

Strategy-Driven Talent Management

A Leadership Imperative

Rob Silzer and Ben E. Dowell,
Editors

Foreword by Allan H. Church and
Janine Waclawski

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Foreword

Talent management is arguably one of the most important topic areas in organizations today. Although there has always been an emphasis both in industrial-organizational (I-O) psychology and among human resource (HR) professionals in identifying, selecting, developing, and retaining the best and the brightest people, as Rob Silzer and Ben E. Dowell note in their Preface, we truly have entered the age of strategic talent. Between the continuous war for talent (which has only increased in urgency rather than decreased, unlike what some predicted would happen in the early part of the decade), the changing demographic nature of the workforce, the aging of the boomers and entrance of the millennials, and the ever increasing pace of change in technology and the financial marketplace, organizations and their leaders are under tremendous pressure to get the talent equation right. They are also burdened with increasing reviews and intrusion from their boards of directors to ensure that robust succession plans are in place and the bench is strong at all levels of leadership.

As a result, talent management as an HR functional area of practice has expanded tremendously over the past five to ten years, with annual conferences, articles in popular outlets, the creation of new roles and shifts in corporate job titles, various practice-based books, and even the introduction of a dedicated monthly magazine, *Talent Management*. Interestingly enough, however, the field of I-O psychology has lagged somewhat behind the curve of the talent management craze. A quick scan and search of past Society of Industrial and Organizational Psychology (SIOP) conference listings regarding the term *talent management* in session titles showed only one session on the topic in 2005 and just four in 2006. Thankfully, the numbers have been increasing

since then, along with a fall conference and recent SIOP workshops in this area as well.

Given the absence of an informed I-O psychologist point of view on talent management, however, and following a very well-attended early Saturday morning session on talent management at SIOP a few years back in Dallas, titled, “Talent Management: Will the High Potentials Please Stand Up?” we felt that it was time for the Professional Practice Series to tackle this important and timely topic. To this end, we discussed the idea with Rob and Ben, both of whom were also part of that fateful 2006 session, and asked them to put this book together.

What you have here, *Strategy-Driven Talent Management: A Leadership Imperative*, is the outcome of their efforts. These were considerable efforts; in fact, this is one of the largest volumes in the Professional Practice Series to date. Rob and Ben, and their collection of very high-caliber contributors, have done an excellent job of first defining the strategic talent management landscape and then reviewing a number of key areas of practice, including everything from attracting and recruiting, onboarding, high-potential identification, the different ways of developing leaders, to the engagement of those leaders. Having these practices examined together in one book and discussed in the context of talent management makes this a unique and seminal contribution to the field right out of the gate. That said, Part Three of the book contains a review of a number of critical issues in the area, and Part Four provides applications and case examples from various organizations as well. We are convinced these contributions will make this a coveted resource for HR, I-O, and OD (organization development) practitioners for years to come. The chapter on critical research questions in the talent management area should appeal to academics as well, and the extensive annotated bibliography will be a handy resource for those in the field.

In the end, this book fills a critical and, in our opinion, a rather gaping hole in the I-O practice arena. It brings existing theory and research together from different elements of I-O into one compendium on talent management, which to date has not been directly addressed by the field. We hope that both practitioners and academics alike will find it useful and stimulating, and perhaps even provocative in some areas. It’s a job very well done,

and we extend our sincerest appreciation to Rob and Ben for bringing this book to life.



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Allan H. Church
Janine Waclawski
Series Editors



Preface

The Imperative of Talent

Talent is becoming recognized as a core competitive asset in business organizations and as the currency of business. Over recent years, companies have widely adopted talent management programs and processes in an effort to attract, select, develop, deploy, engage, and retain talented employees who can help achieve business objectives. At first glance, the broad adoption of talent management programs and initiatives seems to be a blind rush into a new Human Resource (HR) framework. However, based on our own lengthy experience in organizations, we sense that the new focus on talent management is potentially a significant paradigm shift for both organizations and human resources. In working on this book, we leveraged our network of professional colleagues in an array of organizations to see how others are viewing the emerging field of talent management.

Organizations are beginning to understand the strategic value of talent and the impact that strong talent can have on financial outcomes. This represents a major shift in how business executives view the value of Human Resources. In the 1980s and 1990s, effective Human Resource planning was a step in the direction of better utilizing and leveraging talent for business objectives. Companies came to realize that the sustaining element through the ups and downs in business was the critical talent in the organization. Out of that process emerged the idea of actively managing that talent for the organization rather than depending on the ability of the organization to find and hire critical talent just when needed. In addition, organizations discovered that their need for talent, particularly leadership talent, was growing faster than the available supply. These companies realized that successfully buying or building critical talent would create competitive advantage in the global marketplace.

