

**The Five Talent Management  
Strategies Your Competitors Don't  
Want You to Know**

## Introduction

After two difficult years for business, the prospects for the global economy are beginning to look up. Good times may not be here just yet, but many believe that the worst is behind us. According to a Towers Watson survey from January 2010, global employers are guardedly optimistic about 2010, with 85 percent of global respondents and 92 percent of U.S. employers planning on modest hiring for new positions this year. However, the survey's findings point to a serious concern:

- **Retention:** 51 percent of employers agree that talent retention will be more difficult a year from now.
- **Engagement:** 30 percent of employers believe that engagement is lower now than before the recession.
- **Employees postponing retirement ... for now:** 52 percent of employers said the percentage of employees working past their desired retirement age had increased during the recession.
- **Benefit and wage cuts:** Survival over the past two years required extraordinary measures to control costs. For example, 23 percent of U.S. companies reduced their contributions to employee retirement plans last year.<sup>1</sup>

Employers need to develop talent management strategies to retain high-performing and high-potential employees, improve employee engagement, increase productivity and drive revenue. The Towers Watson report recommended investing aggressively in leadership, talent management, career development and other areas that help nurture employee engagement and drive enhanced customer focus and performance in an economic recovery. But where should you begin?

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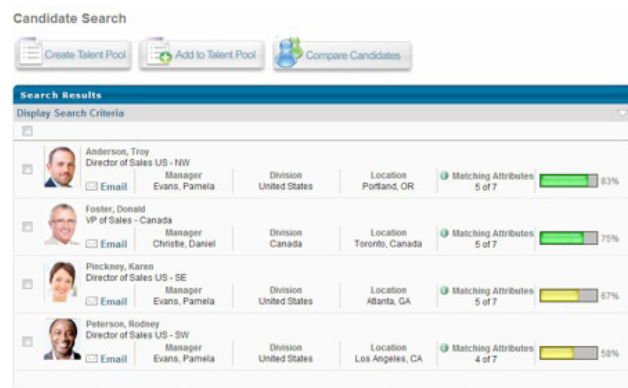
To help you address these concerns, Cornerstone OnDemand offers five strategies for your organization, based on our work with industry-leading organizations. As you prepare your company for better days ahead, you should carefully consider these strategies.

<sup>1</sup> From Recession to Recovery: How Far, How Fast, How Well Prepared? Towers Watson. April 2010.  
<http://www.towerswatson.com/research/1551>

## No. 1: Talent Pooling: Build Your Bench Strength to Fill Critical Roles

- **What is the business risk?** Organizations mindful of a jobless recovery need the right people in the right jobs. Certain critical roles or key positions drive business success, such as a software developer in an innovation-driven technology company or a petroleum engineer in an oil company. No matter the size or industry, all organizations can identify critical roles that drive bottom-line success. After identifying these roles, a business should identify whether the appropriate bench strength exists to fill these key roles in case of turnover.
- **How does talent pooling address this risk?** More organizations today are turning to succession management to build the bench strength necessary to protect their businesses from turnover. However, succession planning is no longer just for top executives. Succession has evolved into something more sophisticated and comprehensive:
  - **Succession 1.0:** The old way focused only on senior/C-level positions.
  - **Succession 2.0:** As talent management systems offered more performance and training data deeper into the organization, organizations were able to provide succession management deeper into the organization as well, including middle management and key technical personnel.
  - **Succession 3.0:** Today, talent pooling breaks free from the organizational hierarchy. It isn't based on finding a successor for a specific position. Instead, talent pooling groups employees based on significant criteria, such as key skills or high potential ratings.

Talent pooling is simply an extension of succession planning that focuses less on identifying a handful of successors for a single position than preparing a group of high-potential employees to fill critical roles. According to Bersin & Associates research, succession management in organizations at the highest level of maturity focuses on development of critical talent pools based on business needs.<sup>2</sup>



Understanding where these critical roles exist allows organizations to pool talent and conduct workforce planning with insight into the skills and competencies that a business needs to meet its goals. After a business develops a talent pool, it can monitor the pool, nominate individual members for new roles, generate a development plan for the pool, and add and take away people from it. As the graphic shows, it is easy to see at a glance how people are progressing toward the next level.

