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why talent management systems fail

In October 2010 I visited the HR Technology Conference in Chicago, the largest conference globally that specifically addresses the use of technology in the HR space.

At the final breakfast session, where over 55 percent of the 900 attendees were Vice Presidents or Directors of HR, an SMS poll was used to assess the uptake and satisfaction with talent management systems. Thirty-five percent of the attendees were in the process of designing or shopping for a talent management system and 50 percent were already using one.

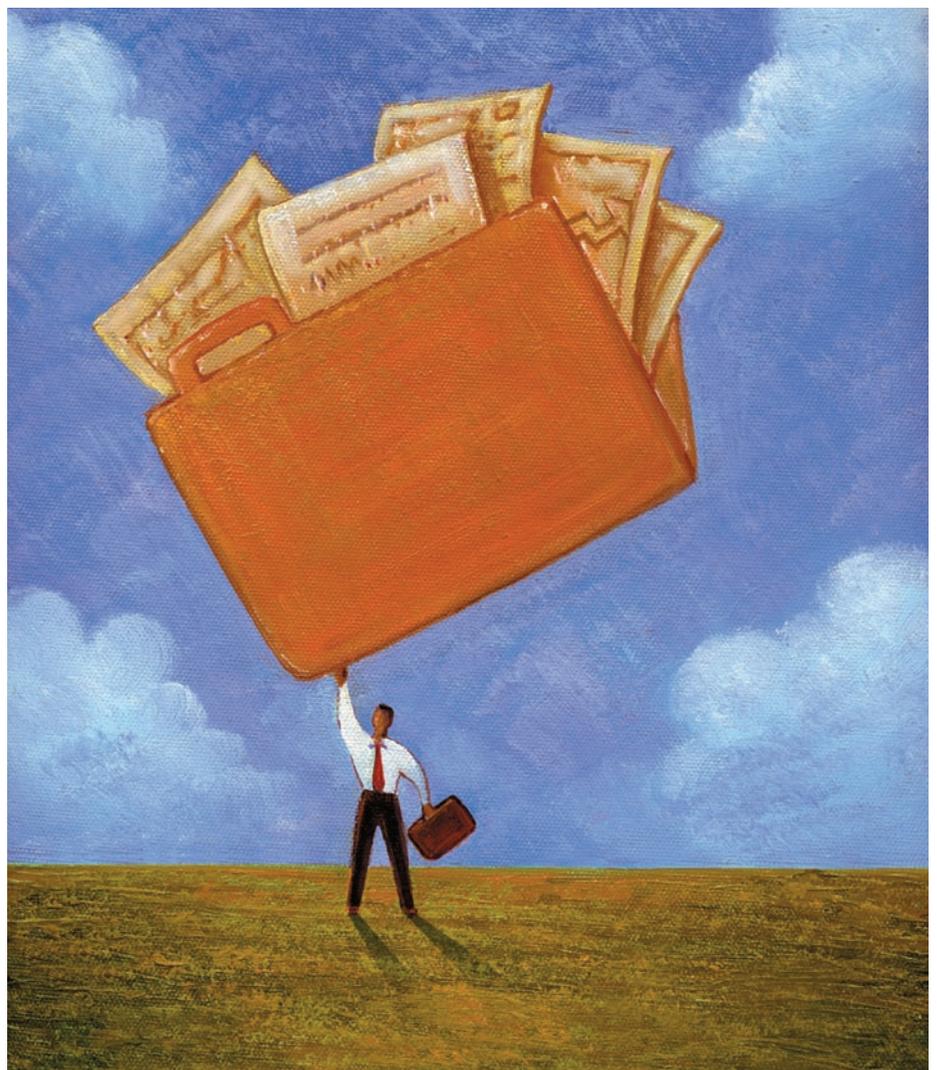
However, of those using talent management systems, 20 percent admitted to disappointment with their system. The consensus of the expert moderators was that this percentage was likely to be a significant understatement.

Disenchantment

Earlier in the conference the annual talent management panel discussion had focused on the failure of talent management systems and how to fix them. Four large companies, in publishing, insurance, distribution and hospitality, shared the problems they had experienced and what they learnt.

In this particular session 50 percent or more of the several hundred attendees were looking for systems and 30 percent were replacing an existing system. Of those with existing systems only one attendee said they were very happy with their implementation. For the rest, expectations had not been met.

This straw poll was consistent with the results of a survey, reported in a subsequent conference session, on satisfaction with talent management vendors. Bersin and Associates, a leading talent management consultancy, found very average ratings of satisfaction, indicating 'substantial room for improvement'. This despite the very strong likelihood of positive bias in the



survey sample itself, since participants were invited by the participating vendors.

What has gone wrong?

The consensus of the panel, echoed by others at the conference, was that the focus of talent management is too much on tools and technology, and not enough on business needs and strategies.

Consistent with this, the Bersin research showed that 50 percent of respondents had no clarity about their needs, instead letting the software features (or lack thereof) drive their strategy.

A review of the major talent management suppliers at the conference reveals a startlingly similar approach and feature set. Despite the proliferation of

'analytics', the emphasis is on screens that are colourful and appealing, rather than on meeting business information needs.

Major fail points can be summarised under the following headings:

Over standardisation and inflexibility

Talent management systems have been developed from an information systems perspective, digitising existing paper forms. Paper forms, by their very nature, are standardised. This basic architecture enables the development of attractive colourful screens and charts. It is also a fatal trap.

In order to deliver the 'eye candy', such systems must remain highly standardised in the data and processes they support. There can be little flexibility; customers must use the system as it is. Content can be varied only within the embedded and limited data structure.