As a result, many organizations started creating and implementing programs, processes, and systems that built the internal talent pool. These efforts included various programs on leadership development, high-potential identification and development, engagement, retention, and others that became known as talent management. At first these programs were just a collection of various existing programs that were clustered together under one function. This would probably describe many current talent management efforts.

Some more ambitious and farsighted organizations saw the value in coordinating efforts across these programs to improve effectiveness and efficiency. They were given common goals and became aligned with each other. This represented an important step forward for HR in integrating these previously independent programs. The directors of these programs and processes now had shared goals and were being evaluated on their combined effort to produce the desired talent. For many companies this is seen as the current leading edge for Human Resource efforts and has made the term *talent management* almost ubiquitous in business organizations today. However, based on our experience, we know that there is an even more significant HR evolution on the horizon. There has been an emerging interest in making Human Resources a strategic function in business. Currently, only a few HR professionals know how to make that happen.

We believe that the coming significant paradigm shift for HR is to *strategic talent management*, which we define as:

- Driven by business strategy
- Integrated with other processes
- Managed as a core business practice
- Engrained as a talent mindset

Organizations are learning how to design and implement talent management programs processes and cultural norms to attract, develop, deploy, and retain the talent that is needed to achieve current and future strategic business objectives. Some leading-edge companies, such as 3M, Microsoft, PepsiCo and GE, are already doing this. In some companies, talent reviews are now a core business process along with strategic business reviews and annual

operations reviews. But in the future, even these companies are likely to go further in more strongly connecting talent decisions to financial outcomes. Talent management will also be engrained as a talent mindset that will be adopted as a pervasive cultural norm and expectation.

We are in fact entering the “age of strategic talent,” where human capital and talent decisions will be seen as highly critical business decisions. Strategic talent management will evolve into a more rigorous discipline with supportive evidence for making various talent decisions. CEOs and executives will see talent as an asset equally important to financial assets. Chief Human Resource Officers will gain equal status and influence to Chief Financial Officers in organizations. The impact of strategic talent management on financial outcomes will be well known and respected. Both HR professionals and line managers will be expected to have expertise in strategically managing talent. Candidates for executive positions will be evaluated on their expertise and experience in talent management.

Premise of the Book

Organizations are at various stages of this transformation to strategic talent management. The objective of this book is to uncover how organizations are developing and implementing strategic talent management and managing this transformation. We wanted to draw on the experiences and expertise of organizations and professionals who are leading this transformation. The objectives for the book are:

- To identify the leading-edge organizational practices in strategic talent management
- To link business strategies with strategic talent management practices.

We recruited many of the leading-edge talent management experts in business and consulting organizations to be resources and chapter authors for the book. The book includes numerous examples of talent management practices in business organizations, including five chapters that focus on specific companies.

All of the chapter authors have been actively involved in talent management efforts in a range of organizations and are highly experienced in their field, with over 500 years of combined professional experience in organizations. In each chapter, authors were asked to discuss the link between business strategy and talent management efforts and to provide organizational case examples where possible.

The chapter structure is organized around five parts:

- *General Frameworks*: Two introductory chapters discuss the strategic foundation of talent management.
- *Key Practices*: Eight chapters provide insight into key talent management practices such as attracting, recruiting, onboarding, identifying, assessing, developing (through programs, experiences, and coaching), managing, and engaging talent.
- *Critical Issues*: Four chapters discuss talent management in organizational functions, in global organizations and in China, and measuring talent management effectiveness.
- *Different Perspectives*: Six chapters provide five organizational case studies (PepsiCo, Microsoft, Home Depot, Allstate, and Cargill) and interviews with two CEOs and three Chief Human Resource Officers.
- *Future Directions for Practice and Research*: Three chapters that discuss the future of talent management practice, outline key research issues, and provide an Annotated Bibliography that contains 58 core references on strategy-driven talent management.

This book is designed to provide a broad view of talent management practices in organizations. It is not designed to be encyclopedic because of space limitations. The field of talent management is very broad and growing, touching almost all aspects of Human Resource practice. We tried to include many of the key components of talent management but could not include everything (for example, performance management and compensation are not discussed in depth). Nevertheless, we think the book provides a broad leading edge view of how organizations are developing and implementing strategic talent management.

