



Tune in to Talent

Is your talent strategy on track?

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TO TALENT
KPMG GLOBAL TALENT MANAGEMENT

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Introduction

Your organization is unique, and so is the mix of talent you need to deliver your business strategy.

Why, then, do so many organizations continue to take a generic ‘best practice’ approach to one of their most important strategic levers: how best to manage their people?

After all, how well an organization manages its talent can make or break its business.

Manage it well, and the organization will be singing in harmony. But manage talent poorly – and things soon start going off key.

Your ability to manage talent – and to develop the right talent strategy for your organization – depends largely on how well you’re able to *tune in to the talent* you need to win in your markets.

What follows are several ideas to help guide you through this process.

One, two, three...

The first half of this brochure takes you through the biggest talent challenges currently facing executives – as well as some of the more common shortcomings of many talent strategies.

Next, you will find a step-by-step approach for building a talent management strategy and an implementation plan – or talent playlist – that is right for your organization.

Finally, you will see what a powerful talent strategy looks like in practice – with three short case studies showing how some of the world’s largest companies have overcome the challenge of developing and managing their people by recruiting, engaging, growing and retaining their talent.

Effective talent management: key to business success

In 2012, KPMG International commissioned the Economist Intelligence Unit to conduct a study to investigate – among other aims – the forces influencing the practice of human resources as well as what HR might look like a decade from now.

The unit surveyed 418 executives working across a wide range of sectors – 37 percent of whom identified themselves as

C-level executives and another 58 percent primarily serving in an HR function.

Eighty-one percent of the survey’s respondents said that putting in place the most effective talent management strategy is key to the competitive success of their organization.

Source: Economist Intelligence Unit Study, commissioned by KPMG International: Rethinking Human Resources in a Changing World, 2012.

Three big talent challenges

Traditionally, and particularly in North America, KPMG People and Change consultants find that talent management has been synonymous with recruitment – finding the right people to fill job vacancies. In Europe, it has become associated with identifying and developing high-potential staff. And in Asia, there has been a stronger focus on retention of top performers.

All of these are important. Yet on their own, none is sufficient to manage talent effectively. Managing talent strategically is more complex than that. The world is volatile, uncertain, and ambiguous – while today's workforce

is more international, more flexible and more virtual. Meanwhile, today's employees value different things compared to previous generations of workers.

It is perhaps no wonder then that talent management remains at or very near the top of the headaches currently keeping CEOs awake at night.

So, when it comes to designing, developing and deploying talent strategies that are pitch perfect for their organizations, where are organizations going wrong?

Managing a global, virtual and flexible workforce

Respondents to the KPMG International Economist Intelligence Unit survey "Rethinking Human Resources in a Changing World", report that their organizations are embracing the concept of a wider range of flexible work arrangements.

Sixty percent have increased their use of virtual workspaces while 48 percent reduced their reliance on physical office premises, shifting

to hot-desking. Fifty-five percent of respondents have hired more contractual or temporary workers in the past three years; 41 percent are even using former employees as contractors.

These trends will continue, according to respondents – with 72 percent maintaining that their companies should increase the use of both virtual and flexible workers.

Fast-forward to the future

Too often, organizations make plans for *tomorrow* based on the people they have and the situation they are in *today*.

By contrast, KPMG People and Change consultants typically work with clients to identify the skills and capabilities their organizations will need to win in the future – so they can begin building them into their workforces today.

The process starts by helping them decide where they will need to do business in the future – and what kind of people they will need tomorrow. Strategic workforce planning is, therefore, a key component of KPMG's approach to talent management.

This forward-looking focus also helps organizations tune into the needs of their future talent – to see talent management through the eyes of a new set of workers. Specifically, this means taking a cold, hard look at current processes and technologies – and being prepared to radically evolve them to meet the needs of the next generation of employees.

Talent management as a business-critical process

Many organizations are currently failing to pay proper attention to their talent-related risks.

With this in mind, it is important to embed talent risks such as succession, skills availability, key person dependencies and retirement cliffs firmly into an organization's enterprise risk management framework. This helps to place these risks on the radar of the right people at the right level.

Talent-related decisions must be evaluated for their return on investment – and this intelligence should then be recycled to inform future talent decisions.

