

Talent Management: Succession Planning Gains Momentum

Cushing Anderson

Succession planning and learning are part of the same talent family. Because of their close relationship, more organizations should — and probably will — explore ways to integrate and automate these key functions.

Talent management is the process of managing the development and deployment of employees from recruitment to retirement. Talent management activities cover processes that attract, develop and reward employees and include recruiting, competency management, learning and development, performance management, compensation and succession planning.

Companies have been using talent management solutions to address the tightening labor market, which will be exacerbated by the retirement of the baby boomers during the next decade.

Renewed War for Talent

According to the U.S. Department of Labor's Bureau of Labor Statistics, the unemployment rate has been trending downward for the past 30 years. IDC studies show that more than half of companies experienced a noticeable candidate shortage this year.

In the next three to five years, most companies believe that the impending retirements will cause significant knowledge gaps in at least some areas of their organization. Companies expect most levels to be impacted by the retiring workforce, although middle and senior management will be most affected.

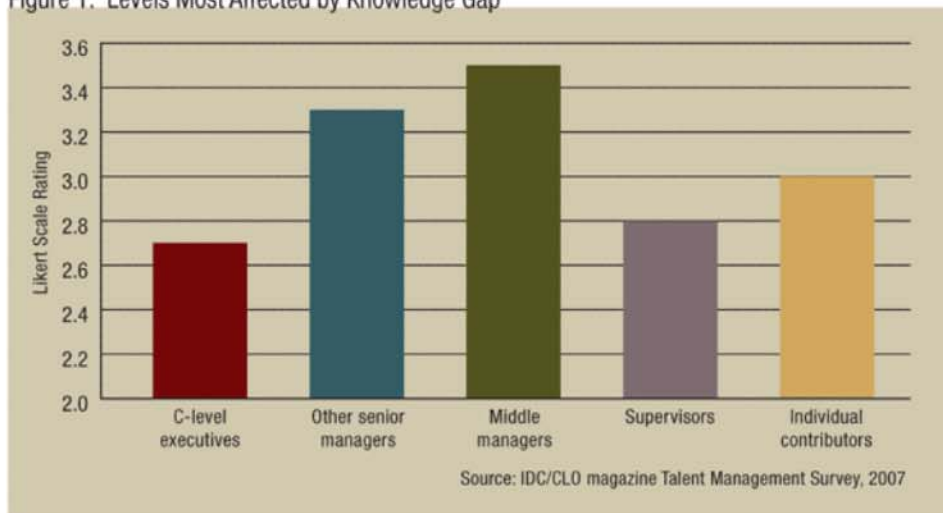
Learning Function Most Automated

By leveraging the core capabilities of the different talent management functions, organizations can optimize the human capital component to maximize the company's business.

As Figure 3 (see pg. 60) illustrates, a majority of companies have either a manual or an automated process in place for functions such as learning and development, recruiting, compensation and performance. However, approximately 40 percent do not have a formal process in place for competency management and succession planning functions.

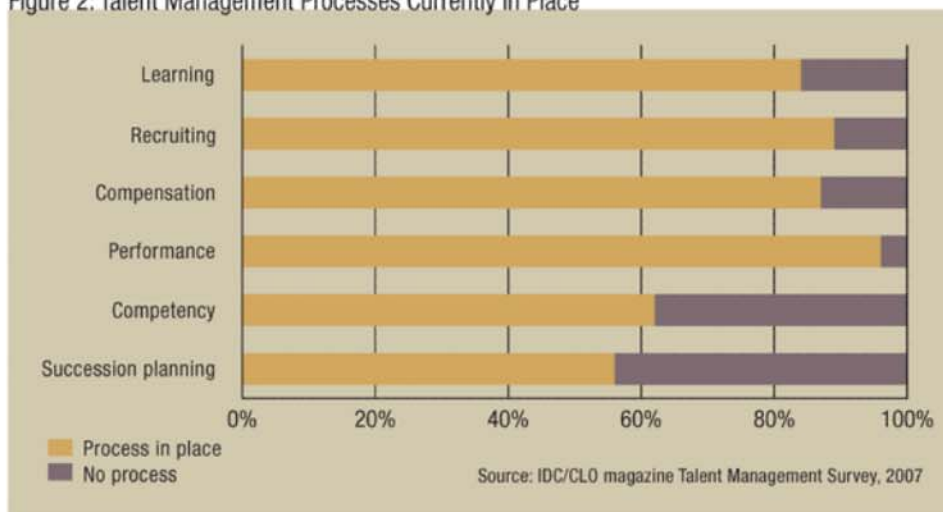
Cushing Anderson is the program director of learning services at IDC. He can be reached at editor@clomedia.com.