Subjective evaluation

The accepted doctrine is that talent management systems use a 'management by objectives' methodology to assess performance, accompanied by competency

assessment. The rationale for this is that organisations should measure the what (objectives) and the how (a set of broadly defined core competencies or behaviours).

Management by objectives is certainly appropriate for senior management, who are (hopefully) held to account and compensated, for specific business outcomes. While the evidence does show that setting challenging objectives can be effective in improving performance and motivation, there are many other factors that contribute more directly.

For most staff the ongoing day-to-day and month-to-month accountabilities of their job role simply cannot be encapsulated in a few objectives. Since staff typically have no training in goal setting, this approach can result in a set of goals that are not measurable, often trivial, unrelated to the priorities of the organisation or job role, but still compliant with performance appraisal process requirements.

Competency assessment is often bundled with, and even confused with, performance appraisal. Performance is about objectively observable outcomes, not behaviours. Assessment of high level behaviours, such as communication

and teamwork, is always subjective; highly vulnerable to interpretation and bias. Ideally it should be a separate, developmental exercise, with no impact on the performance rating.

Poor quality information

The comment is often made that the results of performance appraisals do not reflect the business performance of the organisation. Departmental performance can be poor, yet individual performance ratings well above the average. This mismatch is likely when competencies are part of the performance appraisal. The assumption is that the defined competency set will result in successful performance. In fact, the research does not substantiate any significant link between the competencies typically used in performance appraisal and improved business outcomes.

Another common complaint is that succession planning processes do not facilitate the retention of high performers, nor consistently place the right people in key positions. In most talent management systems succession planning is in fact only a very simplistic



More than Technology

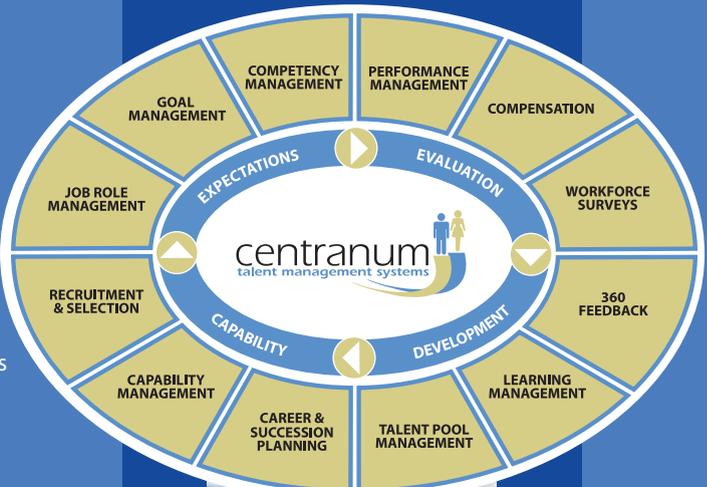
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identification of talent, using the popular nine box grid approach. Usually the two dimensions on this grid are performance and potential. Potential is sometimes equated with competency.

Obviously there is a lot more to potential than a subjective assessment of a few high level behaviours. The assumption that past or present performance is an indicator of advancement potential is also flawed. There are many, many examples where someone with exceptional performance in an operational role does not succeed in a more senior leadership position.

- Fuels the talent pipeline
- Facilitates a succession plan that works
- It can cope with diversity, change, mergers and acquisitions
- It continuously improves, is flexible and scalable to meet changing future needs.

What to look for in a talent management system

Firstly, the system must have a database and data structure that captures details of individual job roles, their deliverables and the capabilities needed to meet those expectations. It will have

develop and accurately identify and retain high performers, it must have tools that prompt and support regular and meaningful performance conversations. The recorded key points of these conversations provide the basis for objective performance evaluation.

For succession planning that works, there must be information on those personal and growth factors known to predict advancement potential, as well as the definition and assessment of success factors specific to an organisation. For those selected into the talent pipeline, the talent management system must enable the design, programming and tracking of the developmental experiences needed for defined career or leadership tracks. It must also identify role, specific capability gaps and development needs for designated successors to key positions.

Managers and HR look for a system that delivers consolidated reporting on demand. It should provide in-depth, summary, comparative and trend information on performance and capability for individuals, teams, departments, locations and the organisation as a whole. Above all, reporting must identify the areas of risk; actionable capability gaps, flight risk amongst high performers and critical roles without potential successors.

Your talent management system must have the tools to assist managers in diagnosing and addressing the causes of poor performance.

Finally, an effective talent management system is flexible enough to accommodate different ways of doing things in different parts of the organisation, at different times.

Managing people is a complex and difficult endeavour. Look for a system that capitalises on the power of technology to make that complexity manageable. As Einstein famously said: "Everything should be made as simple as possible, but not simpler." ■

There are many examples where someone with exceptional performance in an operational role does not succeed in a more senior leadership position

Worst of all, in most talent management systems, there is a conspicuous lack of the rich information on individual capability and development experiences that is essential for effective succession planning.

Talent management systems that deliver

The experts and panelists at the HR Technology conference agreed that effectiveness means:

- When an executive asks for all the data on a person – they can 'get it now'
- The system measures people for business results
- The system has the right analytics – provides actionable information
- It drives retention of key performers

tools to facilitate the alignment of job descriptions with the organisation's business model.

Secondly, the data structure must enable the alignment of individual objectives with a configurable scorecard of organisational 'critical success factors' that can be translated meaningfully to each department and team.

Thirdly, it must have a competency framework that, in addition to the usual values-based behaviours and generic core competencies, supports the in-depth definition, assessment and development of the technical and leadership competencies that reliably predict job success.

The system must support performance tracking and development, not just performance appraisal. In order to