Most importantly, strategic talent planning should be part of business planning – not a standalone and isolated HR exercise.

HR shortcomings

Survey respondents in the Economist Intelligence Unit "Rethinking HR" study are less than satisfied with how well HR is meeting the talent management requirements of the business. Only 24 percent of respondents believe their HR department excels at core issues such as sourcing and retaining key talent globally; supporting a virtual and flexible workforce; and supporting the greater globalization of the business.

Using social media to win the war for talent

Social media is changing HR across a range of areas, from recruitment to performance and career management. The implications can be both positive and negative. For example, 49 percent of respondents in the KPMG International Economist Intelligence Unit survey say social networking sites have provided access to new sources of talent. Sixty-five percent, meanwhile, are using social networking sites to recruit employees.

Broadening the talent horizons

Traditional answers to talent management questions – how to hire, develop, engage and retain the best people – are too narrow.

Instead, to create the capabilities they need to win, organizations should consider business acquisitions, joint ventures or alliances as alternative sources of talent. This may mean looking to the crowd, to alumni or other businesses for ideas or inspiration. It also may mean taking the flexibility of your workforce to a whole new level through greater use of contingent workers, for example.

Finally, it is worth reiterating the need to look at talent management practices through the eyes of the next generation of employees. How should it feel to be hired, onboarded, nurtured and rewarded by your organization?

Whose talent is it, anyway?

Many organizations – particularly those of a global nature – also suffer from a lack of clarity with regard to who actually ‘owns the talent’. This can make it difficult, if not impossible, to enable the best people to make the internal career or job moves that genuinely drive personal development and engagement.

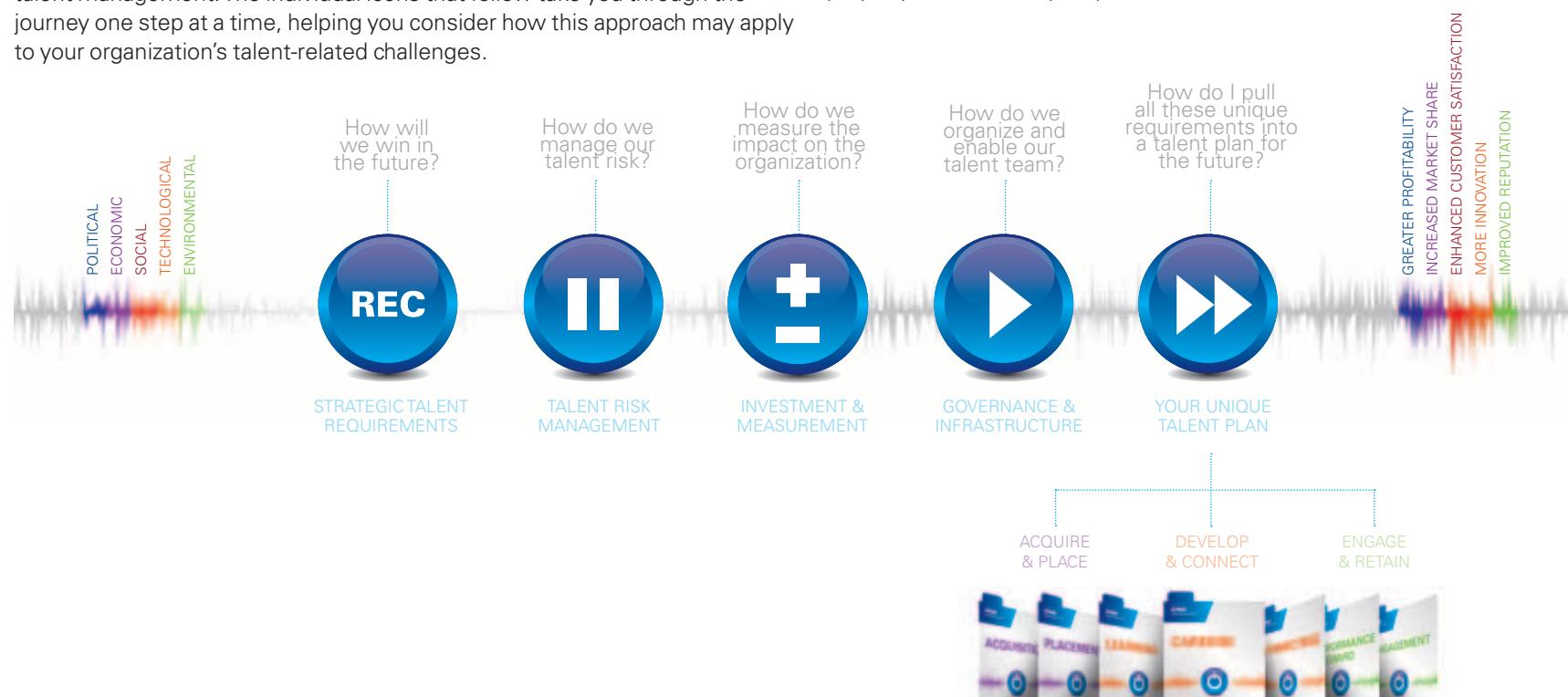
Effective and forward-thinking talent management calls, therefore, not only for the clarification of this ownership but also for talent management to be on the agenda at the most senior levels.

