



A Talent Formula

- Dave Ulrich©

We know *it* matters. Some go to war for *it*. Professional sports teams draft for *it*. Actors audition to show they have *it*. Others consider *it* the ultimate solution and try to manage *it*. Agents contract for *it*. Some are innately endowed with *it* while others strive diligently to earn *it*. All try to grow *it*. Talent. *It* is evolving into a science for some HR professionals and a passion for many line managers. A multitude of programs and investments have been made to attract, retain, and upgrade talent. Yet, sometimes after stipulating that talent matters, it is easy to get lost in the myriad of promises, programs, and processes and lose sight of the basics. At the risk of grossly oversimplifying, let me suggest that there is actually a deceptively simple formula for talent that can help HR professionals and general managers turn their talent aspirations into actions: Talent = Competence * Commitment * Contribution.

Competence means that individuals have the knowledge, skills, and values required for today's and tomorrow's jobs. One company clarified competence as *right skills, right place, right job*. Competence clearly matters because incompetence leads to poor decision making. But without commitment, competence is discounted. Highly competent employees who are not committed are smart, but don't work very hard. Committed or engaged employees work hard; put in their time; and do what they are asked to do. In the last decade, commitment and competence have been the bailiwicks for talent. But, we have found the next generation of employees may be competent (able to do the work) and committed (willing to do the work), but unless they are making a real contribution through the work (finding meaning and purpose in their work), then their interest in what they are doing diminishes and their talent wanes. Contribution occurs when employees feel that their personal needs are being met through their participation in their organization. Organizations are the universal setting in today's where individuals find abundance in their lives through their work and they want this



investment of their time to be meaningful. Simply stated, competence deals with the head (being able), commitment with the hands and feet (being there), and contribution with the heart (simply being).

In this talent equation, the three terms are multiplicative, not additive. If any one is missing the other two will not replace it. A low score in competence will not ensure talent even when the employee is engaged and contributing. Talented employees must have skills, wills, and purposes; they must be capable, committed, and contributing. HR leaders can engage their general managers to identify and improve each of these three dimensions to respond to the talent clarion call.

Competence

Competent employees have the ability to do today's and tomorrow's tasks. Creating competence comes by following four steps.

1. ***Articulating a Theory or Setting a Standard.*** Competence begins by identifying the required competencies to deliver future work. Rather than focus on what has worked in the past by comparing low and high performing employees, more recent competence standards come from turning future customer expectations into present employee requirements. At any level in a company, an HR professional can facilitate a discussion about

- What are the current social and technical competencies we have within our company?
- What are the environmental changes facing our business and what are our strategic responses?
- Given our future environment and strategic choices, what technical and social competencies must employees demonstrate?

By facilitating these questions, HR professionals help general managers create a theory or point of view on competencies that leads to a set of employee standards. When



general managers build competence models based on future customer expectations, they direct employee attention to what they should know and do. The simplest test of the competence standard is to ask target or key customers, “if our employees lived up to these standards, would they inspire confidence from you in our firm?” When customers answer yes, the competence model is appropriate; if they answer no, it needs more work.

2. Assessing individuals and organizations. With standards in place, employees may be assessed on the extent to which they met or do not meet standards. In recent years, most talent assessments evaluate both results and behaviors. Talented employees deliver results in the right way. The right way is defined by the competence standards I described in step 1. These behaviors may be self assessed by the employee and others through a 360 by subordinates, peers, and supervisors. But, to provide a holistic view of externally facing employees, they can also be evaluated by those outside the organization: suppliers, customers, investors, community leaders, and other external stakeholders. This shifts the 360 to a 720 (360 times 2 = 720). This assessment the individual know what to do to improve and it also provides valuable input to the organization about how to design and deliver HR practices to upgrade talent.

3. Investing in talent improvement.. Individual and organizational gaps may be filled by investing in talent. In our work we have found six investments that may made to upgrade talent. We have categorized these HR investments in six areas:

- Buy: recruiting, sourcing, securing new talent into the organization
- Building: helping people grow through training, on the job, or life experiences
- Borrowing: bringing knowledge into the organization through advisors or partners
- Bounding: promoting the right people into key jobs
- Bouncing: removing poor performers from their jobs and/or the organization
- Binding: retaining top talent



When HR professionals create choices in these six areas, they help individuals and organizations invest in future talent.

