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# **Maximizing the Impact of Talent Management**

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**ATD webinar**  
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# Agenda

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- 1. Talent as individual vs. enterprise level issue**
- 2. Systems view of talent**
- 3. How it compares to current practice**
- 4. Talent and performance at individual vs. org levels**
- 5. Prioritizing to mitigate enterprise talent risks**

# Source materials for our session

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“Talent is an organizational capability”

[www.linkedin.com/pulse/talent-organizational-capability-alec-levenson](http://www.linkedin.com/pulse/talent-organizational-capability-alec-levenson)

*TD at Work*

Measuring and Maximizing the  
Impact of Talent Development

[www.td.org/Publications/TD-at-Work/2016/Measuring-and-Maximizing-the-Impact-of-Talent-Development](http://www.td.org/Publications/TD-at-Work/2016/Measuring-and-Maximizing-the-Impact-of-Talent-Development)

# STRATEGIC ANALYTICS



**ADVANCING STRATEGY  
EXECUTION AND  
ORGANIZATIONAL EFFECTIVENESS**

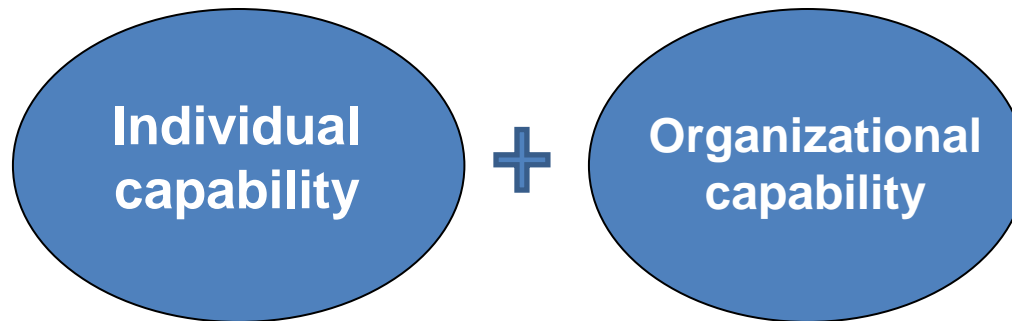
**ALEC LEVENSON**

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# What is talent?

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# The systems view of talent



# Organizational capability

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- **Organizational capability enables strategy execution and creates competitive advantage**
  - The ability to innovate
  - Customer service excellence
  - Go to market system efficiency
  - Branding / marketing
  - Quality manufacturing
  - Etc.

# Traditional vs. systems view of talent

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	Traditional view	Systems view
What “talent” means	Talent is what the employee or leader contributes to the org on their own as an <i>individual contributor</i>	Individual talent is a key component of org performance, but not the only thing that matters
How to measure it	<b>Individual capability:</b> competencies or human capital	<b>Org capability aligned with individual capability:</b> how we maintain competitive advantage



# Challenge with traditional view

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- **People construct narratives about the way things happen by starting with individual jobs**
  - Sales issues are viewed as originating from sales roles
  - Innovation issues come from R&D roles
  - Supply chain issues come from logistics roles
  - Etc.
- **But that simple picture is not the way that business results actually are achieved**
  - **Roles are interdependent:** success depends on multiple people doing aligned actions
  - **Not everything matters:** you have to focus on the specific tasks, behaviors and processes needed to execute the strategy
    - **The tasks, behaviors and processes that do not directly contribute to improved strategy execution overwhelming outnumber the ones that do**

衆齋  
探象之圖



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“HR perfect processes are the enemy of what is good for the business”

[www.linkedin.com/pulse/hr-perfect-processes-enemy-whats-good-business-alec-levenson](http://www.linkedin.com/pulse/hr-perfect-processes-enemy-whats-good-business-alec-levenson)

# Issues for HR and talent management

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- What are your talent priorities for this year?
- How do they relate to the business strategy?
- Do some have a more direct link?
- Are others more tenuous?

