GET OFF THE TALENT TREADMILL: hardwiring talent strategy to business strategy

2008 has been a challenging year for the global economy. The bursting of the housing bubble in the United States and the related credit crunch, combined with increasing energy prices and a subsequent decline in spending, have many employers in retreat. As organizations retrench, many are searching for opportunities to defer not only capital investments but human-capital investments as well. This phenomenon, combined with the impact of globalization, the speed of change in business and continuing talent shortages, often leaves HR professionals in the unenviable position of playing "catch-up" with the business. Playing catch-up manifests itself in stop-and-start recruiting and retention objectives, vacancies in strategic roles and HR organizations that are focused on reducing operating expenses rather than improving operating results. Winning will require HR leaders to break this cycle and get off the talent treadmill (i.e., the continuous cycle of reactive and disjointed talent management decisions).

Getting off the talent treadmill and adopting a more proactive, business-centered approach ensures that the right number of people with the right skills are deployed, engaged and rewarded.

QUICK LOOK

- To be relevant, talent management priorities must be firmly grounded in business priorities.
- Segment and inventory your talent to assess alignment with strategy and drivers of value.
- Effective execution is critical — prioritize, sequence and execute key initiatives to maximize impact and return on investment.

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appropriately to execute a company’s strategy. Organizations can successfully hardwire talent strategy to business strategy by applying the three-step process shown in Figure 1 and detailed in the next section of this article.

**On Your Mark – Begin With Business Priorities**

Most organizations exist to do more than just attract, retain and motivate employees. Smart HR leaders understand their role in their organizations’ strategic objectives and align the HR function accordingly. To win, they engage line leaders by understanding their top priorities: the operational, financial and customer results for which they are accountable. Starting with business objectives prior to discussing talent needs establishes a firm footing, elevating the nature of the conversation from the tactical to the strategic. Leaders understand that talent is an essential element in meeting their goals and will support efforts that help them to be successful. They likewise will be wary if it appears that human resources is “pushing” programmatic solutions that do not clearly address their business priorities.

HR leaders can begin the talent planning process by working with line leaders to understand and map the strategic priorities of the business, the capabilities required to achieve these priorities and the resulting talent needs. For example, if the business objective is to enter a new market, first study the market entry strategy to determine required capabilities (sales, service, government affairs, supply chain), then identify the expected timing of when each capability will be required. Figure 2 illustrates a value tree developed for a consumer products company that was planning to enter the Asian market. To identify the business and organizational capability requirement, leaders first mapped the key drivers of Earnings Before Interest Taxes, Depreciation and Amortization (EBITDA) in the new market and then identified the roles and talent in the organization that would be most critical to achieving their objectives. In this example, regulatory licenses and compliance, product development cycle time and local market knowledge were identified as key enablers of market entry, and therefore were identified as critical areas to focus on in the first 18 months, from a talent perspective.

**Get Set – Segment, Inventory and Assess Talent Needs**

**Talent Segmentation**

Organizations have gained significant value from segmenting and categorizing customers into high-, medium- and low-value segments and adjusting their investments in customers accordingly to maximize profitability. However, the

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**FIGURE 1: THREE-STEP PROCESS TO CONNECT TALENT STRATEGY TO BUSINESS STRATEGY**

- **On Your Mark**
  - Begin With Business Priorities
- **Get Set**
  - Segment, Inventory & Assess Talent Needs
- **Go!**
  - Prioritize, Sequence & Execute Key Initiatives
science associated with segmenting talent requirements is often lacking and tends to occur in response to specific position vacancies versus proactive planning around the entire talent portfolio. Effective talent segmentation requires focusing on roles first, followed by consideration of the talent populating the roles. The value tree mapping exercise mentioned earlier helps identify the highest priority business processes and capabilities for a company. Leaders can then begin to discuss the relative influence various roles (not current incumbents) exert on the company’s ability to execute its strategy. Segmenting talent requirements into four distinct categories can generate significant insights and is an important step in streamlining talent planning efforts and future investments:

- **Strategic** — Roles that drive long-term value creation for the enterprise and provide a key source of strategic and competitive advantage in the market.
- **Core** — Roles that are unique to the business and absolutely necessary to the development, delivery and distribution of its products and services.
- **Support** — Roles that provide value and are necessary for the enterprise to function effectively but can likely be delivered through an alternative resource approach (e.g., outsourcing).
- **Surplus** — Roles that are no longer aligned with the strategic direction of the enterprise.

