

White Paper, January 2012

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Managing Your People Assets – A Focus on the IT Talent Pool

Abstract

Due to ICT's ubiquitous nature, the IT function holds a strategically important role in many organizations today. The IT function not only supports day-to-day operations and business continuity, but due to technology's evolution from roles of *automate* to *informate* to *transformate*, the IT function also plays an important part in how ICT can enable and facilitate radical organizational change. Therefore, the people assets of the IT function are a key resource that needs to be effectively managed. The principles of Talent Management, which recognizes the differential impact of employees in delivering value to the organization, are examined in this white paper. Key talent sources for the IT function need to be identified and recruited; rewarded in line with their performance contributions; developed through appropriate training programmes/schemes, and retained. One approach to determining the effectiveness of organizations in managing the IT function's 'A performers' is to determine the current maturity of their People Asset Management (PAM) capabilities. The PAM Critical Capability of IT-CMF is proposed as a useful maturity assessment tool to enable organizations to establish roadmaps or action plans to improve the current maturity of strategic workforce management and employment life cycle activities of the IT function. Such increased maturity would improve practices surrounding the identification and management of key talent sources.

KEYWORDS: Talent management, IT-CMF, strategic workforce management, people asset management, employment life cycle

1. Introduction

Today, employees' capabilities and the knowledge they have acquired can represent strategically significant organizational assets (Kiessling and Harvey, 2006). Much of the knowledge that serves as a source of advantage is tacit in nature; consequently it is difficult to formalize and share due to its highly personal nature and its embeddedness in people's actions and experiences. Because of the strategic significance of many employees to an organization's success, understanding how to manage these workers and optimize their contributions is an important learning point for any organization.

The focus of this white paper rests with the management of the people assets of the IT function. IT functions play an important role in supporting the day-to-day business, in

safeguarding business continuity, and in ensuring that the organization's operations and policies are aligned with the enterprise objectives and strategic direction. For these reasons, the capabilities and intangible resources of the IT employees need to be effectively managed. Organizational maturity in effectively managing IT function workers may be questioned based on a recent Digital Times survey. The 2011 survey of 700 IT professionals in Ireland found that approximately half of IT professionals did not feel secure in their jobs; one-third maintained that their skills were not matched to their job role, and words such as 'numb', 'frustrated' and 'unchallenged' were used to describe their work. Loss of these employees could represent a 'brain drain' from the perspective of the organizations employing them.

2. Relating Talent Management (TM) Principles to the Employees of the IT Function

Since McKinsey consultants coined the phrase the “*war for talent*” in the late 1990s, Talent Management (TM) has become an important managerial activity (Hartmann et al, 2010; Scullion et al, 2010). TM is concerned with developing strategy; identifying talent gaps; succession planning; and recruiting, selecting, educating, motivating and retaining talented employees through a variety of initiatives (Groves, 2007; Guthridge and Komm, 2008; Ringo et al, 2010). Employees’ knowledge, skills and competences need to be maximized and recognized as a distinctive source of competitive advantage (Collings and Mellahi, 2009; Lewis and Heckman, 2006). However, employee capabilities add varying degrees of value to the organization. For example, research by Heinen and O’Neill (2004) reports that the best 10%–15% of organizational performers give rise to performance output improvements ranging from 19%–120%. Ultimately, this is where TM differs from other HR approaches. TM is concerned with identifying the key positions that have the potential to differentially impact the organization’s competitive advantage and with filling these with ‘A performers’ (Huselid et al. 2005).

Due to the diverse range of specialisms that personnel may possess in the IT function, understanding the IT function’s key talent gaps, and recruiting, developing, rewarding and retaining key talent sources, may help improve the IT function’s performance capacity. This section focuses on a number of key talent management principles that may be adopted in managing the IT function’s key people assets.

2.1 Identifying and Recruiting Key Talent

Organizations need to strategically manage talent flows so that individuals with the needed competences are available, when needed and are aligned with the right jobs based on the organizations objectives (Iles et al, 2010; Tarique and Schuler, 2010). The difficulty with identifying ‘A performers’ stems from the fact that talent is a tacit resource, and considers *potential* and not just *actual performance*. In order to ensure the most appropriate talent is effectively deployed, some researchers (Collings and Mellahi, 2009; Huselid et al, 2005) focus on those pivotal talent positions that may impact on organizational competitive advantage. Talented employees are identified to fill those positions by recruiting ‘ahead of the curve’. Recruitment has significantly evolved, from a time-consuming process bound by limitations of traditional communication channels, to a sophisticated process that is heavily influenced by web technology. Online screening and analysis tools, such as resume analysis programs and online pre-employment assessments, facilitate the identification of

key talent sources from the resultant increased applicant pool (Frank and Taylor, 2004).