# Putting the cart before the horse

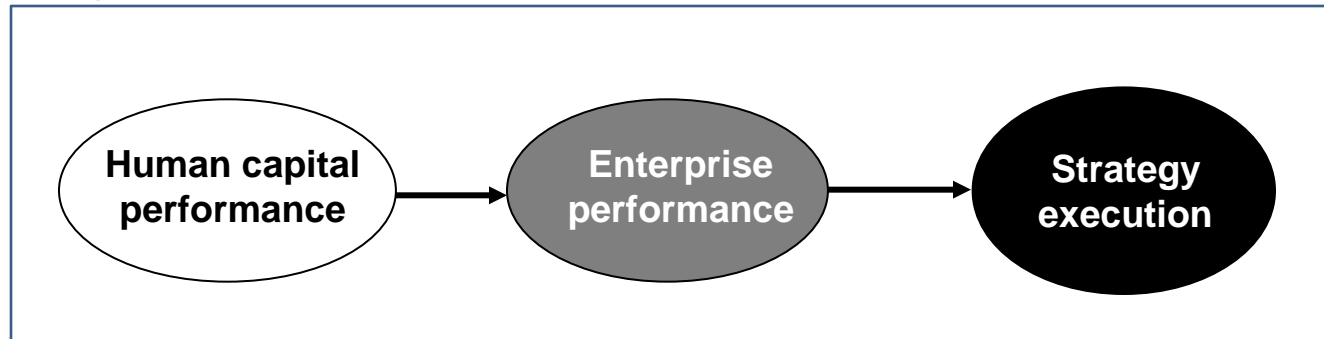
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- **People think the solutions lie with individual jobs and behaviors**
  - Better skills for people to do their jobs right
  - More compensation (or more incentive-based compensation) to attract, retain and motivate the right people
  - Etc.
- **Those things are important but not necessarily the solution**
  - Many actions that people do maintain current operations without improving strategy execution
  - Maintaining current operations is important, but not enough
- **You have to start with the business results to be achieved, and identify the enterprise issues to be addressed**
- **The primary human capital issues to address have to be directly related to the specific business results and enterprise issues**

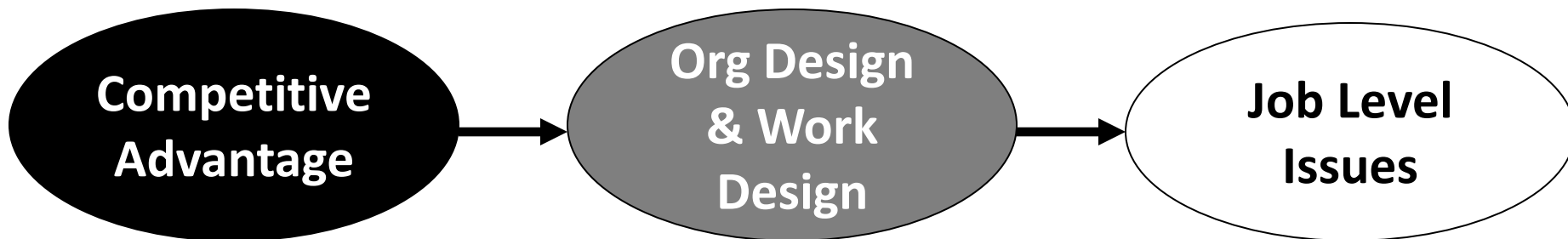
# Solution

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- The causation runs from individual level actions to group / team level then to business results



- But starting there is like trying to boil the ocean
  - There are 1000 things that can be improved at the individual level, so you need to start at the group level:



# Competitive advantage

**Step #1: Identify organization capability strengths & weaknesses, and gaps in strategy execution**



# Organization Design & Work Design

**Step #2: Diagnostics at the enterprise, business unit and/or business process level**



# Job Level Issues

**Step #3: Diagnostics at the role, individual and/or HR process levels**

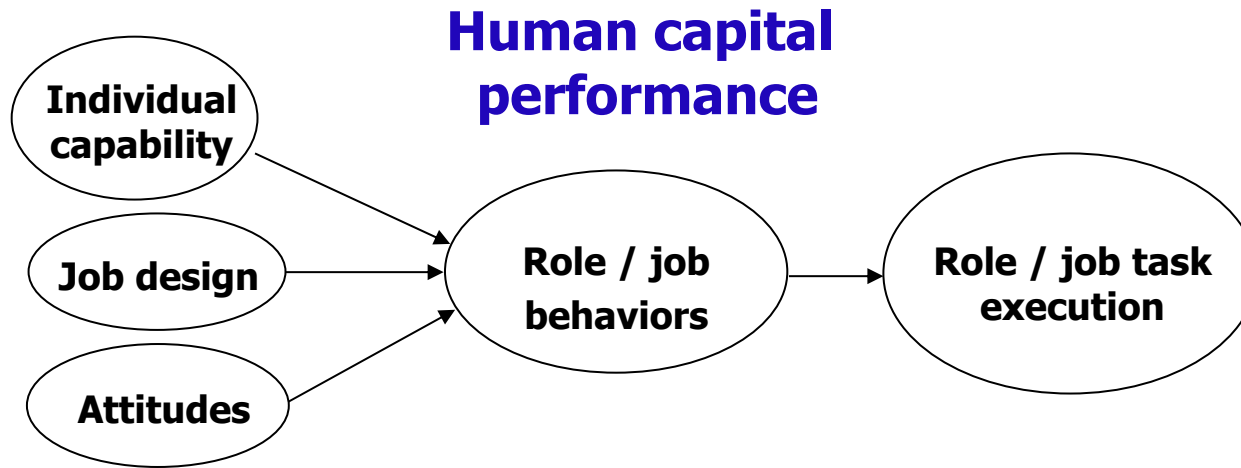
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# Talent and performance



# Talent and individual performance

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**Individual capability** = competencies (*knowledge/skills/abilities*)

**Job design** = roles and responsibilities

**Attitudes** = motivation

**Role / job behaviors** = what we observe

**Role / job task execution** = what needs to happen (*not always observable*)

# Interdependencies and org design

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- **Interdependence** = degree to which activities in one job (org unit) affect other jobs (units)
- **Low interdependence = loose integration**
  - Traditional org design (e.g. Henry Ford production line)
  - Benefit: easier information processing; each unit hands off without working closely together
  - Use work flow buffers like inventories and order backlogs to reduce interdependence between units (slow + wasteful)
- **High interdependence = tight integration**
  - Higher info processing costs, but better error control, quality
  - Example: Self-managing manufacturing teams

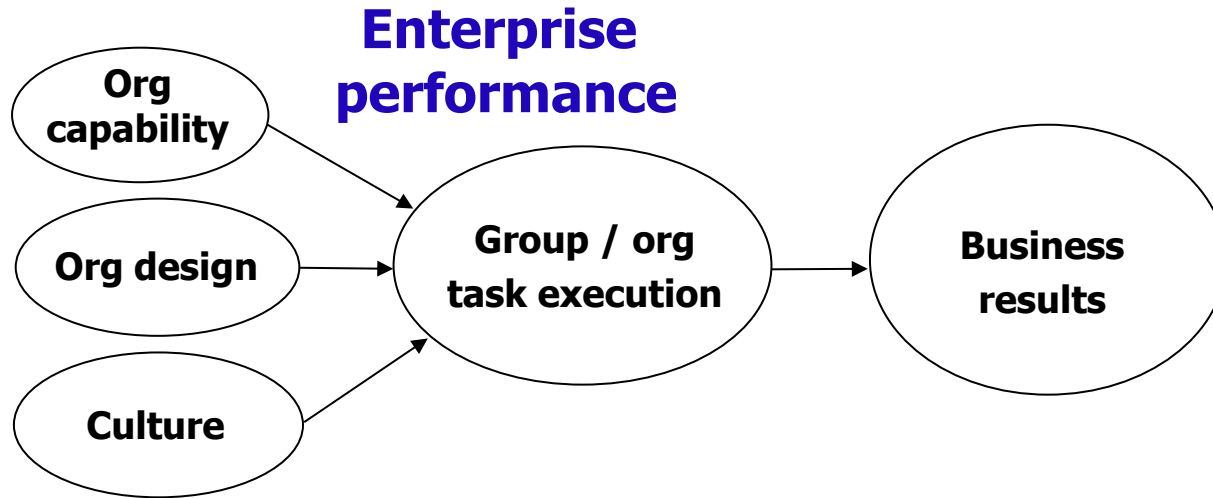
# Competitive advantage & interdependence

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- **The org capability you are trying to build determines the degree of interdependence**
- **Competitive advantage is created by pursuing multiple, interdependent strategic objectives**
  - Lean processes
  - Speed to market (without compromising quality)
  - Real-time decision making
- **Interdependence requires lateral integration across units**
  - Integrating roles, cross-functional teams, networks, etc.