### Inventory the Talent Portfolio and Assess Deployment Effectiveness

Once the roles across the business have been segmented, HR and line leaders should partner to assess how effectively the organization is managing and deploying its talent today. (See Figure 3 on page 40.) This process quickly pinpoints gaps in the current talent portfolio as well as misalignments (e.g., strategic roles occupied by “C Players” or “A Players” deployed in support roles).

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**FIGURE 2: ILLUSTRATIVE VALUE TREE FOR A CONSUMER PRODUCTS COMPANY**

- **Revenue**
  - Number of New Customers
  - Competitive Pricing Strategy
- **Expense**
  - Regulatory Licensing and Compliance
  - Breadth of Product Portfolio
- **EBITDA**
  - Ability to Manage Supplier Relationships
    - Channel-Strategy Effectiveness
    - Brand Quality
  - Local Market Expertise and Controls
  - Regulatory Expertise
  - Product Development Cycle Time
  - Product Development Expertise
  - Supply-Chain Effectiveness
  - Etc.

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### Go! – Prioritize, Sequence and Execute Key Initiatives

With multiple priorities and customers, HR’s susceptibility to the talent treadmill is most acute when it’s time to get things done. We can think of scores of studies and programs that are never finished or, worse yet, that are complete but gather dust as limited resources are deployed to other, more urgent priorities. While many will lament putting the urgent ahead of the important, this phenomenon is a clear indication that talent strategy is not aligned with business strategy.

As important as a good strategy is, it has been our experience that focused execution ultimately wins the race. This means doing the most important things in the right order and doing them well. In developing and executing a talent strategy that aligns with business strategy, HR organizations can position themselves for success by grounding their planning in the
core areas of integrated talent management, specifically:

- **Talent Acquisition** — Determine what types of roles, skills, and people are required for success. Conduct “make or buy” analyses to determine the most critical needs for new hires.

- **Talent Deployment** — Assess alignment between talent needs and talent inventory as well as current and anticipated bench strength. Be deliberate in staffing “feeder/development” roles to build bench strength to meet expected talent needs.

- **Talent Development** — Prioritize opportunities to develop talent to fill the highest strategic and core roles and staff accordingly to build capability.

- **Rewarding Talent** — Apply an integrated total rewards approach to leverage compensation, benefits, culture, and career and work environment for maximum competitive advantage in attracting, retaining and motivating key talent.

Effectively prioritizing and sequencing initiatives are the difference between meeting key objectives and running out of steam. These disciplines are two sides of the same coin and rely on accurate assessments of potential impact and degree of difficulty. So rather than overcommit and underdeliver, savvy HR leaders work closely with their internal customers to determine which efforts to undertake and when. Doing so requires developing mutual accountability for success and building commitment and support among those responsible for results.

Finally, talent strategists, like business strategists, must be keenly aware of changing environmental dynamics and build into their processes regular opportunities to renew and refresh their plans. Changes in the economy, customer needs, and competition are a constant in today’s business environment, and successful organizations know the importance of course-correcting. To maintain alignment and relevance, successful HR organizations stay abreast of changes in their businesses and partner with their clients to adjust accordingly.

**Conclusion**

Hardwiring talent strategy to business strategy will ensure the relevance and continued value of human resources to its client organizations. Faced with a highly dynamic economy, successful organizations will nimbly adapt to changing market requirements that would otherwise leave HR departments and talent initiatives that are not similarly focused and strategically aligned in a constant state of catch-up. By moving from the treadmill of reactive, programmatic HR initiatives to well-conceived efforts that support business strategy and have leadership buy-in, HR organizations will help their clients race to win by using talent to their advantage.

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