Creating Talent Agility

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Background

As in all our previous articles, we will use the Business Value Model™ (BVM) to discuss the above theme from different business perspectives.

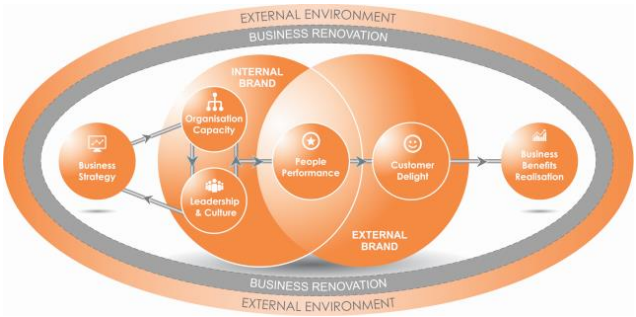

Figure 1: Business Value Model™

In summary, the BVM utilises the following logic:

- Reading the model from right to left, the realisation of specific business benefits (such as operating profit, top-line revenue and market share),
- are dependent on the creation of customer delight (loyal and satisfied customers),
- which is a direct result of the delivery of value added products / services
- by high performing people
- who work in a fit-for-purpose work environment (organisation capacity with respect to business process, organisation structure, human capital, information flow and technology),
- who are led and managed by capable, competent and credible leadership
- towards a common goal and strategy
- that address the dynamics of the competitive landscape in an innovate manner that builds the business brand and reputation.

The Idea in Brief

Seen from the perspective of the inavit iQ Business Value Model™, there are multiple areas of focus, all demanding and deserving attention of talent at the same time.

In this article we discuss the theme talent agility and unpack its definition, consider outdated employment models, look at the emergence of the open workforce, define the talent agility gap, how to assess the talent agility gap and conclude with considerations to bridge the talent agility gap.

Seen from the perspective of the inavit iQ Business Value Model™, it is a key concept that whilst high performing people presupposes capability, competence and the business having the required talent complement, the agile workforce is one that also embraces

market and operational changes as a matter of routine. An agile business is change proficient, but requires at the smallest common denominator level, an employee who is well equipped to deal with the realities of a fast paced and constantly changing world of work. It is the sum of the latter that allows business to quickly and with purpose, respond to both threat and opportunity.

Problem Statement

Wherever one turns, one comes across someone who experiences the current world of work as more complex than what it was a number of years ago. Descriptions like 'complexity', 'volatility' and 'the speed of change' are increasingly being used in both formal and informal conversations.

At a business level this is also true, and what was once seen to be a business competitive position can literally change to a non-competitive position within a very short period of time, usually months, but sometimes also weeks. This requires of business to explore innovative ideas to become more agile, flexible and efficient. It further requires the capacity not just to change what a business is doing, but also how well it is done. Considering the importance of skills development, it can easily be argued that the latter is a key contributor towards competitiveness; a business without the requisite skills will be severely hampered. The reality is, however, that the pace of change required to keep up with revised and new skills requirements as well as the quantum of change associated therewith, is increasing exponentially.

In view of the above statements, an intuitive awareness exists that companies have to get better at changing; what is much less certain is **what** companies must do in order to become more agile, nimble and light-footed.

The authors of The Agility Factor (2014), argue that "*organisations need to change their approach to talent management*" (Worley *et al.,* 2014). Like many others, they point out that "*the career model of employment does not fit with the need for organisation agility, nor with the expectations of many 20-35 year olds. Organisations need to be able to quickly add new technical skills and levels of performance. This requires a workforce that is willing and able to do new things in new locations – with different technologies and with different organisation and job designs.*" (Worley *et al.,* 2014).

Talent Agility Defined

Management Study Guide (MSG) argues that "*whilst organisations have always needed people, the big difference is that in the current times they need people who can respond to change effectively and frequently. More precisely, they need people who are agile in their thoughts and approach; those who are flexible and can easily and repeatedly adapt to changes, both internal and external.*" (www.managementstudyguide.com/talent-agility).