Organizational managers and executives, human resource professionals, and industrial-organizational psychologists will benefit from this book. Organizations will see how other companies are transforming HR and talent management. In addition, professors and graduate students will likely see how this book can guide future research and be added to graduate level courses in psychology departments and business schools. The chapters have over 650 references on talent management and frequently include a discussion of related research issues. A separate research chapter outlining some of the broad research issues related to talent management has also been added to the book to stimulate thinking on issues that need to be further investigated.

We hope that this book will significantly advance the field and support the transformation to strategic talent management by sharing leading-edge thinking and practices.

Acknowledgments

This book is the result of a great deal of hard work by a large number of colleagues, including those developing and implementing talent management strategies and processes in organizations, those who are active in sharing their work with others in the field, and the dedicated chapter authors.

Human resource professionals and industrial-organizational psychologists have been working for many years to introduce leading-edge practices and strategic talent management into their organizations. Often they are bringing significant positive change to their organizations and transforming Human Resource contributions to the business. They often are the unheralded change agents who are building organizations for the future.

Many of our colleagues have shared their leading-edge practices with us and with other organizations. We particularly recognize our colleagues who over the years we have engaged in extended discussions about talent management issues and practices and who have taught us a great deal. They include Seymour Adler (Aon), Steven Ashworth (Sempra Energy), Marcia Avedon (Ingersoll Rand), Bob Barnett (MDA Leadership Consulting), Judy Blanton (RHR), Stephen Cerrone (Sara Lee), Allan Church (PepsiCo), Sandra Davis (MDA Leadership Consulting), Robert Eichinger

(formerly with Lominger), John Fulkerson (formerly with PepsiCo), Tim Gartland (Corporate Insights and Development), Karen Grabow (Land O'Lakes), Mirian Graddick-Weir (Merck), George Hollenbeck (formerly at Harvard Business School and Merrill Lynch), Mike Hopp (Lockheed Martin), Dick Jeanneret (Valtera), Leslie Joyce (formerly with Home Depot), Andrea Konz (S. C. Johnson), Mary Lewis (PPG), Dennis Lieberman (formerly with Capital One Financial), Morgan McCall (University of Southern California), Cindy McCauley (Center for Creative Leadership), Mike McDermott (T. Rowe Price), Lance Miyamoto (Converse), Karen Paul (3M), Pat Pedigo (IBM), Mike Piergrossi (W. R. Grace), David Rodriguez (Marriott), Jeff Schippmann (Balfour Beatty), Gillian Scholes (formerly at Ingersoll Rand), John Scott (APT), Rosemary Slider (formerly at BellSouth), Peter Wentworth (Adams Respiratory Therapeutics, formerly at Pfizer), and Paul Yost (Seattle Pacific University).

We also acknowledge the contributions of the business executives (such as Wayne Callaway of PepsiCo, Larry Bossidy at Allied Signal, and Herb Henkel at Ingersoll Rand) who had the foresight to ask the questions and create the expectations that made the evolution of the field of talent management necessary. They saw how talent management could add strategic value and encouraged ethical practices that contributed to the growth of their businesses and, in turn, the evolution in our field of practice.

This book rests almost entirely on the expertise and commitment of the chapter authors. We applaud their dedication to seeing this project through to the end, despite their heavy work responsibilities. They are the leading-edge thinkers who are moving the field forward in their own organizations.

Thanks are also due for the ongoing support of the SIOP Professional Practice Book series editors, Allan Church and Janine Waclawski, both at PepsiCo. They have remained enthusiastic and supportive from the initial idea to the final book. Also our liaisons at Jossey-Bass, Matt Davis and Lindsay Morton, have been very helpful in coordinating production and marketing efforts.

We thank our mentors along the way. In particular, we are indebted to Marvin Dunnette, who showed us how the science and practice of industrial-organizational psychology can work together

to build successful organizations and advance science while simultaneously helping individuals. Our deep gratitude to you, Marv: *We'll be seeing you in all the old, familiar places.*

And finally to our family and friends, who have tolerated our focus on completing this book. They have been patient with the long hours of writing and editing and have been wise enough to pull us out of our obsession with the book when we needed a distraction back into the real world of life.



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Austin, Texas
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Rob Silzer
Ben E. Dowell