2.2 Evaluating Talent Performance

Performance management helps in identifying those workers who are performing best, and provides feedback on employees’ roles and expected performance standards (Debowski, 2006). Success metrics helps quantify performance and identify those who contribute most to organizational activities. Value metrics (e.g. revenue per employee), as opposed to activity-based metrics (e.g. number of training hours) are important in communicating TM’s success (Farley, 2005). As an example of a performance review process, General Electric (GE) has developed a structured leadership review cycle called Session C for assessing its leadership talent and determining its performance level, job accomplishments, strengths, developmental needs, etc. Leaders are rated on their performance and promotion potential using a nine-block matrix. This helps in identifying the organization’s high performers and in implementing initiatives for addressing developmental needs (Whelan and Carcary, 2011).

2.3 Developing Talent

Training solutions for talent development need to be responsive to dynamic competitive conditions and aligned with competency requirements. High-quality training programmes help assess employee skills; identify required competences; develop skills, knowledge and attitudes; and improve performance (Abel, 2008). Effective, competency-based training regards employees as active participants in the process, emphasizes problem-solving, and demonstrates performance methods during on-the-job training. Such training solutions can range from single-event training workshops to expansive programmes aimed at sustained cultural change (Debowski, 2006).

2.4 Succession Planning

Succession planning involves preparing for the organization’s next senior team, developing a talent pool for internal recruitment by cross-skilling employees, and/or by ensuring the organization is future-proofed with respect to skills availability (Hills, 2009). Succession planning that involves continually recruiting, training and promoting employees is not only necessary to prevent a brain drain of corporate knowledge, but is also important in identifying required competences and communicating needed skills (Jones, 2008). TM needs to continue developing high performers for potential new roles, identify their competence gaps, and implement initiatives to enhance their competences and ensure their retention (Cairns, 2009).

2.5 Talent Retention

Much has been written in the TM literature on factors contributing to talent retention. Tymon et al (2010) found that the key predictors of employee's intention to leave are satisfaction with and pride in the organization and perception of it being socially responsible. Hygiene factors (i.e. compensation, benefits, location) directly affect career success, while career success and intrinsic rewards indirectly contribute to reducing talent loss. Other factors include building trust and open communication channels into the employer-employee relationship (Frank and Taylor, 2004) and fostering employee engagement (Tarique and Schuler, 2010). Planning effective reward and recognition programmes that include both monetary and non-monetary incentives requires an understanding of the organization's employee base and of what motivates talent to come to work, to be productive, and to develop expertise. Several reward and recognition models are adopted by organizations including traditional compensation packages, executive compensation, flexible compensation, perks, and informal and formal recognition (Debowski, 2006; Inskip and Hall, 2008). For some employees, recognition may take the form of providing career development programmes that match the individual's career aspirations.

3. Improving Organizational Maturity in Managing the IT Function's Talent – The IT-CMF Approach

One of the initial steps an organization needs to take in more effectively managing its IT function employees and its key sources of talent is to understand how effective it currently is in its workforce management practices and to identify its key areas of strengths and weakness. One approach to so doing is to use a maturity framework to understand how mature/advanced it is in relation to industry benchmarks. The IT Capability Maturity Framework (IT-CMF) is one such innovative and systematic framework, enabling CIOs/CEOs to understand and improve their organization's maturity and enabling optimal business value realization from IT investments (Curley, 2004; 2007). The framework acts as an assessment tool and a management system with improvement maps that help organizations to continually improve their IT capability over five levels of maturity. IT-CMF consists of four integrated IT management strategies (macro-capabilities) that underpin value-oriented IT management: managing IT like a business, managing the IT budget, managing the IT capability, and managing IT for business value. These four macro-capabilities comprise 33 critical capabilities (CCs) that represent key activities of the IT organization in delivering IT solutions and optimizing the associated business value generated.

3.1 The People Asset Management Critical Capability

The *People Asset Management* (PAM) CC of IT-CMF is focused on managing the human resources of the IT function in order to: a) enable the IT workforce and b) meet an organization's demand for employees with respect to its quantitative requirements (i.e. the number of employees) and its qualitative requirements (i.e. skill sets and experience level).

