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Measuring and Maximizing the Impact of Talent Development

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No society can provide its members with a high quality of life unless it has effective organizations.

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Talent development is critical for organizational success. Certainly, if you don't have the right talent then your business strategy will fail. But what does having the right talent really mean? How do we know when we have it? And if it's something different than what we've always thought it to be, how do we go about developing it? These are the questions I address in this article, taking a deeper look at talent using the lens of organizational effectiveness.

Ask most people what "talent" means to them and the first – and only – thing that usually comes to mind is people. Talent of course is more than headcount. It's how the work is done, and is often used interchangeably with labels like competencies and human capital. At one extreme, if you say the word "talent" the images that come to mind range from superheroes to world class artists and musicians. Yet whether it's these more striking pictures of talent, or the more mundane images of people toiling away late at night to meet the urgent deadline, talent as traditionally defined does not fully address what we need to know for organizations to successfully execute their strategies.

When we talk about accomplishing business objectives and achieving strategic success, the talent that's embodied in people plays a critical role: without the contributions of individuals, nothing would ever happen. Yet this traditional way of defining and focusing on talent leaves a gaping hole in what we need to know: there are other major components of work design that must be included to optimize organizational performance and achieve strategic success. No one is an island, and that applies in spades at work.

To start, the first questions we ask are, "What does talent really mean" and "What's missing from the usual way of defining talent?" I answer these questions using a *systems* lens. The systems approach explicitly addresses the complexity of how business results are actually achieved. To start, individual performance depends on a lot more than individual competencies: it requires the right motivation and job design. And looking at performance one person or role at a time (traditional talent management) loses sight of how the organization design and culture, along with business and HR processes, combine together to produce the desired business results. That's how the individual plus organizational aspects of talent come together to produce strategy execution and organizational effectiveness.

Using the systems approach to expand the view of talent also has direct implications for talent development. If talent means more than just individual competencies or skills, then traditional talent development tools and programs won't be sufficient for all aspects of talent at both the job level and

the group level. So talent development has to include what's traditionally covered, along with an added focus on what matters for developing talent at the organizational level. This added component means focusing on developing both individual and organizational capability at the same time (Figure 1).

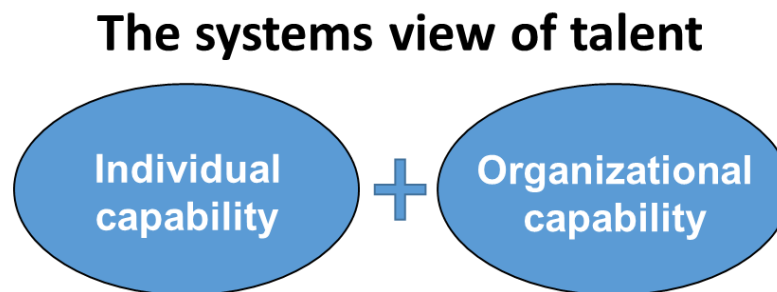


Figure 1: The systems view of talent

In Figure 1 and throughout the piece I use individual capability as a stand-in for what someone brings to the table to get the job done: the competencies (knowledge, skills and abilities) that enable them to do the work they are responsible for. Organizational capability is similar but also quite distinct; it's how the organization gets all the work done, across all roles and processes, but it is much more than just the sum of individual capabilities of the people. For example, innovation is one type of organizational capability. In order to have innovation, you need the building blocks provided by the competencies of roles like engineers, software programmers and/or scientific researchers. Yet organizational innovation is never accomplished solely through the individual contributions of people in those roles. We also need the right mix and alignment of organization design, culture and processes.

This fundamental difference between individual vs. organizational capability is what drives the contrast between the traditional view of talent and my focus here. The problem with business as usual in the talent field is we are way too obsessed with people: who they are, what they bring to the table, how their careers evolve, and so on. What's missing – in a huge way – is the alchemy that combines all those individual efforts and contributions so that the whole ends up being greater than the sum of its parts. If we don't take a look at the big picture, the systems view of talent, we are guaranteed to miss critical pieces of the puzzle that are essential for driving strategy execution and organizational effectiveness.

To guide you toward the systems view of talent, I start by providing a brief review of how talent has been traditionally defined, along with the focus of the recently emerged field of talent management.

Next I address the link between talent and performance at both the individual and organizational levels, and how HR measures and develops talent. After documenting the shortcomings with current approaches, I lay out the alternative systems approach for measuring and maximizing the impact of talent development.