<sup>2</sup> High Impact Succession Planning, Bersin & Associates

- **How does talent pooling benefit the organization?** Talent pooling allows a business to develop groups of talent internally for critical roles and reduce the need for expensive external recruiting. By organizing these employees into a talent pool, management can more closely monitor their careers, track their leadership development and keep an eye on their retention risk. Talent pools can then be a preferred candidate source for any open senior positions, as those employees become ready to move.
- **How does talent pooling benefit HR?** If HR wants to be more strategic, it needs to be able to assign training based on business goals. An organization needs the ability to develop an entire group of people across a number of business units on specific skills and competencies that align with business objectives. Because no one knows what this post-recession economy will really look like, creating talent pools makes an organization more nimble and better able to adapt to rapid change. This ability to deal quickly and decisively with workforce issues will likely be critical to success over the next few years.

## **No. 2: Career Pathing: Show Your Employees What Their Future Could Be**

- **What is the business risk?** Retaining high-performance and high-potential employees isn't entirely about compensation. Clear opportunities for development and advancement can boost retention and engage employees, and forward-thinking talent organizations are putting extra emphasis in these areas today. A recent Deloitte survey of talent strategies for the recovery showed that nearly six in 10 (59 percent) market leaders in talent are expanding training and development programs for high-potential employees. Also, more than half (53 percent) are opening up new career path opportunities.<sup>3</sup>
- **How does career pathing address this risk?** Career pathing is similar to succession management, except that it turns the concept upside down. Using tools such as Cornerstone OnDemand's Career Center allows employees to look at their current job and other positions up the organization chart to understand how they can move up in the enterprise and what it takes to get there.

In a recovering economy, the management consultants at Mercer point out, it is important not to fall back on a "one-size-fits-all" framework for employees. Instead, the focus should be on both the organization journey and the employee journey. Employees need to be able to answer the question, "What's in it for me?"<sup>4</sup>

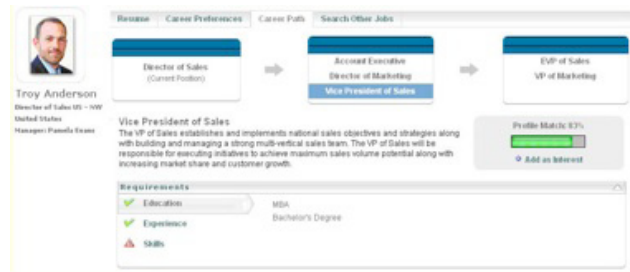
For example, consider the graphic below. A director of sales could potentially become an account executive, a director of marketing or a vice president of sales. The Career Center tells this person about the requirements, education, training and competencies required to advance and shows where gaps in his path may exist – and, specifically, in an integrated system it lets this employee generate a development plan to help him move into the next role, to close the readiness gap and signal to management that he is ready to move up.

<sup>3</sup> Has the great recession changed the talent game? Deloitte. April 2010.

<sup>4</sup> Mercer predicts top Human Capital trends for 2010. Mercer. November 23, 2009.  
<http://www.mercer.com/summary.htm?siteLanguage=100&idContent=1364945>

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- **How does career pathing benefit the organization?** Career paths can drive engagement and retention – both major needs in the aftermath of this recession. Career pathing puts power in the hands of employees to mine information about opportunities in your organization, register interest in a job, explore new career paths and even offer additional relevant information, such as willingness to relocate and career preferences.
- **How does career pathing benefit HR?** Helping employees build career paths makes them active participants in their development. This is not the only approach for development, but it is a handy and effective tool that can increase retention, engagement and alignment with the business. Instead of relying on HR or managers for career information, employees can identify any readiness gaps and dynamically generate a development plan to help them stay on track for advancement.



