

Reflections on the Emerging Need for Talent Strategy in Australia

By Katharine McLennan, August 2015



TimeToReflect.Today

In the ever-changing environment of the 21st century, marked by increased complexity, uncertainty and risk, talent resources have become more pivotal to organisations' success even as they are becoming more scarce. As a natural consequence, talent management has evolved into a "decision science." Just as the finance profession arose in the early 20th century to guide decisions about how corporations compete for money and the marketing profession arose in the 1950s to guide decisions about how to compete for customers, today talent strategists are guiding decisions on how to define, attract, develop and retain people while measuring the factors driving their performance and linking their capability to critical business outcomes. Furthermore, in a global marketplace defined by innovation, the effective management of talent has become both a major competitive differentiator for organisations as well as the number one risk facing corporate leaders seeking to drive sustainable growth.

It has been 15 years since the publishing of McKinsey's *The War for Talent*, and we have yet to see it result in strategic and effective talent management practices in most of the corporates we encounter. Perhaps the GFC gave us a bit of respite in terms of talent scarcity, but the squeeze on talent is back on more than ever, with Australia's economy experiencing 6% unemployment in its latest figures, only 1-2% difference in the unemployment figures before the GFC. And now more than ever in an economy that is completely based on lightning-fast knowledge transmission, having the right talent at the top who can nimbly strategise, execute and lead in this ambiguous world is critical. This talent backed up by effective long-term succession planning and development has become essential to shareholder confidence and thus billions of value.

Why is a focus on talent strategy necessary at this time?

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We do use many talent processes, especially in our large corporate organisations. These range from 360s; nine-box grids which place executives as dots against their potential versus their actual performance this year; psychometrical assessments run by organisational psychologists; long term succession plans; one year development plans that indicate the activities an executive should undertake to become a better leader.

Yet when it comes to answering some vital questions on talent risk assessment and establishing long-term talent pipeline sustainability, we as a profession are still a babe in the woods and have a lot to learn about how adults truly develop long-term capability and how to accommodate that systemically in a large corporation.

Our current HR practices that include a stagnant annual performance management system that is often on forced bell curves, a remuneration system that is linked to financial outcomes only or a HR staff that is often focused mostly on case management of bad behaviour are simply not keeping up with what our business requires by the way of creating talent strategists.

What can an integrated talent strategy function do for an organisation ?

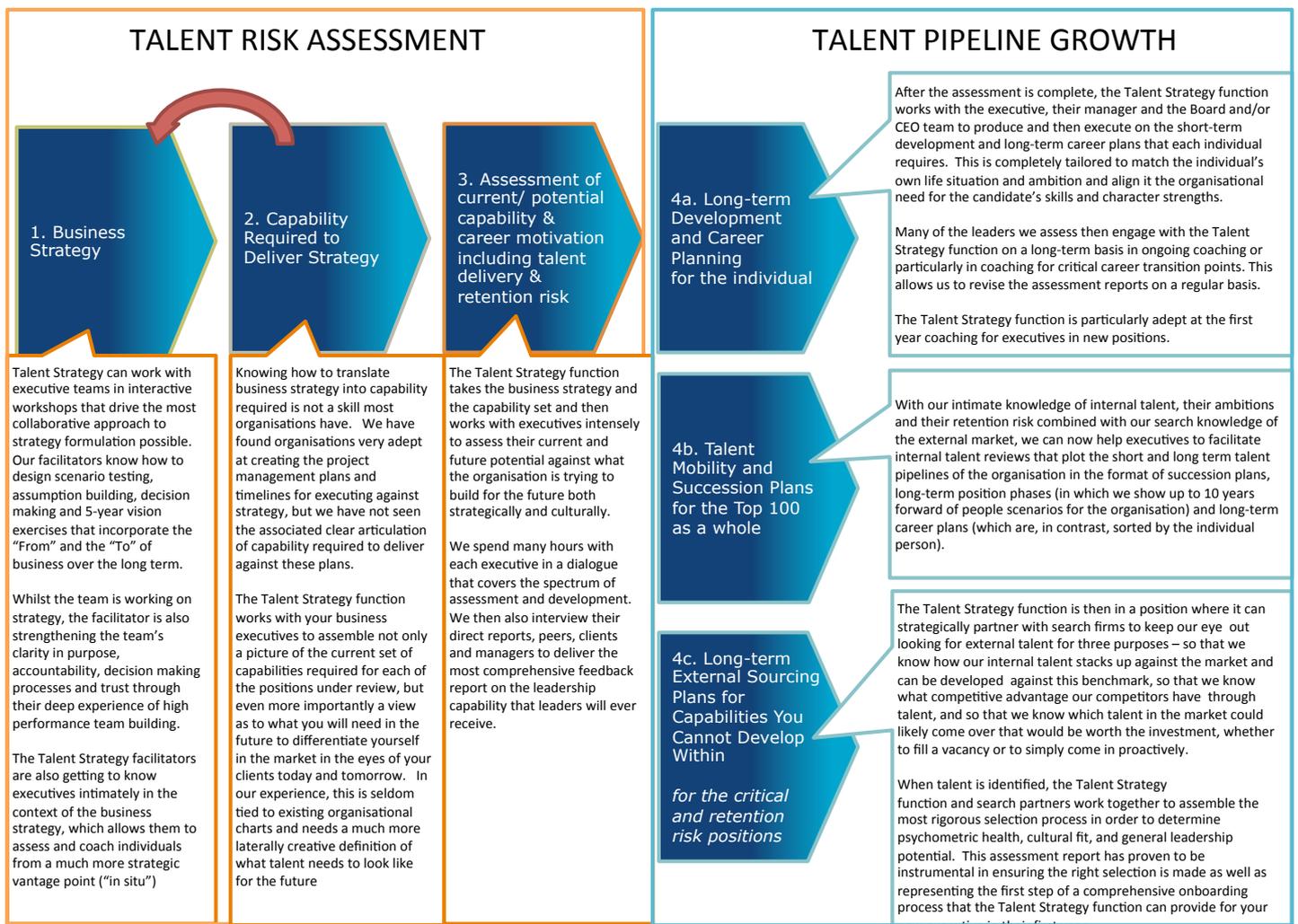
An integrated talent strategist service that goes beyond the provision of transactional search and leadership development will not only save the wasting of millions of dollars on transactional search bought reactively to vacancies and hundreds of talented executives walking out the door because they were not developed in leadership, skills or career, but also accelerate the right capability at the right time. As the Chief Internal Auditor works to test and suggest mitigation