Tune in to Talent

This paper has played back the more prominent talent problems currently facing business leaders.

Now it is time to share a framework to assist you in thinking through a talent strategy that aligns your workforce to the needs of the business.

The graphic below shows the KPMG "Tune in to Talent" approach to strategic talent management. The individual icons that follow take you through the journey one step at a time, helping you consider how this approach may apply to your organization's talent-related challenges.



Before we begin

It is worth pointing out that the early parts of this talent planning framework are particularly crucial. Neglecting to think through the future requirements of your business, the risks and the investment trade-offs will be a waste of time, money and talent. It is surprising, though, how few organizations focus properly on these early steps.



STRATEGIC TALENT REQUIREMENTS

How will you win in the future?

Your organization's business plan and its talent strategy are inextricably linked. The former must inform, shape and directly influence the latter. To build a talent strategy that is right for your organization, begin by carefully *recording* what your business leaders have to say about the capabilities your organization will need to win in the future.

In practice, this means both traditional workforce planning – looking at future needs from your point of view, and organic talent planning – looking at what you have to offer through the eyes of the current and next generation workforce.



TALENT RISK MANAGEMENT

How do you manage talent risk?

Before hitting the *play* button on your talent strategy, *pause* to consider whether or not you have identified all of your organization's major talent risks.

For example, how available are the skills you will need in future to win in the market? What are your succession risks? Are you over-reliant on key people? How will changes in regulation affect you? These are only some of the risks that will shape your talent strategy. Your strategy will need to take talent-related risks into account – and offer solutions for each one.



INVESTMENT & MEASUREMENT

How do you measure return on investment?

It is possible to measure the impact of talent management. As with any core business process, talent management metrics must reflect the value being delivered to the organization. This means identifying the specific aspects of talent management that support the organization's business priorities and measuring the right things in the right way. If it's targeted properly, this analysis can provide a clear view of what is working and what is not ... and where to dial the talent investment *up or down*.



GOVERNANCE & INFRASTRUCTURE

How do you organize and enable your talent team?

Do you have the right data on your talent? Are systems in place to manage that data? Is there clear ownership of talent? Is your talent team fully informed and motivated? Is everyone singing from the same song sheet?

When you can confidently answer yes to each of these questions, it is time to press *play* on your talent strategy.



YOUR UNIQUE TALENT PLAN

Creating a unique talent plan: your talent playlist

The talent playlist will help you *fast-forward* your talent strategy into the future.

When creating your unique talent plan, consider the three traditional talent management activities: acquire and place; develop and connect; and engage and retain.

Think of each activity as a music track each of which will have an effect on the mood of your organization. But select the right combination of tracks and combine them into a personalized playlist and the effect will be amplified many times over.

ACQUIRE & PLACE



- Marketing
- Hiring
- Onboarding
- Mobility
- Flexible workforce
- Sourcing
- Internal resourcing

DEVELOP & CONNECT



- Technical/professional training
- Business & leadership development
- L&D function optimization
- Academies
- Competency/capability frameworks
- Career paths
- Succession planning
- High potential programs

ENGAGE & RETAIN



- 70/20/10
- Diversity & inclusion
- Social media
- Performance Management
- 360° feedback
- Reward strategy
- Leadership communication
- Employee Value Proposition
- Retention strategy
- Exit & alumni

Acquire and place

Barriers to *placement* are increasing. For example, international secondments are becoming more expensive, immigration restrictions more intense – and experienced managers with families are increasingly reluctant to move country.