### No. 3: Learning: Help Your People Gain Skills That Drive Performance

- **What is the business risk?** Bersin & Associates research correlates integrated talent management strategies with higher revenues per employee.<sup>5</sup> However, many organizations make substantial investments in talent management technologies but omit a learning component, an important driver of improved employee performance. Identifying the areas where an employee needs to improve is not enough. A business needs to show them how to increase their knowledge and improve their skills. Putting together high-quality development plans that combine performance management with learning can also have an impact on the bottom line. Bersin & Associates research shows that companies in which most employees have high-quality development plans have 27 percent lower turnover.<sup>6</sup>
- **How does learning reduce that risk?** Businesses that want to succeed as they transition from recession to recovery must take coaching and development seriously. A learning management system (LMS) integrated into the talent management suite allows an employee's development plan to prompt the system to automatically recommend relevant training based on competency gaps and development goals.

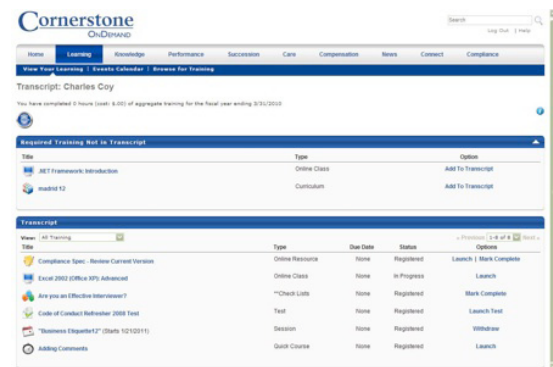
Development plans are the most actionable element of talent management from an employee perspective. It allows employees to understand the gaps in knowledge and skills that their employers have identified. With this information, employees can address these gaps. Development plans can clearly explain what's in it for them.

<sup>5</sup> Bersin & Associates, 2009 Talent Management Factbook.

<sup>6</sup> Levensaler, Leighanne. Bersin & Associates. Building a High-Performance Culture. August 2009.

The integration of learning and performance management can develop underperformers, prepare high performers to be “ready” to fill key leadership positions, and address deficiencies of knowledge and skills. These long-term learning programs require competency analysis and complex blended learning activities.<sup>7</sup> The effort is worthwhile. CedarCrestone’s 2008 report on the Value of HR Technologies highlights the automating of goal setting and development/training planning processes as a best practice for enabling employees to meet their performance objectives.

- **How does learning benefit the organization?** Training and development opportunities based on performance appraisal results should be available for all employees, and training plans should be tied to employee development plans and organizational goals. When learning and development are integrated with an LMS, it’s easier to track and manage all aspects of learning, including planned, free-form, on-the-job and external training. Also, organizations that face strict licensing and certification requirements can provide easier access to e-learning content and drive compliance rates higher. As the graphic shows, it is easy for an employee to view their learning transcript and address any gaps quickly.
- **How does learning benefit HR?** HR can better target training and objectives based on employee performance that achieves measurable business outcomes. An LMS that supports performance management can deliver targeted training and development, ensuring that learning initiatives are not randomly assigned but actively address identified gaps, especially in critical areas where employees lack skills or knowledge.



Title	Type	Due Date	Status	Action
360 Feedback Introduction	Online Class		Not Started	Add To Transcript
360 Feedback 12	Curriculum		Not Started	Add To Transcript
<b>Transcript</b>				
View: All Training				
Title	Type	Due Date	Status	Action
Compliance Spec: Review Current Version	Online Resource	None	Registered	Launch   Mark Complete
Excel 2002 (Excel XP) Advanced	Online Class	None	In Progress	Launch
Are you an Effective Interviewer?	Check Lists	None	Registered	Mark Complete
Code of Conduct Refresher 2008 Test	Test	None	Registered	Launch Test
Business Etiquette 12 (Starts 12/12/11)	Session	None	Registered	Withdraw
Ability Comments	Self Course	None	Registered	Launch

#### No. 4: Social Collaboration: Connect Employees with the Knowledge They Need

- **What is the business risk?** Most businesses possess large amounts of institutional knowledge that is difficult or impossible to access. Connecting employees with the knowledge they need when they need it can increase productivity and drive innovation. Social media technologies can facilitate informal learning and business collaboration, as well as help to attract and retain younger, tech-savvy employees who want to use these technologies but do not have them available in their current workplace.