Talent: the traditional versus systems views. Talent for the longest time has been used to describe people and what they can do as individual workers. Economists call it human capital, and measure it crudely with formal education and years of work experience. Though Gary Becker won the Nobel prize in economics for identifying the concept of human capital and how to measure it, economists have long known that their measurements have severe limitations: education and experience only describe a minority of what we need to know to understand the drivers of motivation and productivity. Yet economists have never been able to find a better approach because they need measures that can be applied to all jobs in the entire economy.

In contrast, management researchers and practitioners focus on competencies, which are a combination of the knowledge, skills and abilities needed to perform a specific job properly. The methodology behind competency measurement was developed partly as a response to the need for something based in job duties instead of IQ. It is much more robust than looking only at what degree you got in school and the number of years you’ve worked. Yet the apparent strengths of competencies as a measurement tool hide a brittle interior: even though competencies are used almost everywhere as a measurement and management tool, they tell only part of the story of how business results are achieved. Understanding the complete drivers of organizational performance requires a much broader view of talent than competencies alone can provide; more details on this below.

	Traditional view of talent	Systems view of talent
<i>What “talent” means</i>	Talent is what the employee or leader contributes to the organization on their own as an individual contributor	Individual talent is a key component of organizational performance, but not the only thing that matters
<i>How to measure talent</i>	Individual capability: competencies or human capital	Org capability aligned with individual capability: how we maintain competitive advantage

<i>How to develop talent</i>	Traditional learning and development	Traditional learning & development PLUS whatever else is needed to build org capability
<i>How to maximize the impact of talent on the bottom line</i>	Very hard to do if you only take the traditional, individually-focused approach	Diagnose and improve the system: what parts need to be addressed, and at what integration points

Table 1: Talent – the traditional versus systems views

When McKinsey years ago coined the term “war for talent,” it was a lot like putting old wine into new bottles: the meaning was no different than the more traditional labels of competencies or human capital that were already well established. Talent from that perspective is synonymous with people and skills, and if that’s all that “talent” really means, then we already know how to measure it and manage it.

A second, broader view of talent comes from the more recent coining of the term “talent management.” Talent management most commonly has become an umbrella for organizing and aligning many HR activities that previously were managed in uncoordinated ways. There is not a universally accepted definition of talent management. Depending on the organization, talent management can include any and all of the following: recruiting/screening, learning and development, workforce planning, coaching, feedback, performance management, compensation and benefits.

One reason that talent management has become such a commonly used label is because it has long been the case that the different parts of HR that address people’s skills development and career progression need to be better integrated. So compared to the traditional, siloed way of treating people, the new talent management approach offers the promise of addressing the whole person, their needs, and how they can best contribute to the organization. That is a positive development: it helps break down functional silos within HR for more integrated solutions that focus on the range of support people need to succeed. However, it still keeps the focus exclusively on the individuals, not the system(s) in which they work. That’s not how business processes get optimized, and it sets HR up to be focusing on people issues that often are only weakly related to what the business needs for strategic success.

A key distinction that I make in *Strategic Analytics* is the difference between HR activities that help to “keep the lights on” versus “move the strategic needle.” Most of what we do in HR is focused on maintaining current business and people processes: getting people paid on time, filling job openings, doing performance reviews, improving communication and feedback, creating developmental opportunities for people to grow professionally, etc. Each of those activities is essential in the following sense: if we stopped doing them completely tomorrow, business results would suffer greatly. However,

the level of execution needed to support current processes is not world class in the overwhelming majority of cases; doing the work of HR to a satisfactory standard is usually all that the business needs to keep the lights on and operations running relatively smoothly.

This distinction is important for talent development because there is so much work to be done improving talent processes, it can be hard to know where to start. Should we improve coaching by our managers? Should we do a better job of matching developmental opportunities to people's desired career plans? Should we find a way to better hold people accountable for their performance, with clear signals about the competencies they need to be successful? The answer to each of these questions and a dozen more on related people issues is "of course." But the problem for HR is that everyone in both the business and HR has only so much time and energy to focus on making improvements. If we don't focus our efforts on the issues that matter most for business success, we run a very high risk that our managers and leaders won't be engaged in what we want them to do and, even worse, the business results could suffer, increasing the chances of cutbacks in budget dollars and wholesale de-emphasizing of talent development while people focusing exclusively on righting the ship of business performance.

The solution I propose, based on years of working with companies to solve large organizational challenges, is to take a systems view of the role of talent in business success. There are two parts to the systems view: what happens at the individual or role level and what happens at the group or organizational level. Details on how to maximize the impact of talent development at both levels are provided later. We next turn to the challenges with current approaches.

Measuring talent to maximize the impact of development: challenges and opportunities. One of the challenges facing talent development today is knowing what to measure and focus on. The HR and talent strategies are set based on the business strategy, and at each step in the process people make the decisions that appear to be most consistent with the business strategy. Yet by the time everything is settled, the programs that emerge often fall way short of the mark in terms of helping to address specific gaps in strategy execution.