Figure 1: Levels Most Affected by Knowledge Gap



By leveraging the core capabilities of the different talent management functions, organizations can optimize the human capital component to maximize the company's business.

Figure 2: Talent Management Processes Currently in Place



Companies have been using talent management solutions — such as learning and succession planning — to address the tightening labor market, which will be exacerbated by the retirement of the baby boomers during the next decade.

Figure 3: Automation of Talent Management Functions

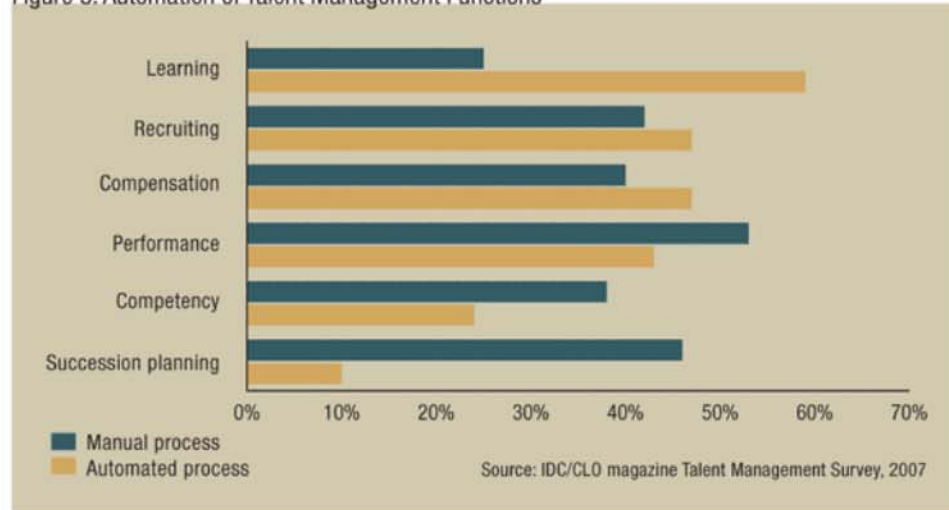


Figure 4: Timeline of Talent Management Function Automation

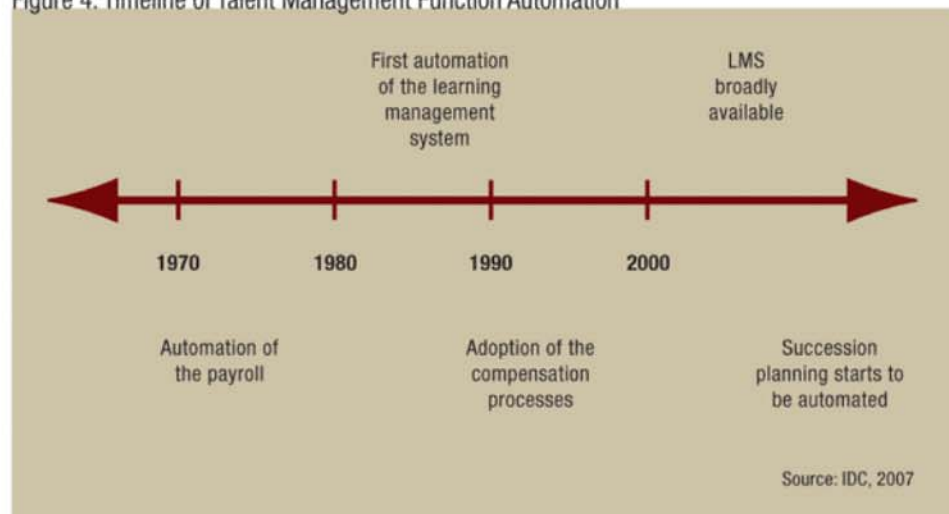
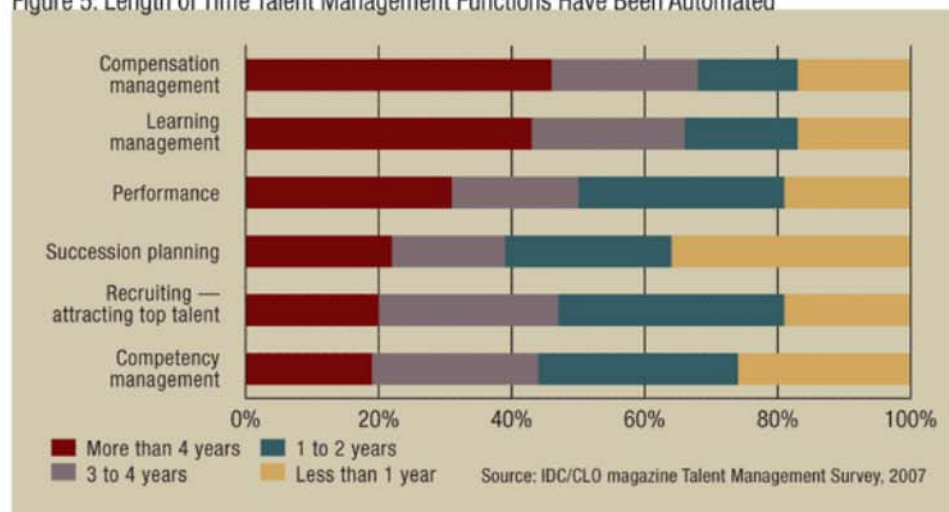


Figure 5: Length of Time Talent Management Functions Have Been Automated



Given the current labor situation, it is particularly important for companies to leverage competency management and succession planning functions to quickly identify and respond to organizational knowledge gaps and to identify future potential leaders within the organization.

While most companies have processes in place for many talent management functions, the fullest benefit appears to be realized once those functions are automated. Automation helps ensure that consistent processes are used across all business units and automated processes increase the visibility an organization has into its talent pool.

There remains a heavy reliance upon paper-based systems for most of the functions. The one exception seems to be in learning and development, where automated solutions are most common. Learning and development may have been automated more quickly than other talent management functions because of its traditional separation from the recruiting, promotion and succession process.