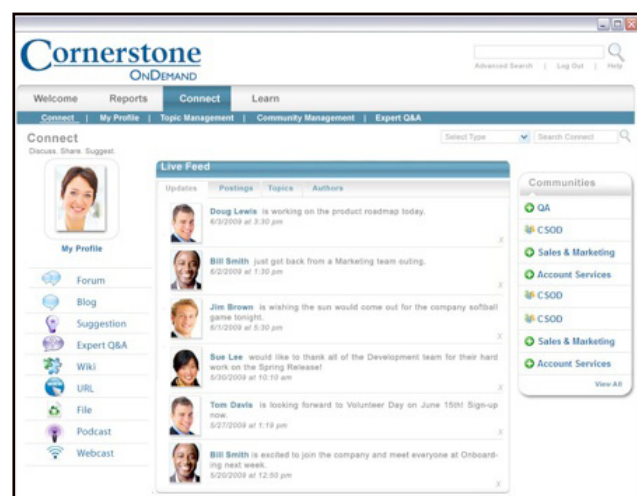
<sup>7</sup> Bersin, Josh. Corporate Learning in 2008. CLOMedia.com. December 2007.  
<http://www.clomedia.com/best-practices/josh-bersin/2007/December/2011/index.php>

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- **How does social collaboration reduce that risk?** Employees may want to use these technologies, but most businesses don't know how to get started with social collaboration and won't allocate resources toward implementing these technologies until the business benefits are clear. Although employer attitudes are slowly changing, many employers still fear the potential for lost productivity and disclosure of intellectual property. However, organizations should be more concerned with facilitating this exchange of knowledge.

As businesses wonder how to get started with these technologies, the easiest, fastest and safest ways to begin should focus on wrapping social technologies around existing training initiatives and engaging stakeholder groups, such as alumni.

- **An existing training program:** Build an online community around existing training so participants can connect with one another before, during and after training. This is also a great way to "dip a toe in the water" to see how social media can work on a small scale before committing more time and resources.
  - **Employee alumni networks:** As Baby Boomers begin to retire, they will take a lot of knowledge out the door with them. Creating social channels to engage these retirees allows businesses to benefit from their expertise even after they are no longer employees, easing the brain drain.
- **How does social collaboration benefit the organization?** Social technologies can increase productivity and revenue at a time when businesses are trying to make up for the past two difficult years. Using social collaboration to reinforce traditional classroom learning in an informal setting allows businesses to turn learning into an ongoing process and not a one-time event. Alumni networks can be a source for business referrals. Also, online communities of practice can facilitate communication and collaboration among employees.
- **How does social collaboration benefit HR?** HR leaders can help their organizations bridge the generational technology divide by providing a strategic purpose for social networking. It also creates the impression of being a forward-thinking organization and strengthens the employer brand, especially among Gen X and Gen Y employees.



