Assessing Talent Management Maturity

Modeling Organizational Readiness
1. Preface

Today more and more organizations put Talent Management high on the agenda. Talent Management involves managing employees with specific talents in the most suitable positions in the organization—and having the right set of skills as they are needed. This typically applies to all employees of an organization. However, an organization can also focus the process on a certain group of employees with targeted or identified business critical skills.

To establish their own distinctive capability, organizations should consider Talent Management, providing a view of the present and future. A few reasons for strategic Talent Management are: The tight labor market; inspiring and retaining employees; increasing productivity and employee satisfaction; and the availability of successors for key positions. The challenge is to align Talent Management with the strategic components of the organization and determine the approach that will raise the level of professionalization.

NGA Human Resources works with customers to assist in answering the following questions:

- What does Talent Management mean in the customer’s context?
- How to identify employees with key talents within the organization?
- Who is responsible for Talent Management?
- How can Talent Management be implemented and sustainable within the organization?
- How would successful Talent Management be quantified and defined?

The purpose of this work is to provide HR, managing boards and (line) managers advanced knowledge of the criticality of strategic Talent Management. To provide a framework for this discussion, we have developed two models that contribute to this purpose. The first is an integration model, and the second is a maturity model.

![Figure 1: Talent Management integration model](image-url)
In the integration model, the Talent Management strategy is based on the organizational and HR strategy. Policy, definitions and the objectives of employees with specific talents are key elements of Talent Management strategy. Strategic workforce planning gives insight on the ‘fits and gaps’ between the current and desired staffing. This provides input for the operational execution of the Talent Management processes. The purpose of the integration model is, on one hand, to align organizational objectives with employee objectives; on the other hand, it provides integration among separate Talent Management processes.

The maturity model contains four quadrants: organization, processes, people, and technology. These four quadrants are the fundamentals of strategic Talent Management.

Each quadrant consists of three themes and has four maturity levels. The objective of the maturity model is to determine development potential based on the current maturity level of an organization in each of the four quadrants.

Determining the maturity level requires analysis from surveys, workshops and interviews with employees with key targeted priority skills, managers and HR management. Based on the maturity assessment, the organization can determine which strategic Talent Management area needs development. Additionally, advice is presented on how the organization can quantify the results of strategic Talent Management by (1) Developing a business case with a cost benefit analysis; and (2) Setting up key performance indicators (KPIs) for HR management, the managing board and managers.
2. Introduction to Talent Management

2.1. Definition of strategic Talent Management

In the literature there are many definitions of employees with high-value talents and Talent Management. According to Van der Sluis (2010), talent means "the sum of knowledge, experience, skills, behavior, career, ambition, values and personality aspects that a person exhibits in his work."

The definition of strategic Talent Management that we use at NGA Human Resources is below:

"Strategic talent management is managing the organization and employees with specific talents so both can develop in the most efficient and effective way, in line with the strategy of the organization and the ambitions of its employees".

In this document, you will find references to ‘people with specific or key talents.’ This can apply to all employees or to a specific group of employees, depending on the choice of the organization.

2.2. Criteria for employees with specific talents

The criteria for employees with specific talents differ by organization. These criteria depend on the strategy and objectives of the organization and the current stage of its life cycle. The products, services, organizational structure and culture of the organization determine the percentage of employees with specific skills for that organization. This can vary from ‘all employees have specific talents’ to identifying some employees with specific talents who are potential successors of a director or other key position.

2.3. Why Talent Management?

Buckingham and Clifton (2008) indicate that research shows organizations that make the talents of their employees a priority are most successful. Their principles are:

- The talents of each employee are unique and durable.
- The talents of each employee have the most capacity for growth.
Figure 3: Pros and cons for implementing Talent Management

These successful organizations are always carefully looking for the right employees with specific skills for each role. They focus on results and do not try to apply employment rules and regulations to their employees that are too strict. Successful organizations know their employees make the difference and ensure that the organization distinguishes itself from others in the market.