One of the causes of the shortfall can best be illustrated by the children's game of telephone – the one where you arrange a bunch of kids along a line, tell something to the person at one end, and they whisper it to the next person until it gets all the way down the line. We use this exercise to show children how stories change little by little at each stage of retelling, and that the cumulative changes can

lead to something dramatically different by the end. The reason the story changes is because not every kid focuses on the same elements of the story, because each has different ways they describe the same thing, and because what they intend to say is often interpreted differently than the intent.

The challenge of HR program design and implementation runs into problems for similar reasons. We start with the business strategy which seems clear and straightforward. From there the HR strategy is designed to meet the business needs to the best of HR's ability, yet it's not a perfect match. With the HR strategy in place, specific HR programs are tweaked (if they already exist) or introduced (if they didn't exist previously). Practical decisions are made about what can be feasibly designed and delivered, introducing further gaps between the original business strategy and the ultimate HR delivery. By the time it's all said and done, there are very big gaps between what HR is implementing and the strategy.

For example, performance management ideally should motivate people to do everything the business needs for strategic success. Yet because we cannot accurately measure intent and true effort, performance management processes only partially impact motivation on a day-to-day basis. Similarly, leadership competency models are supposed to guide people to be better leaders. Yet 360 evaluations can only focus on observed behaviors, which represent a subset of what leaders do that impact strategic success; the quality of their decision making is one very critical contributor that cannot be accurately evaluated by a 360 tool.

To close the gaps, we need to re-examine current HR programs and policies with strategy execution in mind. Where do they satisfactorily address key issues that keep our business leaders up at night? Where do they fall short? And what can be done to help fill the gaps? Answering these questions requires taking a systems view, as described below.

What emerges after doing a systems diagnostic is not always an individually-focused talent solution. The changes that need to occur usually involve a lot more, including potentially redesigning jobs and work processes, improving team collaboration, getting better cross-functional alignment, etc. Though the solutions usually involve much more than traditional individually-focused interventions, in each case there almost always is a clear and specific role for individual-focused talent management and development to play. It's just that the talent solution cannot stand on its own with solely an individual focus. It has to be coordinated with a larger set of organizational changes for maximum impact.

One of the most important things that talent professionals can do to help the organization is by co-leading systems diagnostics. A systems diagnostic determines the barriers to improved business

performance, including the role of individual capability versus other contributors. With the diagnostic results in hand, comprehensive solutions can be implemented; those solutions often include elements of traditional talent management and development but also include a broader set of org changes and programs to improve alignment and performance at the group and organizational levels.

Talent's contribution to individual performance. Business performance is not an individual level phenomenon yet we tell stories of enterprise performance that emanate from individual contributions. There are good reasons for telling the stories of business performance that way: it is people who do the work, and the stories about the great salesperson, or R&D researcher, or branch manager, or customer service rep are easy to relate to and get people enthused about emulating. Individual contributions are the foundation of business performance and there is no reason to be bashful about that.

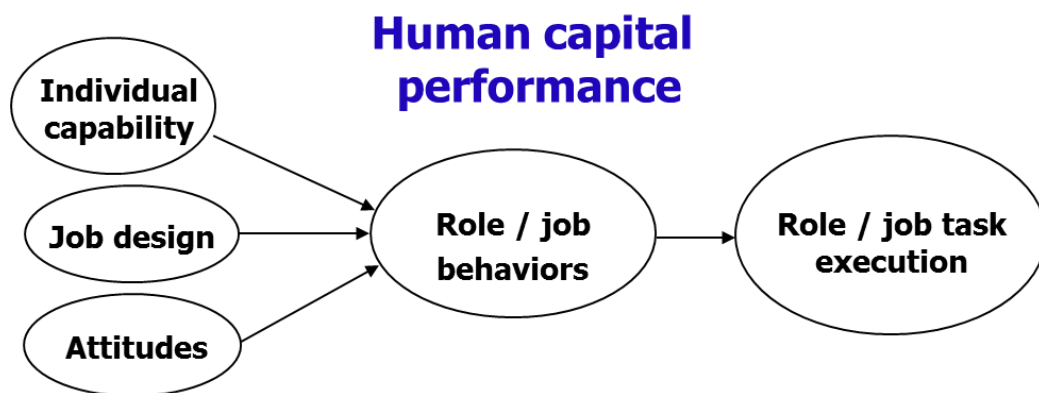


Figure 2: Individual (human capital) performance model

Yet focusing so much on the individual's efforts loses sight of the system in which the person works. It is not just their intelligence or effort that win the day. They have to be set up for success, and get the support and information they need to be able to succeed. The complexity of what performance means at the job level is depicted in Figure 2, which shows a model of individual or role (human capital) performance at the individual or role (human capital) level.

