Talent Management

The term 'talent management' covers a wide variety of activities, including what the Chartered Institute of Personnel and Development (CIPD) defines as the "attraction, identification, development, engagement, retention, and deployment of individuals who are valuable to an organisation".[1]

But what do we mean by 'talent'? While we often use this word to refer to a quality that someone possesses, in this context it usually refers to groups of people. According to the CIPD, these are "individuals who can make a significant difference to organisational performance".[2] Together, these individuals may form one or more 'talent pools' – groups of people who can be called on by a company to fill business-critical roles when they arise.[3]

The people who comprise a talent pool may be a mix of internal or even external workers who have been singled out as high performers or potential high performers.[4]

Succession planning

Building and managing talent pools allows organisations and managers to plan for future challenges and mitigate risk by carrying out what's called 'succession planning'.

Succession planning aims to have the resources in place "to fill key roles effectively if a current postholder leaves the organisation or changes role".[5] Traditionally, succession planning tended to have quite a narrow remit which focused on job specialism[6] – in other words, preparing employees to take on a specific role by developing their knowledge, skills and experience.

This method took for granted that jobs would stay the same and that employees would spend many years – perhaps even whole careers – with the same organisation. The goal for these companies was to ensure a continuity of leadership so that there would always be skilled people moving up the hierarchy in an orderly way.

However, changing ways of working have made this model less popular. Roles are more dynamic and employees change jobs and careers with greater frequency. This means that if people are promoted from within, they may not rise through the hierarchy step by step anymore.

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[1] CIPD (2023). Talent management. Factsheet. Available at: https://www.cipd.org/uk/knowledge/factsheets/talent-factsheet/ [Accessed 7 October 2024]
[2] CIPD (2023). Talent management. Factsheet. Available at: https://www.cipd.org/uk/knowledge/factsheets/talent-factsheet/ [Accessed 7 October 2024]
[3] CIPD (2023). Talent management. Factsheet. Available at: https://www.cipd.org/uk/knowledge/factsheets/talent-factsheet/ [Accessed 7 October 2024]
[4] Taylor, S. (2021). Resourcing and talent management: The theory and practice of recruiting and developing a workforce. 8th edition. London: CIPD Kogan Page.
[5] CIPD (2024). Succession planning. Factsheet. Available at: https://www.cipd.org/uk/knowledge/factsheets/succession-planning-factsheet/ [Accessed 7 October 2024]
[6] CIPD (2024). Succession planning. Factsheet. Available at: https://www.cipd.org/uk/knowledge/factsheets/succession-planning-factsheet/ [Accessed 7 October 2024]

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The traditional model of succession planning was also criticised on ethical grounds. Selection often occurred in secret, with leaders choosing successors they liked personally, or those who were most 'like them'.[7] This resulted in a lack of diversity in key roles.[8] Modern approaches are usually more transparent, with open competition for places and clear selection guidelines. In addition, they are often more inclusive by involving staff at all levels and working jointly with general career development.

Although there will always be a need to fill specific jobs, modern succession planning also tends to take a broader 'talent pool' approach. This focuses on 'clusters', rather than specific roles. For example, multiple employees might be developed for a range of potential senior roles, with the expectation that each person would be capable of filling one or more of these jobs. In this way, managers can create a flexible talent pool that meets both the long-term and short-term needs of the company.

The talent pool approach to succession planning also delivers other benefits, such as employee retention, which involves helping to keep strong performers with an organisation by offering them clear development pathways. This can protect the company in crisis situations – for example, if key leaders leave their roles unexpectedly. Sound planning practices can also help to enhance the reputation of a business by showing prospective employees that they can develop and progress at the company.

Despite these benefits, succession planning is not always a priority for companies. In a 2021 survey conducted by the Society for HR Management, 56% of its members reported that their company did not have a succession plan. The most common reason given for not having a plan was a lack of time and resources to create one.[9]

Ultimately, many organisations recruit for key positions externally because this brings new ideas and approaches, which are essential to the lifeblood of any business. However, while this may be true, external recruits often lack company-specific knowledge, which can take years to acquire. In truth, it's important to have a mixture – a balance of external and internally developed talent – for an organisation to thrive.