against compliance, process and financial risk, a Chief Talent Officer works to test and suggest mitigation against talent risk, as well as to catalyse the dramatic appreciation of talent capital.

In our experience, however, the function of talent management in most organisations is a series of talent reviews being conducted without any finesse, language, or long-term contextual and strategic frameworks for looking at both the individual leader's career trajectory and where the organisation's strategy needs the talent to grow. Talent intelligence, retention strategy, tailored and strategic development planning and constant replenishment becomes a 10-15-year capability play with a board that constantly changes in size and shape, rules that emerge and change as the market changes, and pieces that come on, go off and grow and decline over time.

An organisation's executive talent are its most precious assets, and planning for the pipeline is one of the most strategic activities an executive should undertake. Spending 5% annually on a million-dollar piece of software for annual upgrading or 5% on a million-dollar property for depreciation is business as usual. Spending 5% annually on a million-dollar leader in the assessment, development and maintenance of their skills, behaviours, knowledge and long-term career is NOT business as usual.

THE VARIOUS ROLES OF A TALENT STRATEGY FUNCTION



Can your organisation answer these questions?

TALENT STRATEGY REFLECTION

TALENT RISK ASSESSMENT



Do you -
Regularly update your talent requirements with your business strategy to ensure that you can execute strategy in the long term?

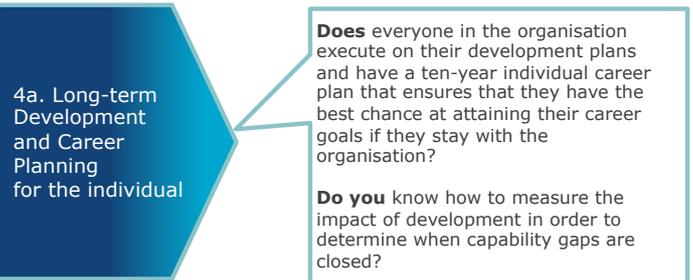
Can you clearly
define your capabilities in a way that is not HR-speak, in a way that makes sense to your people yet is uniquely differentiated from your competitors?

Do you -
Know where your capability gaps are?
Know where your retention risks are?
Know where your vacancy risks are (positions that don't have clear successors)?
Know where your transition risk is for executives starting in new roles?

Are you -
Blocking high potential talent because there is nowhere for them to move?