Managersonline.nl (March 2, 2012) listed the reasons for the introduction of strategic Talent Management, as well as reasons that organizations may postpone strategic Talent Management. You can find some of these arguments in Figure 3.
3. The Maturity Model and Integration Model

To provide a framework for the discussion of successful implementation of strategic Talent Management, we have developed two models: the maturity model, which is based on four distinct but interrelated quadrants; and the integration model, which incorporates both vertical and horizontal integration.

3.1. The Four Quadrants of the Maturity Model

To secure strategic Talent Management in an organization, focus is required on technology and processes as well as on employees and organization. These four quadrants are shown in the following model.

- ‘Organization’ refers to the mission, vision and strategy of the organization.
- To work toward the desired situation, Talent Management ‘processes’ are used (second quadrant) for both the organization and the employees with specific talents. The goal is to attract, develop, motivate and retain these employees.
- ‘People’ focuses on the employee’s ambition and the level of support by managers and HR. This quadrant also involves the attitudes and behavior of management toward the employees.
- ‘Technology’ supports Talent Management processes and allows data registration, so that sustainable management information can be generated.
3.2. **Connection: the Integration Model**

The translation of the organizational strategy to a Talent Management strategy, including the alignment among the Talent Management processes, is called integration. The model is based on this integrated vision of strategic Talent Management and includes both vertical and horizontal integration.

3.3. **Vertical integration**

Strategic Talent Management starts with the organizational strategy and affects all levels of the organization, from the managing board to the employees of the various departments. A top-down approach is called vertical integration. This is not a technocratic, top-down approach but is aligned between team and individual (bottom up). Constant alignment is required between the organization and individuals.

This connects the individual and the organization as separate components. Moreover, it ensures that employees clearly know which of their activities contribute directly to the organization's objectives. This contribution can be measured using the resulting individual key performance indicators (KPIs).

3.4. **Horizontal integration**

Horizontal integration is the alignment among the separate Talent Management processes. The focus lies on development of the organization and the employees. The operational actions arising from the Talent Management processes must fit together so they are reinforcing processes and the optimal result is achieved. For example, if an organization's strategy is to exit insufficiently developing employees, then the remuneration policies should be adapted accordingly. When everyone always gets a regular salary increase, this has a contradictory effect.

At NGA Human Resources, we use the following list of processes in our process model.

![Figure 5: Talent Management processes (NGA Human Resources)](image)

The main difference between HR processes and Talent Management processes is that HR processes apply to all employees and Talent Management processes are often targeted to a smaller group (employees with specific high value talents). In general, these processes have more precise objectives.
4. Assessing maturity

Previous sections described the details of the four quadrants of strategic Talent Management, based on NGA Human Resources’ maturity model for Talent Management. This information raises two fundamental questions:

1. What’s your position as an organization at this moment?
2. What is a logical next step to further professionalize Talent Management?

Within the maturity model, each of the four quadrants (organization, processes, people and technology) has three themes that determine the Talent Management maturity of an organization.

4.1. Maturity on Four Levels

The themes within a quadrant can be scored from one to four. The maturity model shows the development of operational performance (level 1) to strategic management (level 4). It shows the growth in maturity towards the ideal situation, which is when an organization has optimally implemented strategic Talent Management. This organization reaches the highest level of the maturity model in all four quadrants.

The levels NGA Human Resources uses are based on the model of Bersin & Associates, described for Lamoureux (2010).

| Bersin & Associates Talent Management Maturity Model - U.S. Organizations |
|---|---|
| **Level 4** | Fully integrated processes and systems used to make business decisions; talent management is business-driven |
| **Level 3** | Primary focus is on connecting systems and processes; single person/team responsible for talent goals & outcomes |
| **Level 2** | Beginning to identify connections points across talent processes; several systems with primary manual processes for integration |
| **Level 1** | Individual talent processes or “silos”; may have systems in place but not connected |

NGA Human Resources’ four levels look like this:

**Figure 7: Maturity levels**

### 4.2. Themes of the Quadrants

The three themes of each quadrant, described in previous chapters, are summarized within the maturity model and are focused on determining the degree of maturity in each quadrant. The following example provides an overview of the maturity level, per theme per quadrant.

