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The Talent Economy With-in

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In Organizations, we battle with multiple factors from talent attraction to retention. In this process we create a sense of simplicity by focusing on two worlds – external and internal. The external world is focused on economic opportunity – for the organization and for the individual. This explains why in a given market the talent mobility is higher or lower, impact the price of talent (as different from cost of talent), and the internal world is focused on equilibrium, the efforts to keep workforces in balance in quantity and quality.

The 'talent economy with-in' is a bridge between the two worlds. *It is but necessary to understand that the forces that drive economic opportunity externally, actually equally drive economic opportunity internally.* This in turn results in the downstream tangibles of retention and cost of talent.

In this journey to examine the elements of 'talent economy with-in', it is important to establish the basic premise. That the phrase 'war for talent', in my view, is an over-rated phrase basically used by Organizations who haven't anticipated or managed their talent strategies well. It is no different from saying 'war for customer loyalty' or 'war for share of customers'. There are cyclic periods of supply and demand that inter-play but anticipation and organization agility to manage these cyclic periods is an outcome of strategic soundness.

Five specific forces primarily influence the 'talent economy with-in':
1. Leadership
2. Brand
3. Price Vs Cost Mindset
4. Investment
5. Institutional Strengths

1. Leadership

The most talked about element in any competitive scenario. Countries are rated on Leadership. Sustainability, GDP Growth, Poverty alleviation, institutional strengths, market attractiveness, political robustness, all of which are an outcome of Leadership mind-set demonstrated as a collective mind-set over decades and in some cases over centuries. Leadership singularly drives Organizations P/E ratios to be higher than the industry or market averages. Leadership singularly drives a DNA that attracts and retains talent in higher ratios than the market or Industry. The successive leaders, who have established direction, shaped Organization culture indicates to a sustainable DNA that is well ingrained.

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It is indicative of multiple elements of judgment working to deliver sustainable and predictable results. In this case – Culture. There is no good or bad culture. There are successful and unsuccessful cultures, these are reflected in how people get glued into an Organization and succeed. Successful culture is indicative of a DNA that helps people be successful either as individuals or teams.

Successful cultures will always depend on Leadership – individual and collective. Not at the top but in a paradigm that everyone in the Organization can be a Leader in their sphere of work area. A predominance of this thinking is where we see successful cultures.
In these Organizations, if you ask the CEO, who are the leaders in your Company?, he or she would most naturally introduce you to the people who touch customers every day in a superior manner or manage the brand to live up to its promise every day.

Good talent internally will always gravitate towards working with Business Units or Functions or Teams that have Leaders who create a successful culture. In an uneven Leadership environment, where there are pockets of successful and unsuccessful cultures with an Organization, the talent flow and retention is skewed towards Leaders who create successful cultures. The chances are that such leaders will continue to do so in any market, industry or business unit as they have the intrinsic ability to create successful culture as independent from the Organization's ability to replicate successful cultures.

2. Brand

Well, I am not a Brand Guru. But I am convinced about one thing: A strong external brand to customers does not always equal a strong internal brand to employees. A disconnect between the two are common and often indicate an unsustainable business. For those of you who focus on measurements being the ultimate belief – % of brand spends to Sales or Profits is no different from % of talent investments to Sales or Profits.

The wage bill is the cost of doing business, not the price that the Brand stands for. So if the internal brand investments on Talent were disproportionate to the trends on external brand spends, it is reflective of leadership thinking that puts customers only in the focus and not the employees. Organizations that are evolved and convinced enough to say 'employees first' always have a balanced Brand internally as much as externally.

Across organizations, and especially in the consumer or services industry, the most successful brands are the ones where there is good connect between the consumer demographics and the workforce demographics. Sustainability in any given market segment comes from driving inclusive growth and staying close to the consumers or customers. An Organization's ability to understand the consumers better comes from workforces that are from the consumer base.

When this demographic connect is established, the brand equilibrium is at its best. This is when the internal employees have the highest brand loyalty. Importantly, this also naturally ensures that talent strategy; people processes, rewards etc are all aligned to building a consistent brand externally and internally.

3. Price Vs cost mindset

How do we price talent Vs cost talent? This equation is similar to the discussion between creating a brand that can price itself to deliver value to both the customers and the Company. For years, the rigours of managing a P&L; in a predictable manner have forced business leaders and HR leaders to critically evaluate as a 'cost of holding the talent' in the context of the organization, market or industry.