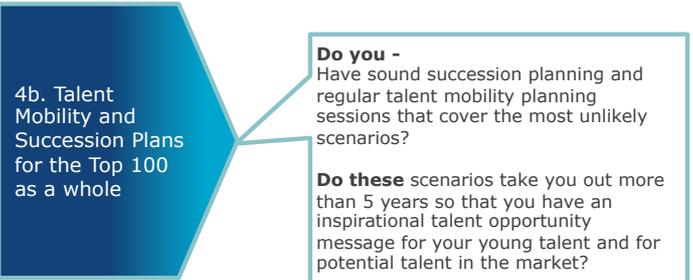
Do you -
Have a standard methodology in which all of your executives are evaluated to determine whether you have the capability required to deliver the strategy?
Know how to assess potential capability for the future of these executives?
Have a good sense of how your talent stacks up against your competitor's talent?

TALENT PIPELINE SUSTAINABILITY



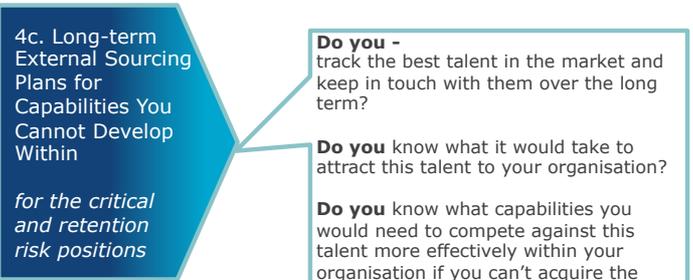
Does everyone in the organisation execute on their development plans and have a ten-year individual career plan that ensures that they have the best chance at attaining their career goals if they stay with the organisation?

Do you know how to measure the impact of development in order to determine when capability gaps are closed?



Do you -
Have sound succession planning and regular talent mobility planning sessions that cover the most unlikely scenarios?

Do these scenarios take you out more than 5 years so that you have an inspirational talent opportunity message for your young talent and for potential talent in the market?



Do you -
track the best talent in the market and keep in touch with them over the long term?

Do you know what it would take to attract this talent to your organisation?

Do you know what capabilities you would need to compete against this talent more effectively within your organisation if you can't acquire the talent?

What are the components of Talent Strategy?

and what are the symptoms of not doing it well

- Most succession planning and workforce planning of today is largely “replacement planning” -- meaning that we are merely identifying contingent replacements without looking at what capability we really need for the long-term strategic objectives

- We overly rely on recruitment/search firms who take our static position descriptions as a given and do not necessarily look for the lateral answer

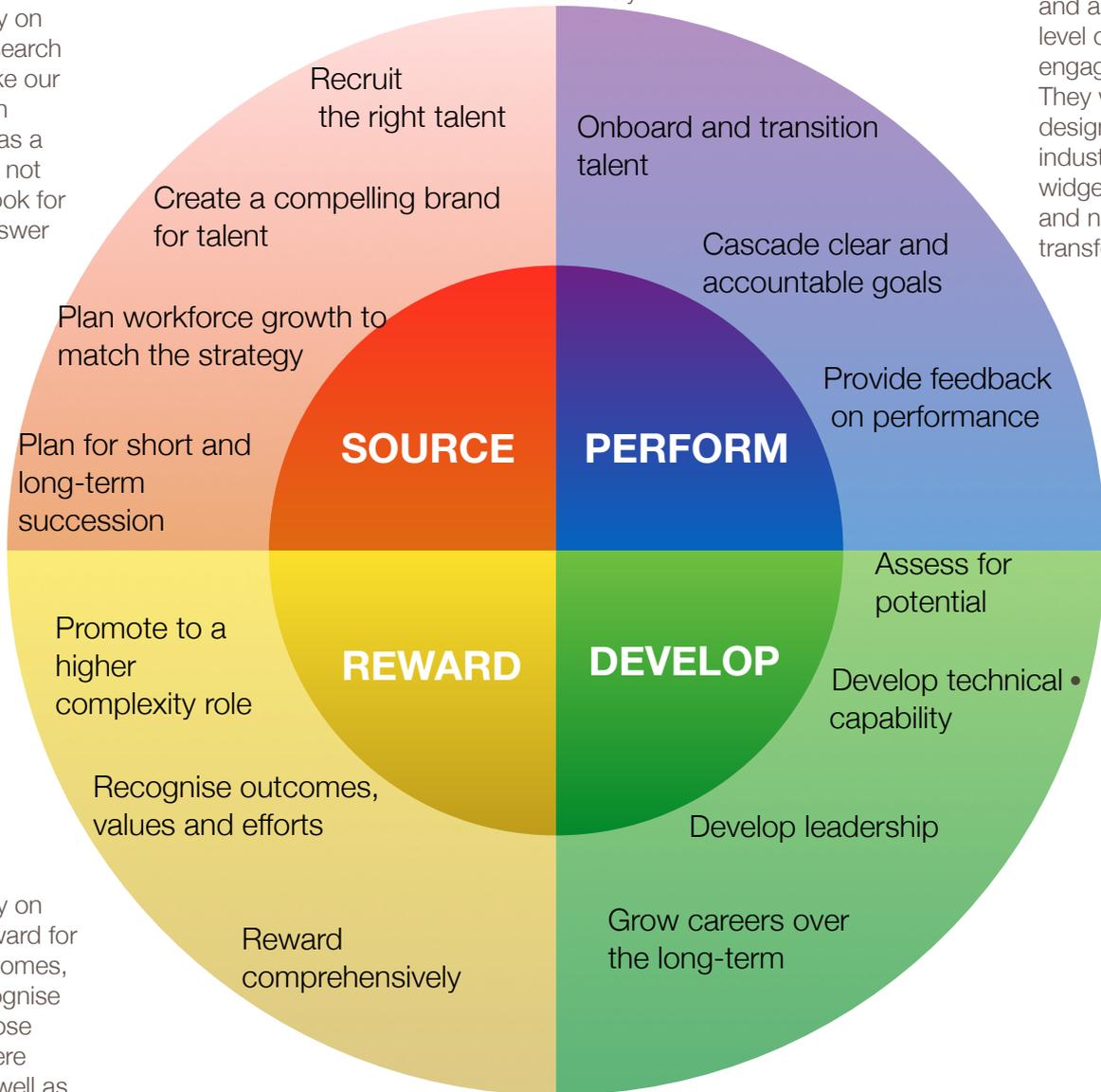
- Our interviewing techniques for identifying the right talent are often riddled with bias that we are unaware of — hence we keep attracting the same type of people who look like us and fail to find the