# Talent and group/org performance

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**Org capability** = group-level capabilities needed to accomplish strategy

**Org design** = formal + informal structure

**Culture** = how the group / org thinks and acts collectively

**Group / org task execution** = what needs to happen

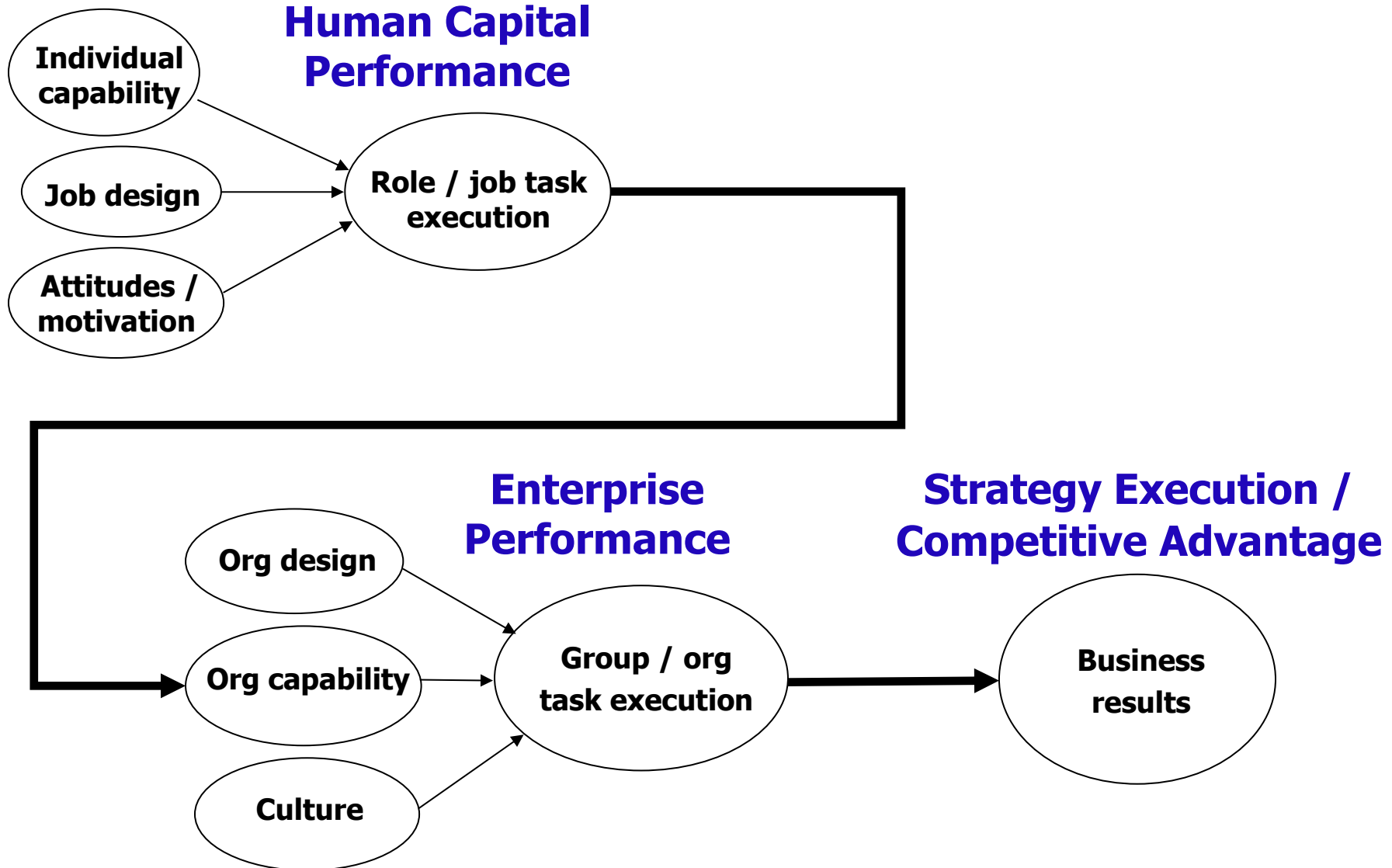
**Business results** = what happens when the strategy is executed properly