Two key things to note about Figure 2. First, in order for individuals to be successful, there has to be the right combination of individual competencies, motivation (attitudes) and aligned job design, including organizational support and information sharing. It is not enough to focus simply on competencies, the usual domain of "talent" as traditionally defined.

Second, everyone who works in HR knows the importance of both motivation and competencies as contributors to performance. They also know the importance of job design. Yet most HR professionals focus on improving performance only through competencies or only through motivation, not both. And even when they tackle both, they rarely address the issues arising from the job design. However, that leaves a large part of the potential barriers to improved performance untouched, which is like trying to engage in a knife fight with one arm tied behind your back – generally not a good idea, even for the most skilled professionals among us.

If the objective of HR professionals is to develop talent in the most effective way possible, Figure 2 shows how that cannot be accomplished while ignoring the other two pillars of performance: motivation and job design. In virtually all cases, there are always competency improvements that can be made. The traditional view of talent development stops there with the narrow focus of looking only for skill and knowledge gaps to be filled. A more strategic, systems view of talent development has to address the other parts of the work design and individual motivation that can equally be barriers to performance. The best solution in the end may require (a) only traditional talent development, (b) a combination of talent development plus addressing motivation and/or job design, or (c) no traditional development at all and changes only to the other two. Only a full diagnostic that addresses the role of all three can best maximize engagement and productivity.

Talent and role interdependencies. The glue that holds organizational performance together is interdependencies among roles. Talent is not just what people do on their own, in total isolation from everyone else in the organization; it's also how they interface and integrate their work as needed to accomplish the organizational objectives. The interdependencies among roles are created by those integration points.

For example, a salesperson may work one-on-one with a client, but a successful sale depends on so much more than just her individual efforts. Her colleagues in marketing have to create a compelling story that draws customers to consider buying in the first place. The sales support team provides the information and resources needed to close the sale. And customer support ensures the customer stays as happy as possible throughout the life of the product or license. In return for their support, in order to ensure they can do their jobs the salesperson has to communicate key information in a timely fashion and work with them to optimize business processes. In short, they are all interdependent in attaining the goal of a successful sale with satisfied customers.

Another way to think about interdependencies and talent as something more than what the individual does on their own, think about the challenge of specifying every single task someone has to perform in their role. It's impossible to write everything down without creating an impossible-to-work-with beast of a job description that goes on for pages and pages. This means that there are a lot of grey areas when it comes to specifying what good performance means for any job. Talent in this case comes down to whether someone narrowly focuses their efforts only on the most obvious parts of their job description and the direction they are given by their supervisor, or whether they look to contribute in the best way possible that is aligned with the organization's strategy. The issue is not whether they are responsible for cross-role and cross-functional integration; those are always included in the job description. The issue comes down to how much priority is put on integration with other roles.

Because integration is a two-way street, requiring coordinated effort with other people, someone who shirks their responsibilities can put in a minimal effort to make it appear they are trying to effectively integrate when the reality couldn't be more different. No matter how much detail is put into a job description, the reality is that people can only focus on accomplishing so many objectives. At the end of the day, they have to prioritize, and they will not always put integrating their work with other people and other teams/functions as a top priority. This is a main reason why organizational performance suffers: at some point(s), people who are supposed to coordinate their work and collaborate better fail to do so. Because they still usually accomplish the majority of the other objectives on their plates, they nonetheless can receive satisfactory or even high performance ratings. The organizational (talent) challenge is how to get them to do all every single part of their job effectively, not just the vast majority of their responsibilities.

Talent's contribution to group performance. As difficult as it can be to get all the parts of the job aligned for successful performance at the role level, business performance requires that much more be accomplished at the group level. Because of this, Figure 2 alone is not sufficient for evaluating the full relationship between talent and performance. For that we need to know whether a job is fully aligned with the larger group that it is part of.

The main reason why we have to look at group performance separately from role performance is because of the interdependencies among jobs. No person or job is an island: organizational performance only occurs when people in multiple different roles combine and align their actions to create the products and services customers are willing to buy. If we look any role in isolation, we cannot

know whether it is working in concert or in conflict with the other roles in the group. Essentially, we need to know whether the whole of the group's output is greater than the sum of the individual jobs' tasks. If not, then talent at the group level is not performing as it should.