Workforce planning

In order to carry out its talent management strategy effectively, an organisation needs to be able to determine its future workforce needs. This process is called 'workforce planning' and balances labour supply – or skills – with what an organisation demands for optimal functioning.[10] Workforce planning

[7] TalentGuard (N.D.). Keeping manager bias out of succession planning. Available at: https://www.talentguard.com/blog/manager-bias-out-of-succession-planning [Accessed 7 October 2024]
[8] CIPD (2024). Succession planning. Factsheet. Available at: https://www.cipd.org/uk/knowledge/factsheets/succession-planning-factsheet/ [Accessed 7 October 2024]
[9] SHRM (2024). Own the future: How HR can add value to succession planning. Available at: https://www.shrm.org/executive-network/insights/people-strategy/own-future-hr-add-value-succession-planning-spring-2024 [Accessed 7 October 2024]
[10] CIPD (2024). Workforce planning. Factsheet. Available at: https://www.cipd.co.uk/knowledge/strategy/organisational-development/workforce-planning-factsheet [Accessed 7 October 2024]

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uses systematic techniques to assess how a company will be able to meet future people requirements.[11]

The approach an organisation takes to workforce planning depends on the level at which the practice is implemented. These levels may be strategic or operational.[12]

Strategic workforce planning

'Strategic workforce planning' involves an organisation aligning its workforce needs with its business strategy.[13] This type of planning typically looks from three to five years ahead.[14] The process involves analysing the internal and external factors that are affecting a company, and predicting how these will influence future labour needs.

Internal factors consist of the business drivers that affect an organisation's operational and financial results. They include its structure, the efficiency of its operations, the skills of its employees and the quality of its products. External factors are wider societal shifts that might impact a company in the longer term. For example, social, political and economic trends, such as an ageing population or changes in trade agreements. Conducting this type of analysis helps to identify the critical roles and skills necessary to meet an organisation's future goals.

Operational workforce planning

'Operational workforce planning', on the other hand, focuses on more pressing needs – typically looking three to twelve months ahead.[15] This type of planning is about the current needs of a business. It aims to identify skills gaps that need to be filled so that a company can function in the near term. For example, staffing an upcoming IT project or recruiting the right number of workers for a hotel over the summer months.

Responsibilities and stakeholders

The level at which planning takes place will also influence who is involved in the process. Although HR is typically responsible for planning at both levels, a number of other people may contribute. For instance, strategic workforce planning is often implemented at the same time as strategic planning for the business as a whole. For this reason, senior leaders responsible for setting the company's

[11] Taylor, S. (2021). Resourcing and talent management: The theory and practice of recruiting and developing a workforce. 8th edition. London: CIPD Kogan Page.
[12] CIPD (2023). Strategic workforce planning: Guide for people professionals. Available at: https://www.cipd.org/uk/knowledge/guides/strategic-workforce-planning/ [Accessed 7 October 2024]
[13] Taylor, S. (2021). Resourcing and talent management: The theory and practice of recruiting and developing a workforce. 8th edition. London: CIPD Kogan Page.
[14] CIPD (2023). Strategic workforce planning: Guide for people professionals. Available at: https://www.cipd.org/uk/knowledge/guides/strategic-workforce-planning/ [Accessed 7 October 2024]
[15] Local Government Information Unit (LGIU) (N.D.). Local government workforce and capability planning. Available at: https://lgiu.org/publication/local-government-workforce-and-capability-planning/ [Accessed 7 October 2024]

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strategy will also be involved in strategic workforce planning.[16] With operational workforce planning, heads of departments and sometimes line managers may take part.

In either scenario, involving stakeholders from different areas can be very helpful in that it gives a fuller picture of what a company needs. So, while HR typically oversees talent management, succession planning and workforce planning, managers also play a crucial role in these processes' success. This is because HR might design the frameworks for recruitment, development, and retention, but managers are responsible for integrating these strategies into the day-to-day and long-term operations of their teams.

Through activities such as workforce planning, identifying and filling talent gaps, and aligning talent development initiatives with business goals, managers can have a significant impact on the effectiveness of an organisation's talent management strategy.

[16] CIPD (2024). Workforce planning. Factsheet. Available at: https://www.cipd.co.uk/knowledge/strategy/organisational-development/workforce-planning-factsheet [Accessed 7 October 2024]

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