In a given industry, market or state of organization, it becomes critical for Organization to view talent as a portfolio that can be evaluated. Of course, talent as assets has been fairly well researched up and views articulated. But in the talent economy, its not so much of valuating the assets, it is about pricing it right so that the talent pool reflect the brand. When you price your product right, the value is perceivable and clear. Employees with in an Organization evaluate Organizations by how the principle of talent pricing is consistently articulated and applied.

This element of the talent economy with-in is more focused on a comprehensive price of the invested talent pool than just being driven by demand and supply equations existing in markets or industries. In many ways, if a Company were to be evaluated purely based on the ability to generate intellectual property, what would be the offer price?

Employees actually bid for Organizations or business units within the organization based on how they perceive the invested value of talent in the Organization. At a basic level it drives decision making processes very similar to that of a product buyer. At a macro level, it drives creation of brand loyalty and a notion of right price to be 'sticky' with an Organization.

4. Investment
Value creation, unlocking value are terms well understood. However, they are equally applicable to talent pools with an Organization as much at a market or industry level. This creates a clear pull for talent to come into Organization and unleash themselves.

This element emphasis the need for ‘continuously invested resources’ to generate greater value. It signifies the ability of the organization to generate sources of investment and ideas to build for the future. The ability to anticipate customer and market changes and invest in creating an organization that adapts or adopts the change determines the survival not just the glory. Organizations like Countries with an investment focus on the core sector.

They value the ability of the governments to focus on investing in enablers than purely play a regulatory role. With in an organization, employees value continued investment – knowledge for a sustained business, building strategic capabilities and building infrastructure for the future. The message of investment that Companies put out in their talent pools is a key indicator on the sustainability of their success.

These investments at times can be very collaborative, for example, lending experts in nation building imperatives, cross – industry collaboration to create new synergies, to come with the ideas for future life on planet etc. These attract talent even if they were indirectly associated with the projects or ideas. This pull is also reflected within an Organization where talent consistently is focused upon moving into certain parts of the business. Often the key indicators are simple but take a long time to make the indicators work. For example, invested talent pools often have at least one successor for key roles. In case of new market entry, they have a pool of leaders who can make an organization successful culturally or have the domain expertise or skills to seamlessly staff strategic initiatives or projects without depriving any other part of the business.

5. Institutional Strengths

Organizations shy away from investing in countries with instable governments or polarized government institutions. The perception of risk sets in. Investors demonstrate their confidence in Organizations that have consistent leadership at the top and deliver predictable EPS.
Key talent will always look to institutional strengths in an Organization as a key decision point on choosing to stay with an Organization. This is a key ‘stickiness’ driver. This where people processes play an important part of “institutional strengthening”. This can also be described as the ability of the Organization to create consistent touch points across geographies, functional domains, business units and teams so that the values, belief in people, development are consistently interpreted and applied. There is no perfect state in this element, it as challenging for smaller organizations as much for those with scale. The organizations that have got it right have focused up on narrowing down the interpretation and application to a narrow band by focusing in eliminating the outliers constantly.

This is often reflected in the mindset of the management teams. Their ability to communicate a consistent message around performance management, careers, and development is an outcome of an agreed philosophy that is well articulated and kept at the heart of all people decisions.

There is often a mismatch between the need to communicate a 'position' Vs the interpretation of the position by the employees. The truth is employees always know when the position is more a balancing of views than a presentation of facts. The ability of the organization to stay close to the stated philosophy in actions is a good indicator of the people processes.

This element becomes critical especially when a business is complex and is built on the principle of focusing on customers by market or domain area. The flexibility to serve the customers at times becomes an overriding factor to overly customize people processes in segments of the Organization.

The balance between creating a core philosophy with room for customized or differentiated practices to an extent demonstrates the maturity of the organization and the maturity of the talent pools.

When people practices are consistently applied, they evolve as an outcome of learning to do better than a factor of bench marking. Institutional strength is about creating workforces that are mature enough to understand the rapid evolving changes in people strategies and not become rigid in adapting to change.

About "the talent economy with-in":

I have been thinking about this for a couple of years now and took a while to get around to articulating it. So this a thought framework, not a research. It is written in a flexible manner both like a thought paper and at times in a direct conversational manner.