are some tips for dealing with vendor references:

1. Work with the vendor to arrange reference calls with two or three different customers. By talking with more than one reference, you’ll gain a broader view of experiences.

2. Request to speak with customers that are similar in size and industry to your company. You’ll be better-positioned to leverage their insight and see how it might apply in your organization’s situation.

3. Before conducting reference calls, think through the questions you would like to ask each reference. Make sure each question is open-ended. And be sure to share your interview questions in advance with each contact. This enables the reference to prepare for your call with examples and statistics, and to ensure that appropriate team members with added insight will be available to join the discussion and answer your questions to the best of their ability. This is particularly important if you have technical questions.
4. Open the door to networking. Ask references if they would be available for a follow-on call, or two, once you get closer to implementing your solution. As a current customer, each reference has a wide range of expertise and may be interested in demonstrating their system once you have chosen your vendor and begun your implementation planning.

5. Speak up and provide feedback. If, after completing your reference calls, you didn’t get all your questions answered, or may have interest in a different type of reference, consult with your vendor to see if additional information or calls can be arranged.

Assuming all goes well throughout each phase of this process, you’ll soon be ready to embark on your implementation. Fortunately, finding a partner to implement your solution shouldn’t be a difficult process. If you diligently plan ahead and remain critical in your selection criteria, you should be able to find a partner that will elevate you to the next level of talent development.

**Conclusion**

You have certainly noticed that this eBook placed only one-fifth of its emphasis on the systems that manage these processes. While systems are a very important element of talent development – and without them, many of the processes and talent analytics would not be possible – many organizations seem to fall into the trap of believing a new system is going to solve all of their problems. Without the right processes and organizational buy-in, that is unfortunately not true. Talent development depends on both.

It is equally important to understand the organization’s strategy and processes intimately, because that will prepare you for knowing which system requirements are most important to your organization. The more you know how you will manage end-to-end talent development processes, the better you’ll be able to choose a solution with the appropriate level of functionality.

With this eBook in hand, you should be prepared to address the concerns of stakeholders, benchmark successes, propose process enhancements, and show the impact talent development can make on your organization – giving you a great opportunity to shape the future of the organization and succeed at getting your progressive talent development strategy adopted. We wish you success in your talent development endeavors.
About SumTotal Systems, Inc.

SumTotal Systems, Inc. is a leading provider of proven talent development solutions that automate and integrate learning, performance, and compensation management to drive business results on a daily basis. Our solutions strengthen and develop employee skills to accelerate time-to-market, close skill gaps, and reduce the risk of business disruptions. With more than 1,500 customers and 18 million users worldwide, we have increased performance at some of the world's best-known companies, organizations, and government agencies. Our category leadership and applied insight help us understand the critical success factors for businesses of all sizes.
For more information, visit www.sumtotalsystems.com