**Figure 8: Sample maturity model**
The example above clearly shows that we are dealing with an organization that has its processes and people on a higher maturity level than the quadrants technology and organization.

Mainly, the following can be concluded:

- There is an understanding of employees’ qualities and quantities.
- Horizontal integration is secured.
- Improvement is possible in terms of vertical integration.
- Sustainable securing of data is missing.

Based on the results of the overall Talent Management maturity assessment, a detailed conclusion follows, along with recommendations for further professionalization and quantification of the results. With this information, a Business Case can be created to make the results of strategic Talent Management transparent.

Based on the Business Case, it becomes clear that Talent Management is not just a nice idea or strategy, but that it generates actual income and savings for the organization.

Research from Bersin & Associates (2010) shows that with a higher level of Talent Management in an organization, the percentage of (unwanted) exits significantly decreases. This is illustrated in the figure below.

**Figure 9: Bersin & Associates – percentage exits per maturity level**
The figure below indicates that investing in Talent Management also has a positive impact on the development of great leaders, a pipeline of ready successors, the building of career paths, planning future talent needs and creating high involvement in the organization.

![Impact of Talent Management Maturity on Effectiveness Measures - Areas of Highest Impact](image)

**Figure 10: Bersin & Associates – Maturity level impact on organization**

5. A Talent Management Maturity Assessment demystifies your next steps

Where does your organization fall in terms of organization, processes, people and technology maturity? Could you be missing out on important opportunities now, as well as failing to position your company for the crucial Talent Management needs that lie ahead?

Understanding your organization’s current maturity levels is critical to taking the next steps in not only professionalizing your Talent Management processes, but also in making sure they are fully integrated with other key HR and payroll processes.

To determine maturity in each of the areas included in the four quadrants, NGA Human Resources begins with a Maturity Assessment, based on the integration and the maturity models. It includes a number of specific questions which are answered in a survey, workshops and interviews with employees who have specific talents, managers and HR. A complete analysis of collected data is also part of our Maturity Assessment.

What you will get out of it?

Specifically, NGA Human Resources’ Talent Management Maturity Assessment provides:

- An understanding of concepts for strategic Talent Management, maturity level and usefulness and necessity.
- A unique and organization-specific action plan.
- Input into key performance indicators (KPIs) and the Business Case for possible next steps.
- Involvement of employees with specific talents, managers and HR management.

This tool contributes to the continuing development of your organization and the employees with specific talents. It will enable you to effectively respond to a variety of internal and external dynamics such as the ever-shrinking labor market and the lack of critical employee profiles; and the support of key objectives, including retaining talented employees, stimulating employee satisfaction and increasing the availability of suitable successors for pivotal positions.

Why NGA Human Resources?

As a global leader in HRO, NGA Human Resources is experienced in all four maturity quadrants (organization, processes, people and technology), which gives you a thorough and integrated perspective—current and future—of Talent Management in your organization. We can provide a clear vision on the optimal Talent Management approach for your organization and a roadmap to support an increase in productivity, effectiveness and innovation.
NGA Human Resources is a global leader in helping organizations transform their business-critical HR operations to deliver more effective and efficient people-critical services.

We help our clients become better employers through smarter, more streamlined business processes - to save money, manage employee life cycles and support globally connected, agile organizations. This is how NGA makes HR work.

What sets us apart is The NGA Advantage. It’s a combination of deep HR expertise and insight, advanced technology platforms and applications and a global portfolio of flexible service delivery options.

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