Defining the agile workforce can therefore be expressed as follows:

- The ability of a business to appropriately deal with, adapt to and respond to its external environment;
- The pace of the above adaptation and response needs to be characterized by nimbleness; and
- The employees of the business need to anticipate continuous change and be willing to equip themselves to cope with and respond to a changing future.

From a business perspective, talent agility is having the requisite talent; the following characteristic talent elements contribute towards agility:

Figure 2: Talent Agility Elements

The abovementioned talent agility characteristics can be defined as follows:

- Anticipate & respond to change: Capacity to foresee and predict change impact and implications.
- Can handle volatility: Emotional maturity to deal with unpredictability.
- Creative & experiments: Willing to imagine and explore with alternative solutions.
- Self-starter & motivated: Intrinsically inspired and focused.
- Innovate & drive change: Ability to invent, renew and remodel.
- Can move out of comfort zone: Capacity to stretch own boundaries and status quo.

When the above elements are in play, it contributes towards agility. The reason for this is that agility has the capacity to pull together the contribution of people, systems, processes and technology. Employees that have taken the decision to be agile and mastered the skills associated therewith, will collectively display a set of behaviours that will allow the business to view and respond to change as a normal business activity. When agility is part of the business culture and change occurs, neither the employees nor the system will be stressed, as change is regarded as part of the normal business rhythm.

Establishing the above will require practice and deliberate or simulated exposure to change; the end goal is to influence the agility capacity of the whole system and thereby improve other outputs like quality, speed, joint focus and, subsequently, sustainability.

Outdated Employment Models

A review of the approach towards talent models, especially those of the last 50 years, shows that they were predominantly characterized by employment contracts in

which employees dedicated an entire career to one employer; as such, the status of employment was much more permanent in nature. This may have been sustainable for some period of time post WWII and in an age and era where limited change occurred, but it is no longer the order of the day. Current work experiences are much more associated with "*continuous disruption and volatility*" (Sanders, 2015).

In his 2002 book *The Future of Success: Working and Living in the New Economy*, former US Labour Secretary, Prof. Robert Reich, stated that career expectations such as "*steady work with predictably rising pay*" and "*be loyal to the company and the company will be loyal to you*" were quickly becoming outdated (Reich: 2002). Salim Ismail, in his book *Exponential Organization's* went on to describe a permanent full-time workforce as being "*fraught with growing peril as employees fail to keep their skills up to date, resulting in personnel in need of greater management*"(Ismail et al., 2014).

Whilst the permanent employee model may have previously played its part and provided some much needed stability from a retention and employee engagement perspective, the very model is no longer the optimal choice when considering the implications and requirements of agility and competitiveness.

The Emergence of the Open Workforce

With a deliberate move-away from the permanent employee model, it has become opportune for companies to consider other approaches towards acquiring and retaining talent.

Therefore a new concept was introduced, referred to as the so-called "open workforce". According to Sanders (2015) this is "*a new, more flexible talent model that balances an organisation's internal talent with external talent who bring on-demand, specialised skills to drive success. External talent providers include outsourced service providers, traditional consulting firms, temporary staff, independent consultants, and others.*" This does not mean that there is no room for the permanent employment model, but it indeed is no longer the more prevalent option or choice of talent procurement.

Research conducted by Chartered Global Management Accountants, which involved more than a 1000 senior executives around the world, showed that:

- for 7 out of 10 companies, up to 20% of their total workforce was made up of external talent, whilst
- for the other 3 out of 10 companies, at least 50% of their workforce was from external talent sources.

According to Sanders (2015), the "*same research revealed organizations plan to increase all forms of external talent in the future.*"

The lesson to be learnt from the above is that the open workforce approach indicates a gradual shift towards the way in which talent pools will be managed in future. Companies that are willing to adapt and make use of the open

workforce approach will be better positioned to deal with access to more relevant, appropriate and applicable talent. An 'Open Workforce' would also require a shift in the way we think about organisation structure, processes and way of work. As such, the organisational environment also needs to be aligned, so as to successfully enable and mobilise such a workforce (can't sit with a situation where we have agile talent in a fixed environment).