# Solution

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- **Build a causal model that describes the main parts of the processes that lead to business results**
- **The causal model contains 3 parts**
  - The business results to be achieved and the competitive advantage that enables the organization to achieve them
  - Enterprise performance: what has to take place at the organization, business unit, team, and/or group levels
  - Human capital performance: what has to take place at the role or individual levels
- **The objective is to focus attention on the organizational parts and processes most relevant for improved strategy execution**
  - Once they have been identified, you have the right focus for doing the analytics

# Causal model of business results



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# **Prioritizing to mitigate enterprise talent risk**

# Competitive Advantage Diagnostics

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- Organizations are large and complex
- **There are always multiple competing strategic objectives, and diminishing marginal returns for all of them**
- We use standard processes and simplification to make people's jobs manageable so they don't have to focus on the entire system
- **Easy for people to fall into the trap of focusing too much on any one business objective, past the point of economic reason**
- This creates tension between efficiency of running processes well and knowing where you have to adapt or change the process to fit the strategic goals



# Competitive Advantage details

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- **Everything has an economic cost**
  - **There is a limit to how much the business can afford to invest in any process:** customer service, quality, efficiency, time-to-market, innovation, product features, etc.
  - **People-oriented metrics have the same problem**
    - If turnover is too low, then not enough new blood will be coming in, below average performers stay too long
    - If get overly obsessive about safety, you can spend way too much time avoiding injuries that can't really be prevented
- **The key is knowing where to draw the line**
  - You have to determine which business objectives are most important to improve, relative to all the others
  - Where should the marginal dollar be spent to improve?

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“Benchmarking only is not  
strategic”

[www.linkedin.com/pulse/benchmarking  
-only-strategic-alec-levenson](http://www.linkedin.com/pulse/benchmarking-only-strategic-alec-levenson)

# Issues for HR and talent management

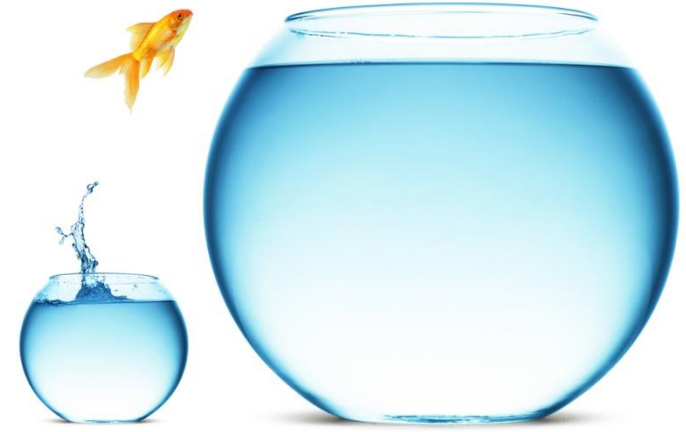
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- What kinds of data and information do we rely on to make talent decisions?
- Where are there gaps in what we need to know?
- How might you get better insights?

# Key issue

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- **Are we keeping the lights on or moving the needle strategically?**
- **Keep the lights on**
  - Maintain current operational performance
  - Status quo: don't change much
- **Move the needle**
  - Increase performance against strategic objectives
  - Stir things up: how to break the frame?
- **Both are important, but require different orientations to help the business succeed**



# Questions to help guide the diagnostics

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- **Intended and unintended consequences of past decisions**
  - What are the implications for org effectiveness?
- **Organization level**
  - Why are our business units and functions set up the way they are?
  - What kinds of compromise decisions were made in the past?
    - Is decision making responsibility distributed appropriately?
- **Team/unit level**
  - Why are our teams/units staffed and resourced the way they are?
- **Role level/individual capability**
  - Why are roles staffed and compensated the way they are?
  - What are the labor cost business model assumptions being used?
    - Are they applied as the strategy, Finance and HR assume they should be?
  - Leadership: what compromises have been made to keep someone in the organization or give them special opportunities?

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