- We overly rely on monetary reward for financial outcomes, failing to recognise the “how” those outcomes were delivered as well as the sustainability of those outcomes

- Our current reward schemes that receive so much attention by our Boards and our Regulators may not exactly be rewarding the long-term sustainability and the real value being created by the organisation

- The art of on boarding and transitioning talent is little understood — especially when it involves a jump in complexity. The newest developments in cognitive psychology allow us to articulate, assess and develop these complexity jumps and onboard executives much more effectively

- Performance management systems in use today are causing depression, anxiety and an all-time low level of engagement. They were designed for the industrial age of widget production and need radical transformation



- Whilst most organisations have notions of potential, they are still not accessing the latest information about understanding a person's potential to grow

- Our organisations seldom take a long-term view of a career for an individual — coaching them through at each major transition and looking at their growth over at least a ten-year perspective

- Leadership development is still in its infancy as far as the return on investment — and knowing what “really works” to develop leaders.

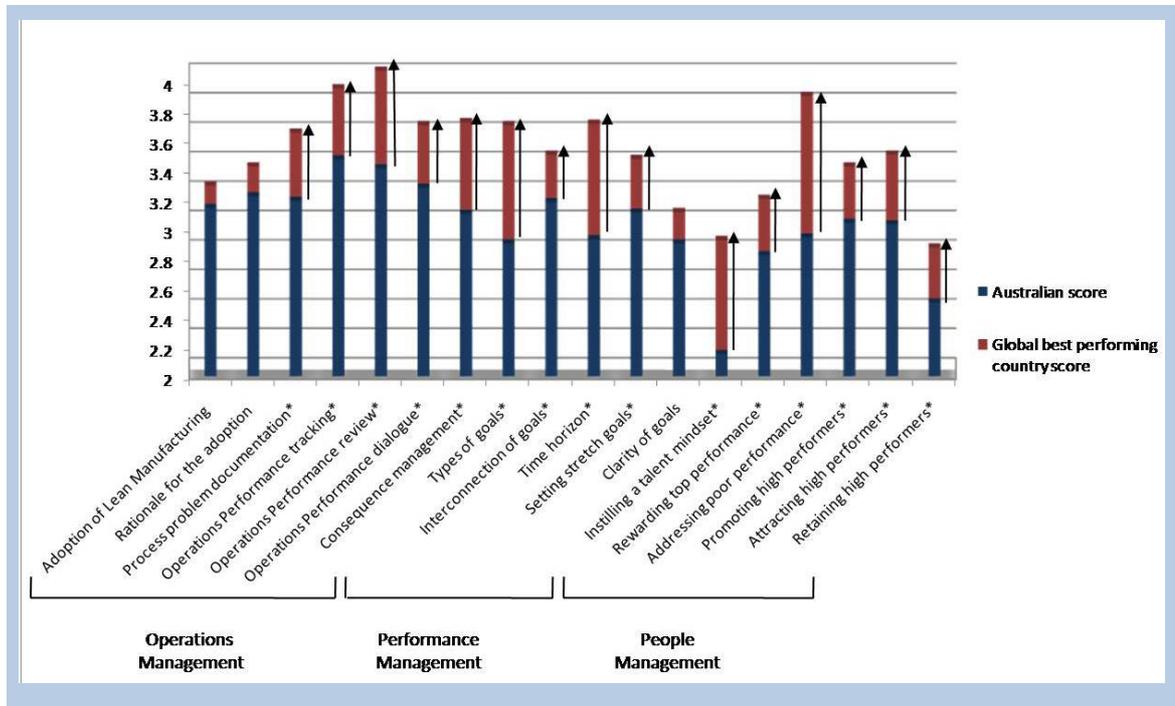
Workplace of the Future: The argument for developing the talent mindset for Australia