At the same time, however, there is huge innovation not only in the *acquisition* of talent linked to social recruitment but also in relation to how organizations are accessing talent through alternative means – for example, crowd sourcing, acqui-hiring or partnering.

Both acquisition and placement have become vital to managing talent.



Develop and connect

Right now, there is a quiet revolution going on when it comes to *developing and connecting* people and helping them manage their careers. The themes of 'mobile' and 'social' – combined with the success of the massive open online course (MOOC) model outside of organizations – are pointing the way to a radically new way of helping employees learn.

Meanwhile, the lack of availability of talent for deeply technical roles, combined with eye-watering retirement rates in some countries and industries, are leading more and more organizations to focus on in-house technical academies or corporate universities.

Engage and retain

Economic uncertainty, reduced internal career opportunities and degradation of trust between employees and leaders all make engaging and retaining top talent harder than ever.

There is no easy answer to these challenges. Nor is there any substitute for strong, principled leadership. However, a combination of performance, reward, communication and an overall compelling tailored employee value proposition can make a difference.

Retaining the best talent

Retaining talent remains HR's biggest concern, say respondents to the Economist Intelligence Unit survey. Thirty percent of respondents cite retaining crucial skills as HR's leading focus in the past three years and 40 percent say it will remain so during the next three years.

Despite these findings, only 26 percent of respondents say their company excels at retaining the key talent it requires.

Case studies

- Global review of workforce planning approaches lays the ground work for a globally connected workforce plan
- Global L&D framework unlocks synergies and savings
- Global toolkit enables consistent career management



Global review of workforce planning approaches lays the ground work for a globally connected workforce plan

One of the world's largest mining companies with a global workforce of more than 100,000, this organization's traditionally devolved business model had resulted in a fragmented, inconsistent and inefficient approach to workforce planning, recruitment and retention, learning and development, internal mobility and career management – and many other aspects of talent management.

However, the introduction of a new global operating model in 2009 marked a rare opportunity to optimize the company's approach to talent management – an objective enabled by a close collaboration with a small team of KPMG business psychologists and People and Change consultants.

The problem

During the next decade, this organization aims to launch more than 60 new projects at a cost of US\$70bn – an aspiration that will require the recruitment and retention of thousands of the right people at the right time, right across the world. However, this company has historically been hampered by an inability to accurately identify skill shortages across its operation and to subsequently recruit in a way that properly supports its global resourcing requirements.

The solution

The KPMG team of People and Change consultants began by building relationships with business unit leadership across the world in a bid

to understand their approach to – and concerns about – workforce planning. Specifically, the aim was to understand each unit's workforce planning-related activities and interactions, including identifying how leaders were using inputs and outputs, processes, tools and templates – while also capturing their suggestions about what the new approach would need to look like.

From here, the team identified areas of best practice along with areas where support would be needed – and any interdependencies between workforce planning and the company's existing projects and processes.

Tangible benefits

The assessment provided a foundation for a new consistent and robust approach to workforce planning, one that will be underpinned by the imminent rollout of a company-wide IT platform and a common suite of planning tools and practices. As a vital stepping-stone on journey to optimal workforce planning, the review provided critical intelligence about how key central processes such as strategy and planning – along with talent management – interact with workforce planning.



Global L&D framework unlocks synergies and savings

The company's challenge

This organization's learning and development (L&D) strategy was being held back by business units failing to collaborate and share knowledge. The company was repeatedly wasting money reinventing the L&D wheel. And amid their traditionally devolved structure, poor governance had led to a lack of L&D-related consistency, synergy and efficiency.

The solution

KPMG People and Change consultants began by identifying the client organization's global community of L&D practitioners then engaging them in the creation of an L&D framework capable of empowering each practitioner to tackle their business unit's L&D needs – while simultaneously enabling and encouraging sharing of best practice and other forms of cross-border collaboration.

This was achieved by...