3.1.1 *The Scope of PAM*

The PAM CC is focused on 12 capability building blocks, which are centred on key activities associated with strategically managing the IT workforce and the employment life cycle (see Figure 1).

The Strategic Workforce Management category is focused on the development of an IT HR strategy that is aligned with the global HR and IT strategies; the implementation of global HR policies such as vacation and overtime within IT; the definition of IT-specific job families and IT-specific development models that outline career paths; the development of an IT compensation and incentive system that is linked to performance evaluation; the definition and management of target IT culture, and the management and monitoring of employee satisfaction.

The Employment Life Cycle Management category is centred on managing employer IT branding and defining an effective IT recruitment process; managing the deployment of IT employees into specific jobs; managing the performance evaluation process, and establishing an identification process for high potentials; educating, training, mentoring, and coaching in order to effectively develop employee competences; managing the promotion process based on defined career paths; implementing a succession plan; and managing the attrition process, knowledge transfer, and alumni relationships. Maturity level statements reflect the key characteristics of the PAM CC across five levels of maturity – initial, basic, intermediate, advanced and optimizing (see Figure 1).

IVI's PAM approach is designed to reflect the specific management needs of IT employees, especially in the area of IT-specific job families and development models, technical career paths, and recruitment. As outlined, it also reflects coverage of the entire employment life cycle from recruitment through to attrition.

Figure 1: PAM focus and Maturity level details

Focus		Maturity	
Category	Capability building block	High	
Strategic workforce management	IT HR strategy	Maturity levels	5 Processes and models for people asset management are frequently refined and optimized.
	Corporate HR policies		4 Stable and reliable processes for effective and efficient management of the IT workforce and the employment life cycle. Alignment with global HR and IT strategies.
	Job families and development model		3 Standardised processes for people asset management. A detailed IT HR strategy defines long term needs. Job families and development models exist for all areas.
	Compensation		2 Active management of the IT workforce for some areas only. Basic job families and development models defined and basic employment life cycle management processes in place.
	Culture and satisfaction		1 Ad-hoc management of the IT workforce and ad hoc management of employment life cycle activities.
Employment life cycle management	Recruiting		
	Deployment		
	Performance evaluation		
	Development		
	Promotion		
	Succession planning		
	Attrition		
		Low	

3.1.2 The PAM Assessment Approach

The IT-CMF PAM assessment approach enables an organization to determine its current and desired PAM maturity level via completion of a detailed online assessment tool by IT personnel, business managers, and other stakeholders actively involved in a PAM process. The analysis of the assessment data, supplemented by data gathered via in-depth interviews and insights of key assessors, enables an organization to understand the practices required to transition over time from their current maturity level to their desired maturity. The assessment also provides a valuable insight into the similarities and differences in the views of key stakeholders on both the importance and the maturity of individual capabilities, as well as the overall vision for success. Plotting current levels of maturity and strategic importance enables an organization to quickly identify gaps in capabilities. This is the foundation for developing a meaningful action plan. Improvement roadmaps – with key practices, outcomes, and metrics (POMs) – can be assigned to key stakeholders. The organization’s maturity can be benchmarked against the industry average via data collected by IVI, and this provides insight into the organization’s risk of competitive disadvantage due to below average maturity or potential overinvestment in its PAM capabilities.

3.1.3 Organization Benefits of Maturing PAM

The outcome from a PAM assessment approach helps an organization to understand its capability in managing its IT personnel, including those who represent the key sources of talent. Through investing in maturing this PAM capability, a CEO/CIO may experience increased staff productivity; for example, via:

- Ensuring an effective recruitment process, through supporting the identification of the best-qualified candidate; that is, the key talent for the required job profile
- Effective talent identification and management
- Focused and effective training and education for IT function employees in order to develop critical competencies
- Higher employee motivation and lower attrition rates
- Satisfaction with management as a result of regular employee surveys and identification of appropriate measures

Concluding Remarks

IVI's PAM assessment approach provides opportunity for organizations to understand their current capabilities surrounding the management of their IT function personnel. It supports the development of action plans to mature the organization's PAM capability over time, and thereby improve its ability to manage, develop, and retain the key sources of talent within the IT function. Therefore, the IT-CMF PAM assessment approach both *supports* and *enables* effective Talent Management. Given the strategic significance of employees and intangible resources in differentiating organizations from the competition, maturing their PAM capability may be one of the key priorities for many organizations in the near future.

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This white paper was edited by Thomas Keogan of Tekcomm Technical Writing.

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