Following-up and tracking competence. Hoping for talent won't make it happen. Ultimately, talent measures should be derived to track how well individuals are developing their skills and how well the organization develops its talent bench. Individual employees can be tracked on their understanding of their next career step and their capacity to do it. Organizations can track the extent to which back ups are in place for key positions. Leaders who are measured on how much money they contribute to their company can also be assessed on the extent to which they are talent producers rather than talent users.

These basic four steps will help HR professionals and general managers ensure competent employees to do today's and tomorrow's work. In the last twenty years, almost all companies have done at least minimal work in these four areas.

Commitment

Competence is not enough. Commitment means that employees are willing to give their discretionary energy to the firm's success. This discretionary energy is generally conceived as an employee value proposition. An employee value proposition makes a very simple statement: employees who give value to their organization should get value back from the organization. The ability to give value comes when employees are seen as able to deliver results in the right way.

Those employees who give value should get value back. In many studies of employee engagement, researchers have identified what employees get back from their work with the firm. Almost all consulting firms have engagement indices that can be used as a pulse check to track employee engagement.



Generally, these instruments suggest that employees are more committed when their organization offers them:

- Vision: a sense of direction or purpose
- Opportunity: an ability to grow, develop, and learn
- Incentives: a fair wage or salary for work done
- Impact: an ability to see the outcome or effect of work done
- Community: peers, bosses, and leaders who build a sense of community
- Communication: knowing what is going on and why
- Entrepreneurship or flexibility; giving employees choice about terms and conditions of work

When these seven dimensions exist in an organization, we suggest that employees have a VOI²C²E. They demonstrate their engagement by being at work on time, working hard, and doing what is expected of them. Commitment (not just satisfaction) may be measured through surveys or productivity indices.

Contribution

One of our colleagues graduated from a top business school (a surrogate for competence), got her ideal job, and was willing to work very hard (commitment). But, after about a year, she left. She still savored the job and was willing to work hard, but she felt that the job was not helping her meet her needs.

In recent years, many people are finding that traditional organizations (families, neighborhoods, hobby groups, church's) where people's needs have traditionally been met are faltering. As employees work longer hours with technology removing work/life boundaries, companies need to learn how to help employees meet their needs. When people have their needs met through their organizations, they feel that they are contributing and finding abundance.



My wife, Wendy Ulrich, and I have scoured theory and research from positive and developmental psychology, individual motivation, personal growth, and organization theory to figure out what organizations and leaders can do to help employees find abundance. We have identified seven questions that leaders may help employees answer so that employees feel an abundance in their work. Abundance occurs when individuals feel that they are contributing.

- Who am I? How does the employee identity meld with the company reputation?
- Where am I going and why? How can the organization help the employee reach his or her goals?
- Who do I travel with? How does the organization build a community of support so that an employee feels connected?
- How well do I practice spiritual disciplines? How well does the organization practice spiritual disciplines of humility, service, forgiveness, gratitude, and others?
- What challenges do I enjoy? How does the organization help an employee find challenges that are easy, enjoyable, and energizing/
- How well can I access resources? How does the organization help the employee manage health, space, and financial requirements?
- What are my sources our delight? How does the organization help the employee have fun?

When managers help employees find answers to these seven questions through their participation in the organization, these employees will find abundance in their lives and feel that they arc contributing.

Talent is not an *it*, some abstract, unknown, and impersonal set of ideal principles. Nor is *it* a random set of programs and policies that evolve according to the whims of talent-fashion.



Using the simple (and simplistic) talent formula: competence * commitment * contribution, leaders and HR professionals may join in helping talent become a reality. *It is worth doing.*

- Dave Ulrich and Lynda Gratton will address an audience of private and public sector professionals at The Forum in Bryanston on August 19 and 20, run by Global Leaders. For more details, go to www.globalleadersevents.com