Evolution of Talent Management Function Automation

The evolution of the automation of the different talent management functions has proceeded differently. Automating payroll began in the 1970s, and the tools to support better management and consistency of the compensation process began to be broadly adopted in the early 1990s. Currently, close to 50 percent of companies have some form of automated compensation management

**Chief Learning Officer magazine
is proud to present its**

2008

CHIEF LEARNING OFFICER BUSINESS INTELLIGENCE INDUSTRY REPORT

Gain valuable insight from 2,000 of the most esteemed senior learning executives. This is your chance to uncover the critical trends, issues, ideas and learning methods that are shaping the future of the industry. It's an opportunity you simply cannot afford to miss.

Reserve Your Copy Today!

Available at www.clomedia.com/report

THE CHIEF LEARNING OFFICER BREAKFAST CLUB

Learning's Value to the Enterprise

7:30AM Registration Opens & Breakfast Buffet

8:15AM Panel Discussion Moderated by a Local CLO:

In today's business environment, value is increasingly driven by the knowledge and skills of the workforce. With this emphasis on human capital, workforce development is more critical than ever before as organizations look to grow the bottom line. In the 2008 *Chief Learning Officer* Breakfast Club series, our panel of industry experts will lead conversations in major cities around the United States about the role the learning organization plays in creating tremendous value in the enterprise.