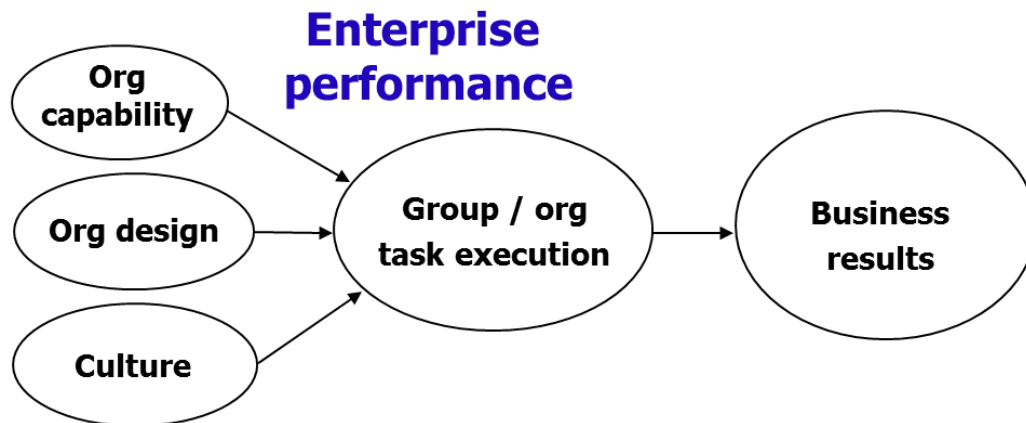


Figure 3: Group (enterprise) performance model

So in order to understand the relationship between talent and performance at the group level we need to consider more than the individual-level factors in Figure 2, which leads us to Figures 3 and 4. At the group level, there are three main factors to consider, similar to the individual level: organizational capability, organization design, and culture (Figure 2). And there are individual performance contributions that underlie the group's performance, which leads to the combined picture of individual and group performance in Figure 4.

Taking the systems view of talent's contribution in Figure 4 leads to the following conclusions:

- The traditional view of talent as individual skills or human capital is one of only six contributors to organizational performance.
- There are important factors at the group level that are usually totally excluded from traditional views of the link between talent and business performance.
- The alignment among roles in contributing to performance is as important if not more important than the individual role contributions.

The inescapable conclusion is that a more strategic consideration of the impact of talent development has to take into account this systems view, including both individual- and group-level factors.