The Talent Agility Gap

The talent agility gap can be referred to as the challenge a company experiences between talent rigidity (sticking to old ways of doing things whilst change is occurring) and talent agility (adapting to new ways of doing things whilst change is occurring). The bigger, more settled and mature a business is, the more difficult it is to change a culture to being more agile.

According to MSG, there have been a number of studies in this field, which showed the following:

- *Organisations understand that top-quality talent plays a critical role in gaining competitive advantage; and its shortage affects their ability to compete and innovate.*
- *Organisations displaying talent priorities attract talent through diverse sources and place appropriate plans, strategies and budgets to attract top-quality talent.*
- *Organisations, in the face of ever growing competition, depend considerably (+50%) on a highly flexible workforce.*
- *Highly agile companies admit that HR, operations and procurement must focus on strategic talent priorities"* (www.managementstudyguide.com/talent-agility).

Another study was conducted by Teresa Carrol from KellyOCG, in collaboration with Inavero, where they surveyed 267 talent buyers and 359 talent suppliers. Their research pointed towards the following 10 key findings:

1. *Companies plan to use more flexible and contingent labour.*
2. *For mid-size companies, the talent shortage is particularly acute.*
3. *The largest companies face a "talent agility gap." Buyers clearly understand accessing top-flight strategic talent is critical, but have not made the necessary investments to demonstrate true commitment to the issue.*
4. *US companies signal the highest level of commitment to attracting and retaining top talent, even if their current investments and infrastructure don't reinforce the idea.*
5. *Both buyers and suppliers claim workforce demographic and psychographic considerations are important, but most buyers don't regularly consult worker preferences or deploy variable talent.*
6. *When faced with a choice, buyers much more often prioritize cost savings and access to talent over risk management.*
7. *Suppliers say their large-company clients emphasize cost savings, even while respondents from large companies place nearly equal importance on both cost savings and access to talent and, in practice, will tend to prioritize the availability*

of talent over cost when needed.

8. *While many point to internal company silos as serious hurdles to holistic talent management, this research shows more agreement than dissension among diverse functional areas about what it takes to move forward.*
9. *Those companies with the highest commitment to strategic workforce planning tend to score well in a variety of categories; and lastly*
10. *Best-in-class companies are more likely to use flexible labour and much more likely to engage in sophisticated talent supply chain tactics, such as workforce planning.*

Whilst organisations may admit the need for having a highly skilled, flexible and agile workforce, they still face numerous challenges related to budget constraints, or sometimes even just not being keen or sufficiently aware.

Assessing the Talent Agility Gap

MSG continues to argue how important it is to first assess the status of a company's current talent, before filling any talent gaps. This will assist the company in gaining a clear picture of what it…

- *must get rid of;*
- *should continue to do;*
- *need improvement on; and*
- *should do next to improve talent agility.* (www.managementstudyguide.com/talent-agility)

The following questions will provide guidance in making the right decisions when considering talent gap closure:

- How do you define talent in your business, i.e. when would someone be regarded as talented?
- Do you have a talent balance sheet, i.e. know who meets your talent requirements and who not?
- How do you measure or assess talent compliance?
- Do you know the talent requirements and status of your competitors?
- Do you provide for career growth and succession opportunities in the business?
- Are employees clear on the expectations, roles and responsibilities related to their portfolios?
- Do you allow for job rotation and multi-skilling?
- Are employees exposed to a multiplicity of learning opportunities?
- Are managers motivating and encouraging employees enough, so that they will be able to deal with sudden challenges?
- To what extent are you able to rapidly tap into the external talent market (open workforce)?; and
- Do you understand what your current talent pool mix is and the status of talent supply and demand, both internal and external?

Drawing conclusions from the above questions will assist companies in understanding "*what processes are outdated, what needs to be changed and what new things need to be implemented. You will be able to spot the talent*

agility gap while also gaining clarity on how to bridge this gap."
(www.managementstudyguide.com/talent-agility).

Bridging the Talent Agility Gap

Here are some options to consider in order to bridge the talent agility gap. Whilst it is not presented as an all-inclusive list, it definitely will assist in commencing with some reasonable initiatives to improve the quality of a company's talent pool.