## **No. 5: Extended Enterprise: Increase Revenue from Existing Resources**

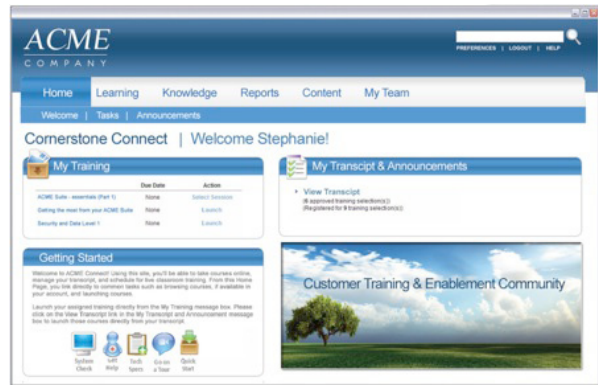
- **What is the business risk?** Coming out of the recession, businesses will need to increase productivity, reduce costs and drive revenue. In today's interconnected world, organizations are more likely to understand that they are not islands unto themselves. An entire extended enterprise of customers, partner channels, members of associations, franchisees and vendors up and down the supply chain are dependent on one another and must work together efficiently for mutual benefit.
- An entire extended enterprise of customers, partner channels, members of associations, franchisees and vendors up and down the supply chain are dependent on one another and must work together efficiently for mutual benefit.
- **How does extended enterprise reduce that risk?** Organizations can leverage existing investments in learning and training technologies by extending these technologies to enterprise partners. Offering technology support to customers or partners can address many significant business challenges and benefit an organization in many areas, including increasing product knowledge, providing partner incentives, boosting channel sales, building brand loyalty, improving compliance and offering visibility into business results. Extended enterprise technology can drive revenue, productivity and loyalty in two significant ways:
    - **Training for profit:** Offering training to customers and partners can increase product sales, generate revenue and reduce overall support and training costs. Customers can learn how to use your products better and find answers to questions, which can increase engagement and loyalty as it brings down support costs. Partners can benefit from access to specialized training that may be more difficult (or expensive) to access otherwise.
    - **Partner enablement:** Extended enterprise training can facilitate training and certification and reduce time-to-productivity. For an example of how an organization can benefit from partner enablement, look at certification programs. Certified training in the use and maintenance of your product can increase your partners' knowledge and set them apart from their competition.
  - **How does extended enterprise benefit the organization?** Organizations that build "smart" networks to reach extended enterprise stakeholders can facilitate both top-line revenue and bottom-line results, as well as a competitive advantage.
    - **Growing revenue:** Extended enterprise technology can ensure that products and services are sold and adopted effectively.
    - **Reducing costs:** Extended enterprise technology can reduce support and training costs, because educated clients require less support, and business partners can reduce time-to-productivity.



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- **How does extended enterprise benefit HR?**

HR can mitigate compliance risks by, for example, following standard operating procedures within a franchise, managing large, globally distributed reseller networks consistently, or maintaining complex channel strategies. It can also correlate investments in training to business results and increase insight into the extended enterprise. Above all, HR can drive revenue that makes investments in talent management technologies cost-neutral or even profitable.



## Conclusion

The future is uncertain, but your talent strategy for the road ahead shouldn't be. There is still time to develop talent management solutions that can propel your organization into the recovery. Organizations that want to be ready for the recovery should learn from the experience of forward-thinking companies and create strategies to encourage retention and engagement, increase productivity and drive revenue.

Talent pooling, career pathing, learning, social collaboration and extended enterprise technology are all effective talent management strategies that can benefit your organization during the recovery. Cornerstone OnDemand offers a comprehensive suite of talent management technology solutions that can help your organization retain high-performing and high-potential employees, improve employee engagement and productivity, and create new channels for revenue.

Contact us today to find out more about how we can help. Find out more at [www.CornerstoneOnDemand.com](http://www.CornerstoneOnDemand.com).

## About Cornerstone OnDemand

[Cornerstone OnDemand](http://www.CornerstoneOnDemand.com) empowers people around the world with on-demand, integrated learning and talent management software and services for connecting, developing and performing in the workplace. Cornerstone's Software-as-a-Service (SaaS)-based solutions span the workforce lifecycle, including onboarding, learning, social networking, compliance, performance, compensation and succession planning. The company also provides extended enterprise solutions to help companies better train and collaborate with customers, vendors and resellers. Available in 16 languages and supported by global, 24x7 client care, Cornerstone is used by more than 3.3 million active subscribers in 141 countries. The company is headquartered in Santa Monica, California and has international offices in London, Paris, Munich and Tel Aviv.

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