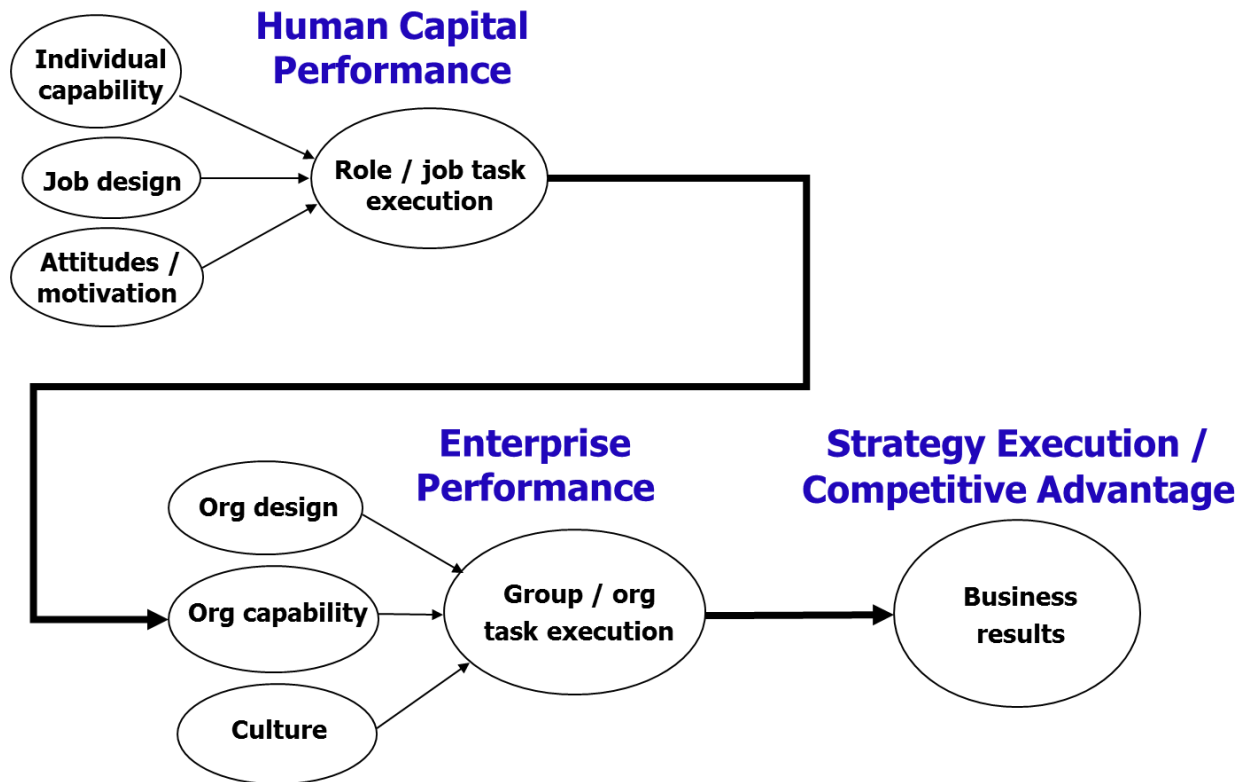


Figure 4: Causal model from individual performance to business results

Addressing and prioritizing organizational talent challenges. In order to successfully treat talent as an organizational capability, we need to look beyond the narrow perspective of individual capability to understand all the drivers of organizational performance.

The complexity of the challenge of assessing talent’s contribution to organizational performance is shown in Figures 2, 3 and 4. The problem is that there are hundreds of things that you can address to try and improve organizational performance, everything from communication, to information sharing, to supervisor behaviors, to learning and development, to team building, and so much more. The challenge is knowing where to start, which means knowing what to focus on and what can be left for later – or even ignored entirely.

As explained in detail in *Strategic Analytics*, the way people usually go about identifying what to work on is opposite of what needs to happen. Too often they start with a perceived talent (human capital) issue, look at it on its own to determine if it makes sense to address, and then launch into fixing it. Yet taking this approach to improving organizational performance is a bit like trying to boil the ocean

(see sidebar): just because you see water boiling and steam rising from where you are applying the flame, that doesn't mean you're making meaningful progress in reducing the sheer volume of the task at hand.

So if starting with talent issues isn't the right place, what is? The answer is to go back to the strategy, and from there work your way down to individual talent issues. Specifically, the first step is to assess the organization's strategy, its competitive advantage, and the organizational capability needed to sustain both. You need to start with looking at competitive advantage because it's easy to lose sight of its importance as people deal with the full range of business objectives that often are at odds with each other.

The fundamental problem faced in all corners of your organization is knowing what areas are more versus less deserving of attention and investment of additional resources. Every business unit, function and team leader has objectives that could be more easily obtained if they were given more resources, so they all can legitimately stake a claim for greater spending on their people. Yet only certain business processes, role and parts of the organization contribute more directly to competitive advantage, and it is those parts that, from a strategic perspective, have priority for incremental investment if they can truly put it to good use.

For example, large consumer products companies (food, beauty products, toiletries, household cleaning items, etc.) derive their competitive advantage from branding and distribution. They make their money through economies of scale in creating national brands and having very large distribution systems that can efficiently move extremely large volumes of products to all corners of an economy. And while they have functions like R&D and customer service, the reality is that those functions are not a primary source of competitive advantage. Similarly, they need efficient manufacturing operations, but having world class manufacturing is not of central importance to their strategic success. In contrast, companies that produce pharmaceuticals or microprocessors require greater care and obsession over quality (than the consumer products companies) to ensure their products are not contaminated by the manufacturing processes. World class manufacturing processes are a source of competitive advantage in pharmaceuticals and microprocessors, but not in consumer goods.

So consumer products companies need to first make sure they are doing everything they can (within reason) to shore up their competitive advantage in branding and in distribution. If there are big gaps that need to be addressed, spending to address those gaps will usually take priority over shoring up

issues in other parts of the business such as manufacturing. That in turn provides guidance on where talent development efforts should be concentrated at both the organizational and individual levels.

Once you know the details of the organizational capability you're trying to build and maintain, and where improvements are most needed, the next step is to analyze the source of the gaps. Where is the organization design supportive of the org capability? Where is there silo behavior that undermines strategy execution? What role does culture play in enabling behaviors that support the strategic objectives, and where does it work at cross purposes?

This step of the analysis (Figure 3) has to happen before dropping down to look at issues that occur with specific jobs. The main reason is because a lot of the challenges with employee behavior and motivation can be traced at least partly back to issues that arise from imperfections in the organization design. For example, matrix reporting relationships are created to ensure a healthy balance of decision rights that are embedded in the business units versus in the support functions. Yet no matter how the decision rights are allocated, there will always be conflicts where some people have a stronger voice, and thus greater ability to ignore others involved in the decision making process. The second step of the analysis unearths those challenges.