When UTS Business School Roy Green published his findings on Australia's Manufacturing Future on behalf of the Prime Minister of Australia in 2012, one of the critical sections he wrote about as on the "Workplace of the Future." He made four conclusions about this workplace:

4. Now and into the future, managers and workforces increasingly need not just specialised competencies but also "boundary-crossing" skills of teamwork, communication, creative thinking and problem-solving

1. Future productivity will depend on the cultural transformation of workplaces through new approaches to management and leadership, and the constructive engagement of workforces in change and innovation



2. Workplaces will require greater absorptive capacity, to integrate and diffuse existing technologies and skills as well as to develop new ones as part of emerging manufacturing skills ecosystems

3. The interdependence of production provides opportunities for collaboration, networks and cluster development by firms and with public agencies and research and education institutions, test and experimentation platforms including living labs

The graph above shows how Australia scores each of the operational, performance and people management skills against the global best performing country score — with a the significantly lowest score on "instilling a talent mindset".

This study was conducted in 2009, and we would argue that it hasn't changed.

Agarwal, R., van Reenen, J., Bloom, N., Mathews, J., Boedker, C., Sampson, D., Gollan, P.,

Green, R.,

*Strategy without operations is a daydream.
Operations without strategy is a nightmare.
Either without talent development is unsustainable.
All without a kind and curious awareness of Self is meaningless*
- Katharine McLennan



About the author

Katharine McLennan's combined career spans corporate strategy, operations, talent/leadership development and self transformation. Her most recent corporate roles have included Senior Vice President of People & Culture at Cochlear, Head of the QBE Global Leadership Academy and Executive General Manager, Talent and Business Unit HR for Commonwealth Bank of Australia.

Katharine is now an executive coach and psychotherapist for a range of corporate, government and non-profit leaders of organisations, where she focuses on corporate strategy, talent and psychology. She also works individual facing depression, anxiety, addiction, trauma, and career transition.

Prior to her corporate career, Katharine spent 10 years in leadership consulting, providing advisory services on behalf of three major organisations: Heidrick & Struggles, the Mettle Group and PricewaterhouseCoopers.

Before becoming the passionate leadership developer, Katharine's execution and pragmatic sense was fully developed in her role as head of operational planning and execution of the Sydney Olympic Games between 1996 and 2000, as well as her experience in the non-profit sector with her work with the YWCA NSW. In this role she led the operational planning process for the venue operations and was the main facilitator on all operational planning and contingency exercises within the Sydney organisation. She continues today to advise the IOC and all Organising Committees in their operational planning, workforce strategies and leadership development.

Her corporate strategy background is grounded in her formative years with Booz & Co driving corporate growth strategies, business reconstruction and process re-engineering across industries such as health care, banking, telecommunications and logistics. Clients included CBA, NAB, Tubemakers, TNT, Telstra, Royal Adelaide Hospital, the Alfred Hospital and Royal Prince Alfred Hospital.

Katharine has degrees with top honours in Biology/Neuroscience and History (Duke), Business (MBA, Stanford), and Political Science (MA, UNSW) .

Katharine is a qualified psychotherapist ([PACFA](#)), and an Industry Professor of the University of Technology

Sydney. She is also a Director of Petrea King's [Quest for Life](#).

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