- rolling out a global survey to explore L&D-related challenges, funding and activity within the company's different business units. This allowed the KPMG team to understand the company's capability to respond to and identify examples of good L&D practice

- delivering a global L&D workshop to help business customers, HR and L&D practitioners across the world explore the company's L&D challenges and to subsequently collaborate on the creation of a compelling vision for the future – including design principles that would inform future L&D activity
- challenging and evolving practitioners' thinking by introducing them to best practice from other organizations
- creating a practical L&D framework that defined governance, roles and responsibilities, funding, delivery mechanisms and measures of success – then testing the framework's suitability with stakeholders across the business units

Tangible benefits

The outcome of this work allowed the different business units to save L&D resources by identifying opportunities to work together and unlock efficiencies. It also created a strong cross-border L&D community within the company and helped L&D practitioners achieve much greater clarity with regard to decision making-related roles and responsibilities.



Global toolkit enables consistent career management

The problem

This organization's traditional business model had resulted in an inconsistent and inefficient approach to career management for the company's more than 100,000 employees. While some business units had developed robust competency frameworks, career paths and other career management tools, these were inconsistent and were left unshared. Meanwhile, the company's approach to career management was limiting much-needed internal mobility between business units.

The solution

KPMG People and Change consultants worked with business unit leaders and HR practitioners to create a company-wide career management toolkit. This enabled the company's different functions and business units to develop step-by-step, best practice career management tools that suited their individual needs yet were globally consistent and governed by group HR.

The toolkit included a plain-English and easily-accessible handbook to help practitioners

develop the correct competencies, career paths, case studies and other related deliverables.

Aligning perfectly with existing HR and talent policies and processes, it also included:

- resources to enable related project management – as well as pointers to additional support
- a range of templates – along with instructions for completion
- detailed design and implementation timeframes – to aid planning and budgeting

Tangible benefits

Irrespective of which function, office and business unit they are based in, each employee now benefits from a globally consistent and optimal approach to career management. In addition, better visibility and promotion of opportunities across borders, business units and functions is increasing mobility – leaving the company better placed to support its new business model and strategic aims. Overall, employees are better equipped with the skills and experience required to support the company's functional and organizational strategies.



Conclusion

KPMG People and Change consultants have the depth of knowledge and breadth of experience to help organizations identify their unique talent requirements. And the KPMG “Tune in to Talent” framework is a step-by-step process for building a customized talent playlist that is right for your organization.

We believe that talent is the only true, sustainable engine of growth for a business. If you would like to compare notes, we would be delighted to talk with you.



Contact us

Global Talent Management Leads

Mark Spears
Global Head of People & Change
T: +44 20 7311 4753
E: mark.spears@kpmg.co.uk

Tim Payne
Global Lead for Talent Management
T: +44 20 7311 8002
E: tim.payne@kpmg.co.uk

Robert Bolton
EMA Head of Global HR Transformation Center of Excellence
T: +44 20 7311 8347
E: robert.bolton@kpmg.co.uk

Paulette Welsing
Americas Head of Global HR Transformation Center of Excellence
T: +1 212 872 7635
E: paulette.welsing@kpmg.com

Country Talent Management Leads

Murray Priestman
Australia
T: +61 29 335 7897
E: mpriestman1@kpmg.com.au

Laura Croucher
Canada
T: +1 416 777 3417
E: lcroucher@kpmg.ca

Jacob Peter
India
T: +91 223 989 6000
E: perterjacob@kpmg.com

Amanda Hogenes
Netherlands
T: +3 120 656 7261
E: hogenes.amanda@kpmg.nl

Anna Marie Detert
United Kingdom
T: +44 78 2543 4075
E: annamarie.detert@kpmg.co.uk

Cristiane Goncalves
Brazil
T: +55 112 183 3193
E: cgoncalves@kpmg.com.br

Dr. Michael Geke
Germany
T: +49 151 5060 2128
E: mgeke@kpmg.de

Andrea Tabladini
Italy
T: +39 06 8097 1296
E: atabladini@kpmg.it

Erika Maree
South Africa
T: +2 782 717 9824
E: emaree@kpmg.com

Sig Shirodkar
United States
T: +1 973 912 6536
E: sshirodkar@kpmg.com

kpmg.com/socialmedia



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