10:30AM Close Stay for networking and refreshments

Registration is limited and will fill quickly!

Advanced registration is \$49.95. On-site registration is \$54.95.

www.clomedia.com/events/Breakfast_Club

Join us for this unique forum.

Take advantage of the opportunity to meet other learning leaders in your area while benchmarking your initiatives and discovering new ways to reach your organization's learners.

March 6 – PHILADELPHIA

Loews Philadelphia Hotel
Moderated by Stephen King,
Chief Learning Officer, Constellation Energy

March 27 – DALLAS

Four Seasons Resort and Club
Dallas at Las Colinas
Moderated by Christina Cernuch, Vice President,
Training & Operations Development, LaQuinta

March 13 – CHICAGO

The University of Chicago Gleacher Center
Moderated by Justin Lombardo, Chief Learning
Executive, Northwestern Memorial Hospital

April 17 – ATLANTA

Grand Hyatt Atlanta
Moderated by David Lamb, Vice President of
Learning and Media Services, Orkin

AMA American Management
Association®

BELLEVUE UNIVERSITY

webex

system. While the first automated learning management process appeared in the late 1980s (earlier on mainframe systems), learning management systems (LMS) have been broadly available since early in this decade and coincided with the early pushes toward e-learning and content management.

Conversely, succession planning remains a largely manual process. Only about 5 percent of all companies have had an automated succession process in place for more than two years.

Thus, not surprisingly, among those companies that do have a technical solution in place, compensation and learning have been implemented the longest. By comparison, more than a third of companies had their succession planning solutions automated just within the past 12 months.

Integration of Talent Management Functions Limited

Integration of the talent functions remains a challenge. If having a talent management process is good and having an automated process is better, having a talent process integrated with other talent functions and with other enterprises systems is the best possible situation. However, for now, full automation and integration is only happening within a minority of companies. Nearly 40 percent of organizations describe their talent management functions as not being integrated. Only one out of seven companies describe their talent management functions as being mostly or completely integrated.

Companies have not yet adopted an integrated talent management system because the expense is hard to justify. Management benefits of an integrated system, while easy to describe, are typically the responsibility of different functional owners. The compromises and complex data and functional requirements necessary to support an integrated talent management function often are impossible to navigate. However, as the retention, development and deployment of talent becomes more critical, the motivation to cross that ocean will become irresistible.

The value of an integrated talent management process appears to be twofold. There is the direct benefit of increasing an organization's ability to develop and retain its best employees. Less obvious is the recruiting benefit. In a tight labor market, the ability of a recruiter to describe the organizational commitment to the candidate's professional development and career success is a powerful motivator. Such a powerful motivator also increases an organization's ability to attract the top candidates and could even lure experienced candidates to consider changing employers.

Future of Talent Management Solutions


Two-thirds of companies plan to implement parts of a talent management solution within the next 12 to 18 months. Not surprisingly, the two functions selected most frequently are the succession planning and competency management: Lack of process in intensifying war for talent makes succession planning and competency management important areas for investment.

IDC research, confirmed by this Business Intelligence Board study, suggests companies will continue to leverage

talent management solutions to address the tightening labor market both to internally develop employees and attract the most appropriate and highest-potential candidates. Those companies that begin the journey early will clearly lead the pack as the labor market tightens. ■

ADVANCING GLOBAL LEADERSHIP
A groundbreaking programme to better connect you to your world.

Today's world demands leaders to think and act beyond boundaries, cultures and time zones. With our innovative new programme, **ADVANCING GLOBAL LEADERSHIP**, you'll learn to fine-tune your leadership skills from a worldwide perspective. This first-of-its-kind offering is a multi-phase, simulation-based programme held simultaneously at Center for Creative Leadership's North American, European and Asian campuses. Seats are limited, so please visit www.ccl.org/global for more details or to register.


Center for Creative Leadership
EUROPE NORTH AMERICA ASIA
www.ccl.org