Consider again the example of the consumer products companies. Given their size and scale and focus on distributional efficiencies, they excel at moving very large volumes of goods at minimal cost. But that strength creates weaknesses, especially in the areas of innovation and new product development. Even though all consumer products companies have R&D departments, the reality is that they have a hard time coming up with frame-breaking new products because of the economics needed to justify introducing a new product category into their system. When a company is making hundreds of millions, or even billions, of dollars on existing cash cow products, it is hard to get frontline salespeople and divisional leaders to risk sure sales of existing products to make room on the store shelves for something new and unproven. For that reason, the vast majority of truly innovative product developments happen in smaller, more entrepreneurial companies which don't face the same "problem" of traditional cash cow products crowding out new ideas. The smaller, more nimble companies come up with most of the innovative products, and then, once the business case for the new products has been proven through robust regional sales, they usually end up selling the product or their entire company to one of the huge global players that has the scale and scope to take the product national or global.

In the large consumer products companies, the marketing and go to market functions have a disproportionate amount of the decision making authority and control. The organizational capabilities of efficient execution and marketing get elevated as top priorities, and for good reason because they are the sources of competitive advantage. Yet the counterpart to those strengths are weaknesses in taking time to be deliberative, being proactive to identify issues to be addressed before they become fires that have to be put out (because firefighting is a behavior highly valued in such cultures), and so on. The organizational diagnostic second step focuses on those aspects of the organization design and culture that create problems for strategy execution.

For example, a senior leader might complain that people do not take enough time or expend the effort to listen to new ideas and figure out how to make them work. Given that the culture of many consumer products companies is “ready, fire, aim” that type of observation is not uncommon. A traditional, individually-focused talent management assessment might look simply at the behaviors people are exhibiting, look for evidence to support the leader’s assertion, and then work directly to overcome those behaviors. And given the culture at most consumer products companies, it wouldn’t be hard to find such evidence. But the real issue is not whether such behaviors exists but rather what should be done about them.

Stopping at the point of corroborating the “ready, fire, aim” behaviors is an incomplete diagnostic, especially if you don’t account for the organization’s culture, which arises from the strategy and organization design and which leads people to act that way. Specifically, people’s tendency to shun new ideas in that environment comes directly from the organization’s emphasis on executional efficiency. This means that there are multiple layers of business processes, rewards, performance management emphases, and cultural reinforcements that lead people to act that way. So when the senior leaders complains about people’s tendency to act before carefully deliberating, the proper response should acknowledge the strategic and cultural benefits of having people who are ready and able to jump to act quickly. In this situation, the challenge is not how to totally counteract people’s tendency to act quickly and efficiently, but how to preserve that general tendency while enhancing their ability to be more deliberative and slower to act when it’s strategically important. It’s only when we see how the behaviors emanate from the strategy, organization design and (aligned) culture that we can understand how important they are as contributors to strategy execution.

The final step, if needed, is to consider what more could be learned from conducting talent analytics at the individual job level (Figure 2). The types of questions asked at this stage are not radically

different than the traditional approach with two key distinctions. First, under the systems approach you need to consider not just the individual's capability but also their motivation and the impacts on performance of the job design. Second, the issues that need to be addressed may be diagnosed sufficiently at the second stage of analysis, described above, where you consider the factors guiding behavior and motivation that arise from the organization design. So if you've learned enough the second stage of analysis to understand what has to be addressed at the organizational, business unit, or team levels, there may be no need for additional analysis at the role (individual) level.

Returning to the consumer products companies example, let's assume that you've done the analysis at the organizational level and determined that you want to know if there are individual differences in how people operate within the cultural context of efficient execution of go to market processes. For example, you may suspect that some people are better at being ambidextrous, satisfying both the primary organizational objective of operating quickly when needed, yet also being appropriately deliberative when the situation calls for it. An analysis of individual differences in work style, including the role of individual capability, their motivation to act both ways, and the organizational (job) elements, including relationship with their supervisor, the role of feedback and rewards, and more, can yield important insights into what enables true ambidexterity.

Developing organizational talent. When all is said and done, everything you do as a talent professional today to identify and develop individual talent should directly contribute to developing organizational talent (with the caveat about prioritization from the discussion above). Yet to ensure you are developing organizational talent as effectively as possible, you have to broaden the scope of your work to address the systems issues that aren't addressed by the narrowly focused individual-based approach. To illustrate what more has to be done, we turn now to the range of traditional activities and consider more what has to be done in each case to raise your game from developing individual talent to developing organizational talent. In each case the answer is "both/and" – you have to keep doing what you're doing today, and add organizationally focused elements to your bag of tricks.