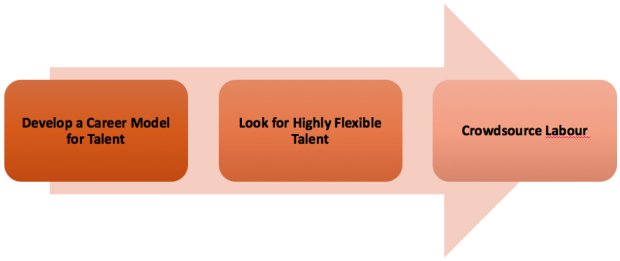

Figure 3: Ways to bridge the talent gap
(www.managementstudyguide.com/talent-agility).

- **Develop a Career Model for Talent**
  - The key principles to be contained in a career model are the following:
    - Employees have a detailed understanding of job profile expectations and deliverables;
    - Employees know that they will be equipped with the requisite skills, in trade-off for retention of services;
    - Skills development will be an ongoing initiative; life-long learning becomes a non-negotiable;
    - The continued focus on development also has motivational and engagement benefits for the company and the employee.

- **Look for Highly Flexible Talent**
  - This method of employment does not guarantee job security at all, neither does it purport to offer any type of career. But it does operate from the premise of high remuneration for as long as the skills base of the employee remains relevant and deployable. The company therefore does not carry the responsibility of skills development and trades off such investment against higher margin remuneration, whilst the employee carries a 100% risk of being skills relevant.
  - According to MSG *"this approach has been adopted by many companies of repute, such as LinkedIn wherein they tell individuals that they will be highly paid and can remain in the job as long as they are able to perform brilliantly. This is about finding the expert skills right away, so that there's no need to train and develop employees. They begin with work as soon as they are hired." (www.managementstudyguide.com/talent-agility).*

- **Crowdsource Labour**
  - Another option for open workforce talent procurement is referred to as 'crowdsourcing' which is defined as the contracting of an expert to deliver on a pre-contracted piece of work (usually project related) at a contracted price, over a contracted period of time. From a

budget perspective this type of talent contracting is extremely beneficial, as it excludes having to factor in a variety of benefits associated with permanent contracts.

In summary therefore, the talent agility gap can be closed with the following options, as visually depicted hereunder.

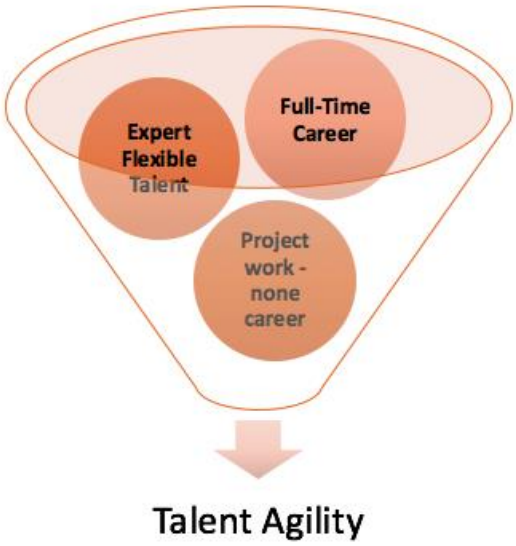

Figure 4: Options to close the talent agility gap

The above options will require exploration, as some may have a stronger impact than others.

Conclusions and Final Remarks

In this article we discussed the ever growing challenge of talent agility, how to recognize it and how the talent agility gap can be bridged.

Key conclusions are the following:

1. The quantum and pace of change is exponential and ever-increasing;
2. Requiring an agile workforce is no longer a nice to have, but a must have, to survive and be competitive;
3. Talent agility can only be experienced at an organisational level if it is prevalent as part of individual employee talent practices;
4. The emergence of the open workforce is an approach that may contribute towards agility;
5. Closing the talent agility gap is possible, but will require using flexible labour and a more dedicated focus on sophisticated talent supply chain tactics.

As always, we also invite all our readers to engage in conversation with us about this article. Questions, comments, challenges – all will be welcomed as input into also shaping and enriching our own thinking.

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