Learning and development. Current approach: Traditional training programs and on-the-job developmental experiences. What more needs to be done to develop organizational talent: Think about how individual developmental experiences can be integrated with a larger systems view of organizational talent. Look for learning opportunities that can help build and reinforce organizational

capability. For example, should team members be cross-trained and/or have rotational assignments to improve integration and cross-functional collaboration?

Coaching and mentoring. Current approach: Help individuals with their careers and to improve their individual performance. What more needs to be done: If you let people define for themselves where they need help, they may focus too narrowly on their own job objectives and not enough on how to integrate with their team, other functions and the organization more broadly. Start by looking for gaps where teams are not working well together, and where there is misalignment across organizational siloes, and then target coaching and mentoring to address those issues.

Career development. Current approach: Help individuals to be successful in their careers. What more needs to be done: It is important to help individuals be successful in their careers but their careers do not exist in a vacuum separate from the work they do for your organization. You want to help them focus on accomplishing team goals and not just personal goals. Look at the team's collective capability and think about what it needs to be successful – like career development for the team as a whole (and not just a collection of individuals). An important way to help teams succeed in the long run is to ensure they can maintain and add to their existing capabilities. Look for gaps where individual roles and responsibilities don't address everything the team needs to succeed.

Compensation. Current approach: Align rewards and performance at the individual level (for each job). What more needs to be done: Individually-focused rewards are an important part of the compensation tool kit but are never enough on their own to get people to focus sufficiently on the group's needs. You also need at least some of the rewards focus aligned with the performance your organization needs from the group. Examples can include merit raises and bonuses based on team performance as much as possible.

Performance management. Current approach: Provide feedback and hold people accountable for their contributions as individual team members. What more needs to be done: The work of the team is never accomplished effectively without alignment of individual effort and performance to maximize collaboration and cross-functional integration. The only way to determine if the sum of the individuals' performance is greater than the parts each person contributes, you have to assess the performance of the entire group and look for gaps in coordination and alignment among team members. Talent development initiatives should help identify opportunities for cross-role collaboration and find solutions to improve it.

Succession planning. Current approach: Identify candidates to step into a role, and how ready they are now. What more needs to be done: Traditional succession planning is very important but it's never a perfect solution. Sometimes the perfect candidate is not ready at the exact time when a replacement is needed. A systems approach to the talent management issues of succession planning should acknowledge that ideal replacements often cannot be found immediately, and look for solutions to overcome timing and transition issues that are likely to come up. For example, would cross-training enhance the team's ability to carry on uninterrupted if there is a vacancy?

High potential talent. Current approach: Identify and develop high potential talent (individuals). What more needs to be done: There is an analogy to high potential talent at the team level, and it goes back to the sources of competitive advantage and strategic success. Some teams and units are more critical for contributing to the organizational capability that creates competitive advantage. Focus organizational resources on the teams that are more critical for strategic success and/or where the greatest help is needed, where there are the greatest opportunities for improvement. (More details on this are available in *Strategic Analytics* in the discussion of high performance work design.)

To help in your work as a talent professional, the table below lays what more you should be doing to take a systems approach.

	Current individually-focused way of doing talent work	The broader systems approach to working on talent issues
Learning & development	Traditional training programs and on-the-job developmental experiences.	Identify learning opportunities to build and reinforce organizational capability. Should team members be cross-trained and/or have rotational assignments to improve integration and cross-functional collaboration?
Coaching and mentoring	Help individuals with their careers and to improve their individual performance.	Look for gaps where teams are not working well together, and where there is misalignment across organizational siloes. Target coaching and mentoring to address those issues.
Career development	Help individuals to be successful in their careers.	Help teams be successful in the long run by ensuring they can maintain and add to their existing capabilities. Look for gaps where individual roles & responsibilities don't address everything the team needs to succeed.

Compensation	Align rewards and performance at the individual level (for each job).	Align rewards and performance at the group level. Include merit raises and bonuses based on team performance as much as possible.
Performance management	Provide feedback and hold people accountable for their contributions as individual team members.	Assess the performance of the entire group and look for gaps in coordination and alignment among team members. Identify opportunities for cross-role collaboration.
Succession planning	Identify candidates to step into a role, and how ready they are now.	Identify the team's needs for replacement members (traditional succession planning) AND alternatives in case short-run replacements cannot be found immediately. For example, would cross-training enhance the team's ability to carry on uninterrupted if there is a vacancy?
High potential talent	Identify and develop high potential talent (individuals).	Focus organizational resources on the teams that are more critical for strategic success and/or where the greatest help is needed (greatest opportunities for improvement).

References

Levenson, A. 2015 *Strategic Analytics: Advancing Strategy Execution and Organizational Effectiveness*. Oakland, CA: Berrett-Koehler.